

# Medigap

(Medicare Supplement Insurance)

Alaska 2013

## National Medicare **TRAINING PROGRAM**

...helping people with Medicare  
make informed health care decisions

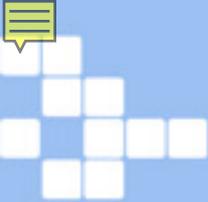




# What is a Medigap Policy?

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- Private health insurance for individuals
- Sold by private insurance companies
  - Licensed by your state
- Supplements Original Medicare
  - Pays share of Medicare-covered services
  - Some plans may cover extras
- Follow Federal/state laws that protect you
- Often called “Supplemental” policies



## 2. Original Medicare Coverage

- Two Ways to Get Medicare
- Gaps in Original Medicare Coverage
- What is Covered in Original Medicare
  - Part A
  - Part B
- What is Not Covered



# Two Ways to Get Medicare

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## 1. Original Medicare

- Part A (Hospital Insurance)
- Part B (Medical Insurance)
- Can choose to buy Part D (Rx coverage)
- *Can choose to buy Medigap Policy*

## 2. Medicare Advantage Plans (Part C) (NOT in AK)

- Include Part A and Part B
- Sometimes include Part D (Rx coverage)
- *Medigap doesn't work with these plans*



# Gaps in Original Medicare Coverage

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- Original Medicare doesn't cover everything
  - Original Medicare pays a share
  - You pay a share
- Medigap policies
  - Pay all or part of your share
  - Coverage depends on the Medigap plan you buy



## Part A – What You Pay in Original Medicare – 2013

<b>Hospital Inpatient Stay</b>	<ul style="list-style-type: none"><li>▪ \$1,184 deductible and no coinsurance for days 1–60 each benefit period</li><li>▪ \$296 per day for days 61–90 each benefit period</li><li>▪ \$592 per “lifetime reserve day” after day 90 of each benefit period (up to 60 days over your lifetime)</li><li>▪ All costs for each day after the lifetime reserve days</li><li>▪ Inpatient mental health care in a psychiatric hospital limited to 190 days in a lifetime</li></ul>
<b>Skilled Nursing Facility Stay</b>	<ul style="list-style-type: none"><li>▪ \$0 for the first 20 days each benefit period</li><li>▪ \$148 per day for days 21–100 each benefit period</li><li>▪ All costs for each day after day 100 in a benefit period</li></ul>



## Part A – What You Pay in Original Medicare – 2013

### Home Health Care

- \$0 for home health care services
- 20% of the Medicare-approved amount for durable medical equipment



## Part A – What You Pay in Original Medicare – 2013

### Hospice Care

- \$0 for hospice care
- A copayment of up to \$5 per prescription for covered outpatient prescription drugs for symptom control or pain relief
- 5% of the Medicare-approved amount for inpatient respite care (short-term care given by another caregiver so the usual caregiver can rest)
- All costs for room and board for hospice care in your home or another facility where you live (like a nursing home).

### Blood

If the hospital buys the blood, you must either pay the hospital costs for the first 3 units you get in a calendar year or have the blood donated. Otherwise, no cost.



## Part B – What You Pay in Original Medicare – 2013

Monthly Premium	\$104.90
Yearly Deductible	\$147

\*May be higher based on income.  
“Income-Related Monthly  
Adjustment Amount” (IRMAA)



## Part B – What You Pay in Original Medicare – 2013

### Coinsurance for Part B Services

- 20% coinsurance for most covered services, like doctor's services and some preventive services, if provider accepts assignment
- \$0 for some preventive services
- 35% coinsurance for outpatient mental health (20% in 2014)
- Copayments for hospital outpatient services



# What are Standardized Plans?

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- Plans identified by a letter
  - Plans A, B, C, D, F, G, K, L, M, N are currently sold
  - Companies don't have to sell all plans
  - Plans E, H, I, J exist but are no longer sold
- Waiver states have non-standardized plans
  - Massachusetts
  - Minnesota
  - Wisconsin



# Rules for Standardized Plans

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- Each plan with the same letter must offer same basic benefits
  - For instance, all Medigap Plan A policies
    - Offer the same benefits
    - Only the policy cost will vary between companies
- You pay the Medigap premium
- You must still pay Part B premium



Medigap Benefits	Medigap Plans										
	A	B	C	D	F	G	K**	L**	M	N	
Part A Coinsurance up to an addition 365 days	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Part B Coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓	
Blood	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓	
Hospice Care Coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓	
Skilled Nursing Coinsurance			✓	✓	✓	✓	50%	75%	✓	✓	
Part A Deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓	
Part B Deductible			✓		✓						
Part B Excess Charges					✓	✓					
Foreign Travel Emergency (Up to Plan Limits)			✓	✓	✓	✓			✓	✓	
*Plan F has a high-deductible plan (\$2,070 deductible) *** Plan N pays 100% Part B coinsurance with copay up to \$20/\$50 for emergency room visits not resulting in inpatient								<b>Out-of-Pocket Limit**</b>			
							<b>\$4,660</b>	<b>\$2,330</b>			



# Exercise

**Which is *not* covered as a Medigap basic benefit?**

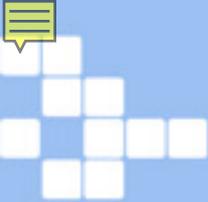
1. Medicare Part A coinsurance
2. Hospice coinsurance or copayment
3. Medicare Part A deductible
4. First 3 pints of blood



# Exercise

**Standardized plans are only available in 3 states.**

1. True
2. False



## 4. Special Types of Medigap Plans

- High-deductible Plan F
- Plans K and L
- Massachusetts, Minnesota, and Wisconsin (waiver states)
- Medicare SELECT (network plans) **none in AK**



# High-Deductible Option – Plan F

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- \$2,070 deductible for 2013
  - Amount can go up each year
- Often have lower premiums
- Out-of-pocket costs may be higher
- May not be able to change plans
- Additional deductibles
- Not available in all states

**NOTE: High-deductible Plan J - No longer sold after June 1, 2010.  
If you have one you can keep it.**

# Medigap Plans K and L

- Pay only partial costs after Medicare pays
- Have annual out-of-pocket maximum

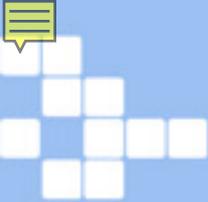
	Plan K	Plan L
Percent Plan Pays for Most Services	50%	75%
2013 Out-of-Pocket Limit	\$4,660	\$2,330



# Exercise

## Medigap Plans E, H, I and J

1. Are no longer sold
2. Are sold only in Massachusetts
3. Provide less coverage than Plan A
4. All of the above



# 5. Buying a Medigap Policy

- Medigap Key Points
- Who Can Buy a Medigap Policy
- Open Enrollment Period
- When To Buy a Medigap Policy
- Switching Medigap Policies
- Buying a Medigap Policy Under Age 65
- How Much a Medigap Policy Costs
- Steps to Buy a Medigap Policy



# Medigap Key Points

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- Generally must have Medicare Parts A and B
- You pay a monthly premium for Medigap
- You pay the Medicare Part B premium
- Spouses must buy a separate policy
- Costs vary by plan and by company
- Do not work with Medicare Advantage Plans



# When to Buy a Medigap Policy

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- May be able to buy a Medigap policy any time
  - If insurance company will sell you one
- Medigap open enrollment period (OEP)
  - 6-months when insurance company must sell
  - **Your one OEP begins when you are 65 or older and enrolled in Part B**
    - Can't be changed or replaced
  - Some states have more generous rules
    - **Alaska does not**



# Open Enrollment Period (OEP)

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- Best time to buy because companies can't
  - Refuse to sell any Medigap policy they sell
  - Delay coverage (exception below)
  - Charge more for past/present health problem
- Companies can delay coverage for
  - Pre-existing condition w/o creditable coverage
- Policies sold after 1992 guaranteed renewable
  - As long as you pay premium coverage continues



# Delayed Medigap Open Enrollment Period

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- If you delay enrolling in Part B
  - Because you or your spouse is **still** working **and**
  - You have group health coverage
- Medigap open enrollment period is delayed
  - Until you are 65 **and** are enrolled in Part B
  - No late enrollment penalty
- Notify Social Security to delay Part B



# How Much does Medigap Cost?

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- Cost (monthly premium) depends on
  - Your age (in some states)
  - Where you live (e.g., urban, rural, or ZIP Code)
  - Company selling the policy
  - Discounts (female, non-smokers, married couples)
  - Medical underwriting
- Premiums vary greatly for same Medigap plan

# Medigap Pricing Based on Age

Not all states allow all three types of rating

No-age-rated (community-rated)	<ul style="list-style-type: none"><li>▪ Everyone pays same regardless of age if 65 or older</li><li>▪ Generally least expensive over lifetime</li></ul>
Issue-age-rated	<ul style="list-style-type: none"><li>▪ Based on age when purchased</li><li>▪ Doesn't go up automatically as you get older</li></ul>
Attained-age-rated	<ul style="list-style-type: none"><li>▪ Premium based on current age</li><li>▪ Goes up automatically as you get older</li><li>▪ Costs less when you are 65</li><li>▪ Cost goes up each year as you get older</li></ul>



# Buying a Medigap Policy Under Age 65

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- In Alaska very difficult to buy Medigap
  - People with a disability
  - People with End-Stage Renal Disease
- If available may cost more
- Alaska does not require selling to under age 65
- New Medigap OEP at age 65



# Switching Medigap Policies

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- You might switch policies if
  - You're paying for benefits you don't need
  - You need more benefits now
  - You want to change your insurance company
  - You find a cheaper policy
- If not in your Medigap open enrollment period
  - You may pay more for the new policy
  - There might be medical underwriting
  - Could have delay in coverage for pre-existing condition



# Switching Medigap Policies

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- Right under Federal law to switch **only**
  - During your Medigap open enrollment period
  - If you have a guaranteed issue right
  - If your state has more generous requirements
  - If you move out of your Medigap SELECT service area **\*No SELECT plans in Alaska\***
- 30-day *free look* period – pay both premiums
- Any time insurance company will sell you one



# Buying a Medigap Policy

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- An important decision – shop carefully
- Four steps
  1. Decide which Plan A – N meets your needs
  2. Locate companies selling Medigap in your state
  3. Call the companies and compare costs
  4. Buy the Medigap policy



# Exercise

**An insurance company may delay Medigap coverage for a pre-existing condition if you**

1. Have Medicaid
2. Joined a Medicare Advantage Plan
3. Had a diagnosed or treated pre-existing condition and did not have creditable coverage
4. Had an undiagnosed or untreated pre-existing condition



# Guaranteed Issue Rights to Buy Medigap

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- Federal protections
  - You have the right to buy a Medigap policy
  - Companies must sell you a Medigap policy
  - Must cover all pre-existing conditions
  - Can't charge more
  - Apply within 63 days of date other coverage ends
- See Appendix C for all situations

# Examples of Guaranteed Issue Rights

- John is in a **Medicare Advantage Plan**. He will have a Medigap guaranteed issue right if...

He joined when first eligible at 65 and in the first year wants to change to Original Medicare

or

His plan leaves Medicare

or

His plan stops giving care in his area

or

He moves out of the plan's service area

See Appendix C for all Guaranteed Issue Rights

# Examples of Guaranteed Issue Rights

- Mary is in **Original Medicare**. She will have a Medigap guaranteed issue right if...

**Her secondary EGHP  
or union coverage  
ends**

**or**

**She leaves her  
Medicare SELECT  
policy's service area**

**See Appendix C for all Guaranteed Issue Rights**



# Right to Suspend Medigap (Group Health Plan)

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- Can suspend policy if under 65
  - While enrolled in your/spouse's employer group health plan
- Get your Medigap policy back at any time
  - Notify insurer within 90 days of losing employer plan
  - No waiting period



# Right to Suspend Medigap (Medicaid)

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- If you have both Medicare and Medicaid
  - You generally can't buy a Medigap policy
- You can suspend your Medigap policy
  - Within 90 days of getting Medicaid (for up to 2 years)
- You can start it up again
  - No new medical underwriting or waiting periods



# Right to Suspend Medigap (Medicaid)

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- If you suspend your Medigap policy
  - You do not pay Medigap premiums
  - The Medigap policy will not pay benefits
- You may not want to suspend your policy
  - To see doctors who don't accept Medicaid
- Call your state Medicaid office or SHIP for help
  - Medicare Information Office (SHIP) 1-800-478-6065 or (907) 269-3680



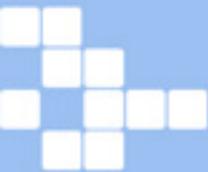
# Exercise

**You may have a guaranteed issue right to buy a Medigap policy if...**

1. Your employer coverage ends
2. You leave your Medicare SELECT policy's service area
3. Your Medicare Advantage Plan leaves Medicare
4. All the above

# Medigap Resource Guide

Information Resources		Medicare Products
<p><b>Centers for Medicare &amp; Medicaid Services (CMS)</b>            1-800-MEDICARE            (1-800-633-4227)            (TTY 1-877-486-2048)</p> <p><b>Beneficiary Information</b>  <a href="http://www.Medicare.gov">www.Medicare.gov</a></p> <p><b>Compare Medigap policies</b>  <a href="http://www.Medicare.gov/find-a-plan/questions/medigap-home.aspx">www.Medicare.gov/find-a-plan/questions/medigap-home.aspx</a></p> <p><b>Partner Information</b>  <a href="http://www.CMS.gov/Medigap/">www.CMS.gov/Medigap/</a></p>	<p><b>State Health Insurance Assistance Programs (SHIPs)*</b></p> <p><b>State Insurance Department*</b></p> <p>*For telephone numbers call CMS            1-800-MEDICARE (1-800-633-4227)            1-877-486-2048 for TTY users</p> <p><b>View the Affordable Care Act</b>  <a href="http://www.healthcare.gov/law/full/index.html">www.healthcare.gov/law/full/index.html</a></p> <p><b>National Association of Insurance Commissioners</b>  <a href="http://www.naic.org/">http://www.naic.org/</a></p>	<p><b><i>Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare</i></b>            CMS Product No. 02110</p> <p><b><i>Medicare &amp; You Handbook</i></b>            CMS Product No. 10050)</p> <p><b><i>Your Medicare Benefits</i></b>            CMS Product No. 10116</p> <p><b>To access these products:</b></p> <p>View and order single copies at Medicare.gov</p> <p>Order multiple copies (partners only) at <a href="http://www.productordering.cms.hhs.gov">www.productordering.cms.hhs.gov</a></p> <p>You must register your organization.</p>



# Questions?

Medicare Information Office – Alaska SHIP/SMP

State of Alaska, DHSS/SDS

1-800-478-6065 or (907) 269-3680

[www.medicare.alaska.gov](http://www.medicare.alaska.gov)

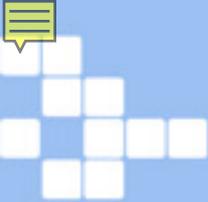
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# Appendix C

## An insurance company can't refuse to sell you a Medigap policy in the following situations:

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<p>You're in a <a href="#">Medicare Advantage Plan</a>, and your plan is leaving Medicare or stops giving care in your area, or you move out of the plan's service area.</p>	<p>Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.</p> <p>You only have this right if you switch to <a href="#">Original Medicare</a> rather than join another Medicare Advantage Plan.</p>	<p>As early as 60 calendar days before the date your health care coverage will end, but no later than 63 calendar days after your health care coverage ends. Medigap coverage can't start until your Medicare Advantage Plan coverage ends.</p>
<p>You have Original Medicare and an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays and that plan is ending.</p> <p><b>Note:</b> In this situation, you may have additional rights under state law.</p>	<p>Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.</p> <p>If you have COBRA coverage, you can either buy a Medigap policy right away or wait until the COBRA coverage ends.</p>	<p>No later than 63 calendar days after the latest of these 3 dates:</p> <ol style="list-style-type: none"> <li>1. Date the coverage ends</li> <li>2. Date on the notice you get telling you that coverage is ending (if you get one)</li> <li>3. Date on a claim denial, if this is the only way you know that your coverage ended</li> </ol>
<p>You have Original Medicare and a <a href="#">Medicare SELECT</a> policy. You move out of the Medicare SELECT policy's service area.</p> <p>Call the Medicare SELECT insurer for more information about your options.</p>	<p>Medigap Plan A, B, C, F, K, or L that's sold by any insurance company in your state or the state you're moving to.</p>	<p>As early as 60 calendar days before the date your Medicare SELECT coverage will end, but no later than 63 calendar days after your Medicare SELECT coverage ends.</p>

# Appendix C

An insurance company can't refuse to sell you a Medigap policy in the following situations: (continued)

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<p><b>(Trial Right)</b> You joined a <a href="#">Medicare Advantage Plan</a> or Programs of All-inclusive Care for the Elderly (PACE) when you were first eligible for Medicare Part A at 65, and within the first year of joining, you decide you want to switch to <a href="#">Original Medicare</a>.</p>	<p>Any Medigap policy that's sold in your state by any insurance company.</p>	<p>As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.</p> <p><b>Note:</b> Your rights may last for an extra 12 months under certain circumstances.</p>
<p><b>(Trial Right)</b> You dropped a Medigap policy to join a Medicare Advantage Plan (or to switch to a <a href="#">Medicare SELECT</a> policy) for the first time, you have been in the plan less than a year, and you want to switch back.</p>	<p>The Medigap policy you had before you joined the Medicare Advantage Plan or Medicare SELECT policy, if the same insurance company you had before still sells it.</p> <p>If your former Medigap policy <b>isn't</b> available, you can buy Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.</p>	<p>As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.</p> <p><b>Note:</b> Your rights may last for an extra 12 months under certain circumstances.</p>
<p>Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage otherwise ends through no fault of your own.</p>	<p>Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.</p>	<p>No later than 63 calendar days from the date your coverage ends.</p>
<p>You leave a Medicare Advantage Plan or drop a Medigap policy because the company hasn't followed the rules, or it misled you.</p>	<p>Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.</p>	<p>No later than 63 calendar days from the date your coverage ends.</p>