What is a Medigap?

- Health insurance policy
  - Sold by private insurance companies
  - Must say “Medicare Supplement Insurance”
  - Costs vary by plan, company and location
    - Deductibles, coinsurance, copayments
    - Does not work with Medicare Advantage Plans

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Common Medicare Coverage

Original Medicare Plan

Part A (Hospital)	Part B (Medical)

Medicare provides this coverage
Part B is optional
+
Part D
(Prescription Drug Coverage)
+
Medicare Supplement
(Medigap)

OR

Medicare Advantage Plans

Formerly Called Part C
(Combines Part A & Part B)

Medicare contracts with private insurance companies to provide this coverage. Medicare pays a demographically based capitated rate per member per month

Plans Include:
HMO
Regional PPO
Private Fee for Service
+
Part D
(Prescription Drug Coverage)

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Basics of Original Medicare

Out of pocket costs under the Original Medicare program can be significant:

Services	Medicare Pays in 2018	Beneficiary Pays in 2018
Hospitalization on March 10th (5 days)	After $1,340 deductible, all costs	$1,340
Re-admitted on April 2nd (10 days)	All costs	$0 (deductible applied to same benefit period)
Admitted in August (8 days)	After $1,340 deductible, all costs	$1,340
Total (not including Part B services)		**$2,680**

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Medicare Part A – Skilled Nursing

Services	In 2018 Medicare Pays
First 20 days	All approved amounts
Days 21-100	All but $167.50 per day
After 100 days	$0

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Medicare Part B

Part B – Physician services in or out of the hospital, supplies, physical/speech therapy, diagnostic tests, durable medical equipment

Services	In 2018 Medicare Pays
First $183 of Medicare-approved amounts (Part B Deductible)	$0
Remainder of Medicare-approved amount	80%
Part B Excess Charges	$0

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Medicare Exclusions

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Medicare Supplement – Basics of Original Medicare

- Some of the things NOT covered by Parts A and B are:
  - Part A & B coinsurance and deductibles
  - Most outpatient prescription drugs
  - Routine dental care
  - Routine hearing exams, screenings, hearing aids
  - Routine eye exams, most eye wear, contacts
  - Custodial care (unskilled) in a nursing home

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Medicare Supplement – Basics

- Medicare beneficiary retains their red, white, and blue Medicare ID card
- There is no network requirement; Medicare beneficiaries can see any Medicare approved provider in the Medicare program
- Providers bill Medicare as they normally would
- Medicare carriers and intermediaries process claims, generally pay the provider 80% of the Medicare allowable amount after applicable deductibles are applied -- claims are then sent to Medicare Supplement carriers to cover any amounts payable by the plan
- Plans are guaranteed renewable – cannot be canceled
  - Except for non-payment of premium and misrepresentation

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Medicare Supplement – Basics

- Original Medicare program was not designed to cover 100% of health care costs
- Medicare Supplement plans are supplementary to original Medicare – filling in the coverage gaps
- In 1992, the federal government established the 10 Standard Plans A-J with varying coverage options for Part A and B deductibles and coinsurance followed in all states except for Wisconsin, Minnesota, and Massachusetts
  - Includes High Deductible Plans F & J
  - In 2006, Plans K & L were added
- States (not CMS) administer and regulate private companies that offer Medicare Supplement plans sold to state residents; plans are portable and do not require state residence to stay in force

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Choosing a Medigap Chart

Medigap Plans

How to read the chart:

If a check mark appears in a column of this chart, the Medigap policy covers 100% of the described benefit. If a row lists a percentage, the policy covers that percentage of the described benefit. If a row is blank, the policy doesn't cover that benefit. **Note:** The Medigap policy covers coinsurance only after you have paid the deductible (unless the Medigap policy also covers the deductible).

	Medigap Plans									
Medigap Benefits	A	B	C	D	F*	G	K	L	M	N
Medicare Part A Coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓***
Blood (First 3 Pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A Hospice Care Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled Nursing Facility Care Coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part A Deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part B Deductible			✓		✓					
Medicare Part B Excess Charges					✓	✓				
Foreign Travel Emergency (Up to Plan Limits)			✓	✓	✓	✓			✓	✓

Plan K OOP limitation is $4,960 for 2016 (cost sharing plan)
Plan L OOP limitation is $2,480 for 2016(cost sharing plan)
Plan F High deductible is $2,180.00 for 2016

*** ***Plan N pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits and up to a $50 copayment for emergency room visits that don't result in an inpatient admission.***

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WellPoint Medicare Supplement Plans – Comparison

Medicare Supplement Benefits	Plan F	Plan G	Plan N*
Medicare Part A Coinsurance plus coverage for 365 additional days after Medicare benefits end ▪ Medicare Part B Coinsurance ▪ Blood (First 3 pints) and ▪ Hospice (under Part A Coinsurance)	X	X	X
Skilled Nursing Facility Care Coinsurance	X	X	X
Medicare Part A Deductible	X	X	X
Medicare Part B Deductible	X		
Medicare Part B Excess Charges	100%	100%	
Foreign Travel Emergency	X	X	X

* *100% Part B coinsurance, except up to $20 copayment for certain office visit and up to $50 copayment for ER.*

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Eligibility Criteria

- Applicant must:
  - Have Medicare Parts A and B*
  - Be a permanent resident of the state in which the application is taken
  - Be replacing an existing Medicare Supplement, if applicable

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Enrollment Period

- Open Enrollment Period
  - Medicare Supplement Open Enrollment Period begins the first day of the month in which a beneficiary is both 65 years old and enrolled in Part B and continues for 6 months
  - Individual has guaranteed issue for all plans during this period
  - Insurance plan cannot charge additional premium for existing health conditions during this time

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Underwriting Guidelines

Health underwriting is the assessment of the medical history and current health status of an applicant to determine the appropriate risk classification.

In many states, individuals applying **outside** of their Medicare Supplement open enrollment period may be subject to health underwriting, unless exercising a Guaranteed Issue situation.

Consult your state specific Medicare Supplement Marketing Kit for specific underwriting guidelines.

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When is a Medigap Policy Guaranteed Issued?

- Individuals that meet any of the qualifying events are candidates for guaranteed issue* into Medigap Plans offered by the carrier.

  - These provisions apply only to individuals who are 65 and older
  - The rights of the member must be communicated by the insurer providing prior coverage
  - The application must be received by the insurance company within 63* days of disenrollment
  - Proof of disenrollment from the applicant's prior carrier may be required

*Certain states have Guaranteed Issue without regard to qualifying events. In addition, some states allow for more than a 63 day break in coverage.

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Under 65 and Disabled

Individuals may have Medicare before age 65 due to a Medicare qualifying disability or End Stage Renal Disease (ESRD). ESRD is permanent kidney failure requiring dialysis or a kidney transplant.

Federal law does not require insurance companies to sell Medigap policies to individuals under the age of 65.

Some states require Medigap insurance companies to sell a Medigap policy even if the beneficiary is under age 65.

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Select Plan – Provider Network Hospital

- **Network Hospital Restrictions Disclosure:**

When you require health care services in a hospital on an inpatient basis, you may choose any hospital you wish.

However, benefits are conditioned on whether you use

- A participating hospital

OR

- A non-participating hospital

If you use the services of a *participating* hospital, the Medicare Part A inpatient hospital deductible amount will be waived by the hospital.

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Select Plan – Provider Network Hospital (cont.)

▶**If you use the services of a non-participating hospital**, the hospital will not waive, and we will not pay, the Medicare Part A inpatient hospital deductible amount, **unless**:

1. You are hospitalized for symptoms requiring Emergency Care or hospitalization is immediately required for an unforeseen sickness, injury or condition;
2. It is not reasonable for you to obtain services through a participating hospital; or
3. You require covered services that are not available through a Participating Hospital

These network hospital restrictions apply only to the inpatient hospital confinement deductible benefit. These restrictions do not apply to any other benefit in your Policy.

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Medicare Assignment

- Providers who accept “Medicare Assignment,” agree to:
  - Receive payment from Medicare for covered services; and
  - Accept Medicare rates for covered services.
- Those providers that do NOT accept Medicare assignment but still accept Medicare can bill the beneficiary for “excess charges,” or up to 15% of the Medicare allowed amount.
- Medicare requires that the “limiting charge” is 15% (may be lower in some states).

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Premium Rates

- **Premiums can be determined by:**
  - Plan selection
  - Age
  - County of residency, zip code
  - Gender of the applicant
  - Tobacco use

See state-specific brochures for factors influencing premium rates.

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