



Medicare Supplement Insurance (Medigap)



Review

Medicare Part A (Hospital Insurance)

■ Part A Covers:

- Inpatient hospital care
- Care in a skilled nursing facility (SNF)
- Home health care
- Hospice care
- Blood

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In-Patient Hospital Coverage

■ Covered days in a hospital

- 90 renewable days
 - Medicare pays 100% for days 1-60 in a **benefit period*** AFTER beneficiary pays Part A deductible
 - Daily co-payment for days 61-90 in a **benefit period**
- 60 non-renewable days
 - Daily co-payment for days 91-150 (lifetime reserve days)

* A **benefit period** is a period of time that Medicare pays for a person's care in a hospital or SNF. It begins when a beneficiary goes into the hospital and ends when she/he has been out of the hospital or skilled nursing facility for 60 consecutive days

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Medicare Part B (Medical Insurance)

- Physicians' services
- Out-patient hospital services
- Durable medical equipment
- Prosthetics, orthotics, and supplies
- Ambulance
- Home health care (if not Part A)
- Blood (if not Part A)

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Physician Services



- **Physicians' services covered**
 - Exams
 - **DOES NOT** include routine annual physicals
 - Welcome to Medicare Exam
 - 1x only exam within first 12 months of joining Part B
 - Annual Wellness Visit
 - Discussion with doctor to develop prevention plan to improve health, routine measurements height, weight, blood pressure
 - Medical and surgical procedures, anesthesia, diagnostic tests and procedures
 - Radiology and pathology services (in or out of the hospital) 6



Medicare Advantage

■ Eligibility requirements

- Have Medicare Part A & Part B and must pay Part B premium
- Cannot have ESRD (except if have coverage with a non-Medicare plan from the same company prior to being diagnosed)
- Must live in the plan's service area
- Cannot be out of plan's service area for more than 6 consecutive months

■ Automatic disenrollment when changing Medicare Advantage Plans

- Don't need to call plan

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Medicare Advantage

■ 4 Enrollment Periods

- **Initial:** Same as Part B (7 months around birthday)
- **Open:** Oct. 15th-Dec 7th (effective Jan 1st) can change from,
 - Original Medicare to Medicare Advantage Plan
 - Medicare Advantage plan to Original Medicare
 - Medicare Advantage plan to another Medicare Advantage Plan
 - Upgrade to include Medicare Prescription Plan coverage
 - Downgrade to exclude Medicare Prescription Plan coverage
- **Special:** Various qualifying events
- **MADP:** Jan 1st- Feb 14th. Can leave plan and return to Original Medicare
 - Cannot move to another MA plan during this period

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Quick Reference: Pro's of Medicare Advantage Plans

- Medicare Advantage Plans tend to attract people who are not high utilizers of medical services. They also attract people who want a lower premium plan
- **Pro's:**
 - Convenience of having only one plan (drug plan can be included)
 - More choices available (HMO's, HMO-POS's, PPO's...)
 - Lower premiums than Medigap plans
 - Potential for better coordination of care (HMO's provide this)
 - Additional benefits such as hearing, dental, vision and annual exams

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**Medicare Supplement
Insurance (Medigap)**

Examples of Gaps in Medicare

■ Part A gaps:

- In-patient hospital deductible
- Daily co-payment for in-patient hospital days 61-90
- Daily co-payment for in-patient hospital days 91-150
- Daily co-payment for SNF days 21-100

■ Part B gaps:

- Annual deductible
- Co-insurance (usually 20%)

■ First three pints of blood

■ Coverage outside the United States

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Medigap

■ Medicare Supplement Insurance (referred to as Medigap)

- Special kind of health insurance coverage developed to provide extra coverage beyond Medicare by filling some of the gaps in Medicare coverage
- Offered by private insurance companies (not the federal gov't)
- A Medigap policy is different from a MA plan; MA plans are **ways** to get Medicare benefits. A Medigap policy **acts as a secondary policy** to cover the costs of Original Medicare benefits
- Not all products that help cover Medicare out-of-pocket costs are Medigap policies (i.e. Retiree Plans, MassHealth)
- Prescription coverage **NOT** included; if a beneficiary wants prescription drug coverage, must join a Medicare Prescription Drug Plan

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Medigap Features

■ Medigap Features

- No networks, can go to any doctor that accepts Medicare
- Generally, Medigap policies pay only after Medicare pays first (exception = foreign travel)
- Coverage is standardized to make policies easier to compare

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Consumer Protection

■ Consumer protections:

- Outline of coverage must be provided
- Free Look: Can return policy for full refund within 30 days if not used
- Illegal to be sold more than one Medicare Supplement (upgrade if need more coverage)

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Medigap Background

- Legislation enacted under the Medigap Reform Law Act of 1990 (also known as OBRA 90) established uniform regulations for Medicare Supplement/Medigap Insurance in every state
 - Every state, except MA, WI and MN, was required to adopt the 10 standard benefit packages and label them plans A-J
 - All Medigap policies and text are standard for all insurers, basic benefits are the same but some plans may offer additional benefits and prices may differ
 - OBRA law did not affect policies already in force, i.e. they did not have to come into compliance to be one of the new types of policies (ex: Supplement Two plan in MA)

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Medigap in Massachusetts: Special Features

- **Special features of Medigaps in MA**
 - No waiting period for pre-existing conditions (federal law allows up to six months)
 - Guarantee issue (cannot deny coverage based on age, health, past claims)
 - Exception is ESRD for under 65
 - Policies guaranteed renewable (except in case of non-payment or misrepresentation)
 - Free look provision
 - 30 days to review plan and can cancel for full refund

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Medigap in Massachusetts: Eligibility

- Must be enrolled in Medicare Parts A **and** B
- Under age 65 Medicare beneficiaries with disabilities can enroll at any time during the year during continuous open enrollment (see next slide)
- Beneficiaries with End Stage Renal Disease (ESRD):
 - 65+: Can apply anytime
 - Under 65: Massachusetts Medigap companies **NOT REQUIRED** to sell to beneficiaries under age 65 with ESRD
 - Insurers may decide to provide coverage to persons under 65 with ESRD, but are not required to do so

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Medigap in Massachusetts: Open Enrollment

- **Continuous Open Enrollment**
 - Massachusetts Medigap companies currently offer continuous open enrollment allowing beneficiaries to join or change companies or coverage at any time
 - Medicare beneficiaries in other states can purchase a Medigap policy during one of the federally-regulated Medigap enrollment periods

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Changing Medigap plans

- Beneficiaries must call their existing Medigap plan to dis-enroll when changing Medigap plans
 - No automatic disenrollment as with Medicare Advantage Plans
 - Must call new Medigap plan to enroll

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Medigap in Massachusetts: Policies

- **Medigap policies in Massachusetts**
 - All Medigap policies sold in MA must include certain “Basic Benefits” (minimum package of benefits allowed by law)
 - All private Medigap companies must offer the 2 standardized plans available in Massachusetts
 - 2 standardized Massachusetts plans:
 1. **Core:** Basic Benefits package
 2. **Supplement One** (“Medex Bronze”): Basic Benefits with additional benefits
 - ★ **Supplement Two** (“Medex Gold”): No longer being sold but can still be held by beneficiaries

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Core

■ Massachusetts Core policy

- Core offers the following Basic Benefits coverage:
 - Part A daily co-payment fro hospital days 61-90
 - Part A daily co-payment for hospital care days 91-150
 - 100% Part A eligible expenses beyond 150 days to a maximum of 365 additional lifetime days
 - Part B co-payment (usually 20%)
 - First 3 pints of blood
 - Additional 60 days per year in a licensed mental health hospital

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Supplement One

■ Massachusetts Supplement One policy

- In addition to the Basic Benefits coverage offered by Core, Supplement One offers the following **additional** coverage:
 - Part A deductible
 - Skilled Nursing Facility co-payment days 21-100
 - Part B deductible
 - Foreign travel (some CORE plans also offer this)

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Core & Supplement One Benefits

MEDIGAP BENEFITS	MEDIGAP POLICIES	
	CORE	SUPPLEMENT ONE
Basic benefits	Yes	Yes
Part A: inpatient hospital deductible	No	Yes
Part A: skilled nursing facility coinsurance	No	Yes
Part B: deductible	No	Yes
Foreign travel emergency	Some- check plan	Yes
Inpatient days in mental health hospitals	60 days per calendar year	120 days per benefit year
State-mandated benefits (yearly Pap tests and mammograms. Check plan for other state-mandated benefits.)	No	Yes

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Supplement Two Plan

■ Policy no longer sold in Massachusetts

- As of 2006, policy no longer being sold but beneficiaries are allowed to keep policy if bought prior to this date
- Premium very high due to decreased beneficiary base
- Offers prescription coverage which **IS** considered creditable
- If beneficiary drops policy, cannot enroll again
- If beneficiary drops policy and wants Part D coverage, must enroll in Part D during Open Enrollment Period
 - Unless qualifies for a SEP (A SEP is not automatically granted by leaving the plan)

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Cost

- All policies have monthly premium
- Premium varies by policy and company
- Premium usually increases slightly annually - MA requires premiums to be approved by the Division of Insurance, loss ratio determines if increase is approved and hearing required for increases >10%
- MA requires premiums to be the same for all consumers, regardless of age (not in other states)

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Counseling Beneficiaries: Is A Medigap Needed?

- **Does every Medicare beneficiary need a Medicare Supplement?**
 - **Questions to ask beneficiary:**
 - Does she/he understand the “gaps” in Medicare coverage?
 - Does she/he have other coverage to help pay for out-of-pocket costs associated with Medicare? (Medicare Advantage Plan, Retiree Coverage, MassHealth)
 - Can she/he afford to purchase supplemental coverage? (screen for Public Benefit programs)

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Counseling Beneficiaries: Choosing a Policy

- **What beneficiaries should consider when choosing a policy:**
 - Benefits: Choose a plan type (Core vs. Supp 1)
 - Premiums: Benefits are almost identical from company to company
 - Reputation, reliability, financial status, and customer service of companies

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Quick Reference: Pro's of Medigap Policies

- Medigap policies tend to be bought by people with a high utilization of medical services such as doctors and hospital services. These policies are also popular amongst individuals who travel in foreign countries and who like to be able to choose which doctor they see without a referral
- **Pro's:**
 - Can see any provider that accepts Medicare (no networks)
 - No referrals or PCP is needed
 - Continuous open enrollment periods
 - Low to no co-pays or deductibles
 - Many policies offer travel coverage
 - All policies standard; only 2 types of policies so choosing policy is easier
 - ESRD 65+ can join a Medigap policy

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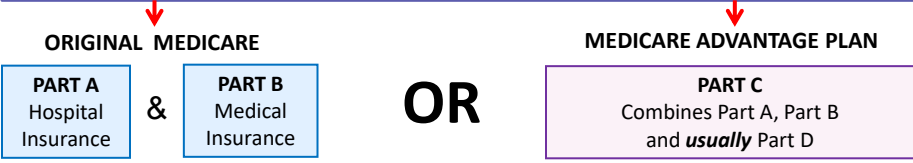
Medigap vs. Medicare Advantage

Original Medicare + Medigap Supplement 1	Medicare Advantage Plan
<ul style="list-style-type: none"> ▪ Higher premiums but no co-pays 	<ul style="list-style-type: none"> ▪ Generally lower premiums but has co-pays
<ul style="list-style-type: none"> ▪ Freedom to choose doctors 	<ul style="list-style-type: none"> ▪ May be restricted to network
<ul style="list-style-type: none"> ▪ No referrals necessary 	<ul style="list-style-type: none"> ▪ May need referrals for specialists
<ul style="list-style-type: none"> ▪ Some routine services not covered (annual physical, vision, hearing) 	<ul style="list-style-type: none"> ▪ May include extra benefits (annual physical, vision, hearing, fitness, no hospital stay for SNF coverage)
<ul style="list-style-type: none"> ▪ Covered anywhere in US 	<ul style="list-style-type: none"> ▪ Emergency services ONLY outside service area

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Two Options For Supplementing Medicare

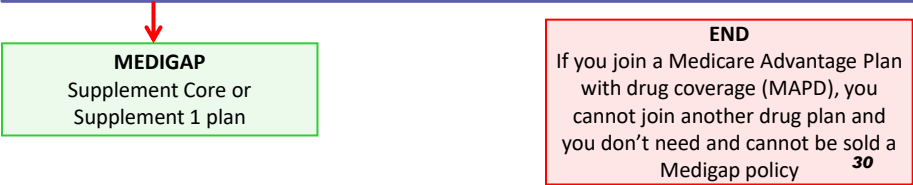
Step 1: Decide how you want to get your coverage



Step 2: Decide if you need a Prescription Drug Plan



Step 3: Decide if you need to add supplemental medical coverage



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Medigap Review

■ Review

1. What is a Medigap policy?
2. Who can buy a Medigap policy?
3. When can someone buy a Medigap policy?
4. Can a Medicare beneficiary under age 65 buy a Medigap policy?
5. Can a Medicare beneficiary with ESRD buy a Medigap policy?

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Medigap Review

■ Review

6. What Medigap policies are sold in Massachusetts?
7. Does every Medicare beneficiary need a Medigap policy?
8. Do Medigap and Medicare Advantage pay for the same things?
9. Is Medicare Advantage (Medicare HMO or PPO) better than original Medicare plus Medigap?

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