

Medicare Supplemental Insurance (“Medigap”) Policies

What Is A Medigap Policy?

Medicare Supplemental Insurance (“Medigap”) is specifically designed to fill the gaps in Medicare coverage. Regulated by federal and state laws, the policies can be purchased only by Medicare beneficiaries from a private company.

Why Do I Need A Medigap Policy?

A Medigap policy offers reimbursement for out-of-pocket health service costs not covered by Medicare, and which are the beneficiary’s share of costs. For example, a Medigap policy might cover the Part A deductible, the Part B **outpatient** co-insurance of 20% of allowed charges, and other costs. In addition, all of the Medigap policies pay the full 50% coinsurance for mental health services covered under Part B.

What Medigap Policies Are Available?

There are 13 standard “Medigap” plans available in the United States, designated “A” through “L.” (Currently, the “J” plan is not offered in NYC.) Each of the plans has the basic benefit package (which cannot be changed by adding or subtracting the provisions), plus a combination of additional benefits. Older Medigap policies from before the 1992 standardization are still in effect, but cannot be offered to new buyers. You are not required to switch to a new standard policy. If you do switch, you will not be allowed to go back to the old policy. Some of the older policies may provide better coverage, especially for prescription drugs and extended skilled nursing care.

What Is Open Enrollment?

In New York State, you can purchase a Medigap policy at any time when you are enrolled in Medicare. You are guaranteed the opportunity to purchase a policy even if you are Medicare-eligible due to medical disability, and are under age 65.

How Do I Choose A Medigap Policy?

Since the Plans A through L are standardized and you can learn about their coverage in advance, you first need to decide the level of coverage you need. Once you establish which plan’s set of benefits is right for you, you can compare the premium, service and reputation of the insurance companies.

Some companies bill the premium each month, or each quarter or once a year. Your preference may be for a particular schedule of payment. Another consideration is that some Medigap companies have linked their computers with the computers at Medicare, so that your claim will be processed without additional paperwork.

How Am I Protected?

All standard Medigap policies sold today are guaranteed renewable. The insurance company cannot refuse to renew unless you do not pay the premiums or you made misrepresentations on the application. Federal law prohibits an insurance company or salesperson from selling you a second Medigap policy that duplicates coverage of one you already have, thus protecting you from pressure to buy more coverage than you need. You can switch standard “Medigap” policies whenever you need a different level of benefits. When your health needs are greater, you can

arrange to purchase a Plan F, for example, if you find plan B is too limited. The new policy would replace the previous one. DO NOT CANCEL THE OLD POLICY UNTIL THE NEW ONE IS IN FORCE.

How Are Premiums Determined?

In New York State, you are protected by “community rating.” The premium set by an insurance company for one of its standard Medigap policies is required to be the same without regard to age, gender or health condition. That means that the premium for a Plan C from one insurance company will be the same for a woman, aged 72 in poor health as it will be for a man, aged 81 in good health. The chart of the thirteen standard plans (on p.23),* follows the description of the thirteen standard Medigap policy plans (on p.19).** The insurance companies and their premiums for NYC Medicare beneficiaries can be found on page 40.

When Will My Coverage Start if I Have an Existing Health Condition?

The maximum period that a Medigap policy's coverage can be denied for an existing health condition is the first six months of the new policy and only for those claims that are directly related to that health problem. You may qualify for **immediate** coverage for an existing health condition (1) if you buy a policy during the open enrollment period after turning 65 or (2) if you were covered under a previous health plan for at least six months without an interruption of more than sixty-three days. If your previous health plan coverage was less than six months, your new Medigap policy must credit you for the number of months you had coverage.

What Paperwork Will I Receive From My Medigap Insurer?

A Medigap insurance company is required to send you an Explanation of Benefits to prove that it paid its portion of your claims for your health benefits. Combined with the Medicare Summary Notice (MSN) which you receive from Medicare, you will have the total information about how your health care claim was processed.

How Can I Get Help In Choosing A Medigap Policy?

The trained HIICAP counselors have the current information on Medigap policies and can assist you in determining your needs. They will not make the choice for you, but they will give you the specific information you need to decide.

****STANDARD MEDIGAP PLANS****

Here are the thirteen standard plans and the benefits provided by each:

PLAN A (the basic policy) consist of these **basic benefits**:

- Coverage for the Part A coinsurance amount (\$248 per day in 2007) for the 61st through the 90th day of hospitalization in each Medicare benefit period.
- Coverage for the Part A coinsurance amount (\$496 per day in 2007) for each of Medicare's 60 non-renewable lifetime hospital inpatient reserve days used.
- After all Medicare hospital benefits are exhausted, coverage for 100% of the Medicare Part A eligible hospital expenses. Coverage is limited to a maximum of 365 days of additional inpatient hospital care during the policyholder's lifetime. This benefit is paid either at the rate Medicare pays hospitals under its Prospective Payment System (PPS) or under another appropriate standard of payment for hospitals not subject to the PPS.
- Coverage under Medicare Parts A and B for the reasonable cost of the first 3 pints of blood or equivalent quantities of packed red blood cells per calendar year unless replaced in accordance with federal regulations.
- Coverage for the coinsurance amount for Part B services (generally 20% of approved amount; 50% of approved charges for outpatient mental health services) after \$100 annual deductible is met.

PLAN B includes the **basic benefit plus**:

- Coverage for the Medicare Part A inpatient hospital deductible (\$992 per benefit period in 2007)

PLAN C includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care coinsurance amount (\$124 per day for days 21 through 100 per benefit period in 2007)
- Coverage for the Medicare Part B deductible (\$131 per calendar year in 2007)
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible and \$50,000 during your lifetime

PLAN D includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible
- Coverage for at home recovery. The at-home recovery benefit pays up to \$1,600 per year for short-term, at-home assistance with activities of daily living (bathing, dressing, personal hygiene, etc.) for those recovering from an illness, injury or surgery. There are various benefit requirements and limitations (see chart of standard Medicare supplement plans).

PLAN E includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible
- Coverage for preventive medical care. The preventive medical care benefit pays up to \$120 per year for such things as a physical examination, serum cholesterol screening, hearing test, diabetes screenings, and thyroid function test

PLAN F⁽²⁾ includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- Coverage for the Medicare Part B deductible
- Coverage for 100% of Medicare Part B excess charges ⁽¹⁾
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible

PLAN G includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- Coverage for 80% of Medicare Part B excess charges ⁽¹⁾
- Coverage for at-home recovery (see Plan D)
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible

With the Medicare Prescription Drug plan coverage effective January 2006, Medigap policies H, I and J could not be sold to new policyholders. Individuals with an old H or I policy had the choice of continuing that policy with its defined drug benefit but could not also have a Part D drug plan. Some companies offered an H or I policy without the drug benefit at a lower premium.

PLAN H includes the **basic benefit plus**:

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible

PLAN I includes the **basic benefit plus:**

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- Coverage for 100% of Medicare Part B excess charges ⁽¹⁾
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible
- Coverage for at-home recovery (see Plan D)

PLAN J⁽²⁾ includes the **basic benefit plus:**

- Coverage for the Medicare Part A deductible
- Coverage for the skilled nursing facility care daily coinsurance amount
- Coverage for the Medicare Part B deductible
- Coverage for 100% of Medicare Part B excess charges ⁽¹⁾
- 80% coverage for medically necessary emergency care in a foreign country, after a \$250 deductible
- Coverage for preventive medical care (see Plan E)
- Coverage for at home recovery (see Plan D)

PLAN K⁽³⁾ includes the **basic benefit plus:**

- Coverage for 100% of Part A coinsurance plus coverage for 365 days after Medicare benefits end
- Coverage for 50% hospice cost-sharing
- Coverage for 50% of Medicare-eligible expenses for the first 3 pints of blood
- Coverage for 50% of Part B coinsurance after you meet the yearly deductible for Medicare Part B, but 100% coinsurance for Part B preventive services
- Coverage for 50% of the skilled nursing facility care daily coinsurance amount
- Coverage for 50% of the Medicare Part A hospital deductible
- Annual out of pocket limit \$4,140 in 2007

PLAN L⁽³⁾ includes the **basic benefit plus:**

- Coverage for 100% of Part A coinsurance plus coverage for 365 days after Medicare benefits end
- Coverage for 75% hospice cost-sharing
- Coverage for 75% of Medicare-eligible expenses for the first 3 pints of blood
- Coverage for 75% of Part B coinsurance after you meet the yearly deductible for Medicare Part B, but 100% coinsurance for Part B preventive services
- Coverage for 75% of the skilled nursing facility care daily coinsurance amount
- Coverage for 75% of Medicare Part A hospital deductible
- Annual out of pocket limit of \$2, 070 in 2007

(1) Plan pays a specified percentage of the difference between Medicare's approved amount for Part B services and the actual charges (up to the amount of charge limitations set by either Medicare or state law).

(2) Plans F and J also have "high deductible option." If you choose the "high deductible option" on Medigap Plans F and J, you will first have to pay a \$1,860 deductible in 2007 before the plan pays anything. This amount can go up every year. High deductible policies have lower premiums, but if you get sick, your costs will be higher.

(3) The basic benefits for plans K and L include similar services as plans A-J, but the cost-sharing for the basic benefits is at different levels. The annual out-of-pocket limit increases each year for inflation.

~~ In addition to the A-L standard Medigap policies, Medicare SELECT is a type of Medigap policy that can cost less than standard Medigap plans. However, you can only go to certain doctors and hospitals for your care. Check with your state insurance department to find out if Medicare SELECT policies are available in your state. ~~

Always consider inquiring about a particular membership or group insurance rate that might be less expensive than purchasing an individual plan on your own.

For further information, Call the HIICAP hotline at 1-800-701-0501 or dial 311

*Chart of the Thirteen Standard Medicare Supplement Plans

Medicare supplement insurance can be sold in only 13 standard plans. This chart shows the benefits included in each plan. Every company must make available Plan A. Some plans may not be available in your state.

Basic Benefits: Included in All Plans

Hospitalization: Part A coinsurance plus coverage for 365 additional days after Medicare benefits end.

Medical Expenses: Part B coinsurance (generally 20% of Medicare-approved expenses).

Blood: First 3 pints of blood each year.

*****There are additional services provided in the Basic Benefits for plans K and L, please contact plans directly for further information.**

A	B	C	D	E	F	F+	G	H	I	J	K	L
Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit***	Basic Benefit***
		Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance	Skilled Nursing CoInsurance (50%)	Skilled Nursing CoInsurance (75%)
	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible (50%)	Part A Deductible (75%)
		Part B Deductible			Part B Deductible					Part B Deductible		Part B Deductible (75%)
					Part B Excess (100%)	Part B Excess (80%)	Part B Excess (80%)		Part B Excess (100%)	Part B Excess (100%)		
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency (80%)	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency		
			At Home Recovery				At Home Recovery		At Home Recovery	At Home Recovery		
											Out of Pocket limit \$4,140	Out of Pocket limit \$2,070
				Preventive Care						Preventive Care		Preventive Care CoInsurance (100%)

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MEDIGAP PLANS 2007

Prepared by the NYC Department for the Aging's Health Insurance Information Counseling Assistance Program (HIICAP) 1-212-333-5511. Please call the individual companies directly for their most current monthly rates as they are subject to change.

<u>PLANS</u>	<u>Empire Blue Cross Blue Shield</u>	<u>GHI</u>	<u>AARP United Health</u>	<u>1st United American</u>	<u>Mutual of Omaha</u>	<u>State Farm</u>	<u>American Progressive</u>	<u>Bankers Conseco</u>
	1-800 261- 5962	1-800 444-2333	1-888 687-2277	1-315 451-2544	1-800 775-1000	1-866 855-1212	1-800 332-3377	1-312 396-6515
A	\$139.70	\$147.43	\$139.00	\$135.00	\$165.03	\$201.47	\$146.47	\$176.40
B	\$168.17	\$178.01	\$191.00	\$219.00	\$258.43	\$269.64	\$212.35	\$222.84
C	\$229.02	\$214.46	\$219.25	\$259.00		\$312.14	\$271.67	\$265.19
D			\$205.25	\$241.00			\$246.18	\$249.55
E			\$205.75				\$240.65	\$250.65
F	\$229.76		\$220.75	\$266.00	\$269.45	\$343.68	\$283.11	\$267.85
F+				\$93.00			\$113.02	\$83.41
G			\$206.25	\$258.00	\$164.02		\$256.02	\$252.37
H	\$253		\$223.25					
I			\$225.75					
J			\$250.75					\$268.75
K	\$107.86		\$100.25					\$131.81
L	\$146.90		\$139.75					\$187.65