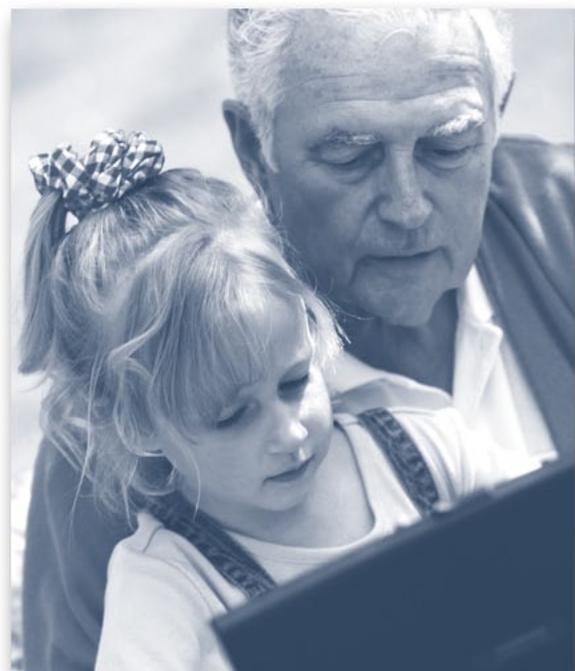


2012



Choosing a Medigap Policy:

A Guide to
Health Insurance for
People with Medicare

This official government guide has important information about the following:

- What is a Medigap (Medicare Supplement Insurance) policy
- What Medigap policies cover
- Your rights to buy a Medigap policy
- How to buy a Medigap policy



This guide can help if you're thinking about buying a Medigap policy or already have one.

How to use this guide

There are two ways to find the information you need:

1. The “**Table of Contents**” can help you find the sections you need.
2. The “**List of Topics**” lists topics in this guide and the page number of where to find them.

Note: Highlighted words are hyperlinked to definitions located at end of book.

Who should read this guide?

This guide helps people with Medicare understand Medigap (also called “Medicare Supplement Insurance”) policies. A Medigap policy is a type of private insurance that helps you pay for some of the costs that [Original Medicare](#) doesn’t cover.

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Section 1: Medicare Basics

A brief look at Medicare

This guide helps people with Medicare understand Medigap (also called “Medicare Supplement Insurance”) policies.

A Medigap policy is health insurance sold by private insurance companies to fill gaps in [Original Medicare](#) coverage. Medigap policies can help pay your share ([coinsurance](#), [copayments](#), or [deductibles](#)) of the costs of Medicare-covered services. Some Medigap policies also cover certain benefits Original Medicare doesn’t cover. Medigap policies don’t cover your share of the costs under other types of health coverage, including [Medicare Advantage Plans](#), stand-alone [Medicare Prescription Drug Plans](#), employer/union group health coverage, [Medicaid](#), Department of Veterans Affairs (VA) benefits, or TRICARE. Insurance companies generally can’t sell you a Medigap policy if you have coverage through Medicaid or a Medicare Advantage Plan.

Before you learn more about Medigap policies, the next few pages provide a brief look at Medicare. If you already know the basics about Medicare and only want to learn about Medigap, skip to [this section](#).

What is Medicare?

Medicare is health insurance for the following:

- People 65 or older
- People under 65 with certain disabilities
- People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

The different parts of Medicare

The different parts of Medicare help cover specific services:



Medicare Part A (Hospital Insurance)

- Helps cover inpatient care in hospitals
- Helps cover skilled nursing facility, hospice, and home health care



Medicare Part B (Medical Insurance)

- Helps cover doctors' and other health care providers' services, outpatient care, durable medical equipment, and home health care
- Helps cover some preventive services to help maintain your health and to keep certain illnesses from getting worse



Medicare Part C (also known as Medicare Advantage)

Offers health plan options run by Medicare-approved private insurance companies. [Medicare Advantage Plans](#) are a way to get the benefits and services covered under Part A and Part B. Most Medicare Advantage Plans cover Medicare prescription drug coverage (Part D). Some Medicare Advantage Plans may include extra benefits for an extra cost.



Medicare Part D (Medicare Prescription Drug Coverage)

- Helps cover the cost of prescription drugs
- May help lower your prescription drug costs and help protect against higher costs
- Run by Medicare-approved private insurance companies

Your Medicare coverage choices at a glance

There are two main ways to get your Medicare coverage: [Original Medicare](#) or a Medicare Advantage Plan. Use these steps to help you decide which way to get your coverage. See [here](#) for information about [Medicare Advantage Plans](#) and Medigap policies.

Step 1: Decide how you want to get your coverage, Original Medicare or a Medicare Advantage Plan (like an HMO or PPO).

- Original Medicare includes Part A (Hospital Insurance) and/or Part B (Medical Insurance).
- Combines Part A, Part B, and usually Part D.

Step 2: Decide if you need to add drug coverage.

- If you choose Original Medicare and you want drug coverage, you must join a Medicare Prescription Drug Plan (Part D).
- If you choose a Medicare Advantage Plan, most will cover your prescription drugs. You may be able to join a Medicare Prescription Drug Plan (Part D) in some plan types if not already included.

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

- If you choose Original Medicare, you can choose to buy a Medicare Supplement Insurance (Medigap) policy.
- If you join a Medicare Advantage Plan, you don't need and can't be sold a Medicare Supplement Insurance (Medigap) policy.

For more information

Remember, this guide is about Medigap policies. To learn more about Medicare, visit www.medicare.gov/publications to view the “Medicare & You” handbook. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Section 2: Medigap Basics

What is a Medigap policy?

A Medigap policy (also called “Medicare Supplement Insurance”) is private health insurance that’s designed to supplement [Original Medicare](#). This means it helps pay some of the health care costs (“gaps”) that Original Medicare doesn’t cover (like [copayments](#), [coinsurance](#), and [deductibles](#)). If you have Original Medicare and a Medigap policy, Medicare will pay its share of the [Medicare-approved amounts](#) for covered health care costs. Then your Medigap policy pays its share. A Medigap policy is different from a [Medicare Advantage Plan](#) (like an HMO or PPO) because those plans are ways to get Medicare benefits, while a Medigap policy only supplements your Original Medicare benefits. **Note:** Medicare doesn’t pay any of the costs for you to get a Medigap policy.

Every Medigap policy must follow Federal and state laws designed to protect you, and the policy must be clearly identified as “Medicare Supplement Insurance.” Medigap insurance companies in most states can only sell you a “standardized” Medigap policy identified by letters A through N. Each standardized Medigap policy must offer the same basic benefits, no matter which insurance company sells it. Cost is usually the only difference between Medigap policies with the same letter sold by different insurance companies.

In Massachusetts, Minnesota, and Wisconsin, Medigap policies are standardized in a different way. See [here](#) for more information. In some states, you may be able to buy another type of Medigap policy called [Medicare SELECT](#). SELECT plans are standardized plans that may require you to see certain providers and may cost less than other plans. ([More info.](#))

What Medigap policies cover

The following information gives you a quick look at the standardized Medigap Plans available. **Note:**

- Insurance companies selling Medigap policies are required to make Plan A available. If they offer any other Medigap plan, they must also offer either Medigap Plan C or Plan F. Not all types of Medigap policies may be available in your state. See [more info](#) if you live in **Massachusetts, Minnesota, or Wisconsin**. If you need more information, call your [State Insurance Department](#) or [State Health Insurance Assistance Program](#). ([More info.](#))
- **Plans D and G** —Plans D and G effective on or after June 1, 2010, have different benefits than D or G Plans bought before June 1, 2010.
- **Plans No Longer for Sale** —Plans E, H, I, and J are no longer sold, **but**, if you already have one, you can keep it.

Medigap Plans and Benefits

Note: The Medigap policy covers coinsurance only after you have paid the deductible (unless the Medigap policy also covers the deductible).

Benefit: Medicare Part A Coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up

- | | | |
|-------------------|--------------------|-------------------|
| – Plan A: Covered | – Plan F*: Covered | – Plan M: Covered |
| – Plan B: Covered | – Plan G: Covered | – Plan N: Covered |
| – Plan C: Covered | – Plan K: Covered | |
| – Plan D: Covered | – Plan L: Covered | |

Benefit: Medicare Part B Coinsurance or Copayment

- | | | |
|-------------------|--------------------|----------------------|
| – Plan A: Covered | – Plan F*: Covered | – Plan M: Covered |
| – Plan B: Covered | – Plan G: Covered | – Plan N: Covered*** |
| – Plan C: Covered | – Plan K**: 50% | |
| – Plan D: Covered | – Plan L**: 75% | |

Benefit: Blood (First 3 Pints)

- | | | |
|-------------------|--------------------|-------------------|
| – Plan A: Covered | – Plan F*: Covered | – Plan M: Covered |
| – Plan B: Covered | – Plan G: Covered | – Plan N: Covered |
| – Plan C: Covered | – Plan K**: 50% | |
| – Plan D: Covered | – Plan L**: 75% | |

Benefit: Part A Hospice Care Coinsurance or Copayment

- | | | |
|-------------------|--------------------|-------------------|
| – Plan A: Covered | – Plan F*: Covered | – Plan M: Covered |
| – Plan B: Covered | – Plan G: Covered | – Plan N: Covered |
| – Plan C: Covered | – Plan K**: 50% | |
| – Plan D: Covered | – Plan L**: 75% | |

Benefit: Skilled Nursing Facility Care Coinsurance

- Plan A: **not** covered
- Plan B: **not** covered
- Plan C: Covered
- Plan D: Covered
- Plan F*: Covered
- Plan G: Covered
- Plan K**: 50%
- Plan L**: 75%
- Plan M: Covered
- Plan N: Covered

Benefit: Medicare Part A Deductible

- Plan A: **not** covered
- Plan B: Covered
- Plan C: Covered
- Plan D: Covered
- Plan F*: Covered
- Plan G: Covered
- Plan K**: 50%
- Plan L**: 75%
- Plan M: 50%
- Plan N: Covered

Benefit: Medicare Part B Deductible

- Plan A: **not** covered
- Plan B: **not** covered
- Plan C: Covered
- Plan D: **not** covered
- Plan F*: Covered
- Plan G: **not** covered
- Plan K: **not** covered
- Plan L: **not** covered
- Plan M: **not** covered
- Plan N: **not** covered

Benefit: Medicare Part B Excess Charges

- Plan A: **not** covered
- Plan B: **not** covered
- Plan C: **not** covered
- Plan D: **not** covered
- Plan F*: Covered
- Plan G: Covered
- Plan K: **not** covered
- Plan L: **not** covered
- Plan M: **not** covered
- Plan N: **not** covered

Benefit: Foreign Travel Emergency (Up to Plan Limits)

- Plan A: **not** covered
- Plan B: **not** covered
- Plan C: Covered
- Plan D: Covered
- Plan F*: Covered
- Plan G: Covered
- Plan K: **not** covered
- Plan L: **not** covered
- Plan M: Covered
- Plan N: Covered

*Plan F also offers a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount of \$2,070 in 2012 before your Medigap plan pays anything.

**Out-of-Pocket Limit Plan for K=\$4,660. Out-of-Pocket Limit for Plan L=\$2,330. After you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$140 in 2012), the Medigap plan pays 100% of covered services for the rest of the calendar year.

***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.

What Medigap policies don't cover

Generally, Medigap policies don't cover long-term care (like care in a nursing home), vision or dental care, hearing aids, eyeglasses, or private-duty nursing.

Types of coverage that are NOT Medigap policies

- [Medicare Advantage Plans \(Part C\)](#), like an HMO, PPO, or Private Fee-for-Service Plan
- [Medicare Prescription Drug Plans \(Part D\)](#)
- [Medicaid](#)
- Employer or union plans, including the Federal Employees Health Benefits Program (FEHBP)
- TRICARE
- Veterans' benefits
- Long-term care insurance policies
- Indian Health Service, Tribal, and Urban Indian Health plans

What types of Medigap policies can insurance companies sell?

In most cases, Medigap insurance companies can sell you only a “standardized” Medigap policy. All Medigap policies must have specific benefits so you can compare them easily. If you live in Massachusetts, Minnesota, or Wisconsin, see [here](#) for more information.

Insurance companies that sell Medigap policies don't have to offer every Medigap plan. However, they must offer Medigap Plan A if they offer any Medigap policy. If they offer any plan in addition to Plan A, they must also offer Plan C or Plan F. Each insurance company decides which Medigap policies it wants to sell, although state laws might affect which ones they offer.

In some cases, an insurance company must sell you a Medigap policy, even if you have health problems. Listed below are certain times that you're guaranteed the right to buy a Medigap policy:

- When you're in your Medigap [open enrollment period](#). ([More info.](#))
- If you have a [guaranteed issue right](#). ([More info.](#))

You may also buy a Medigap policy at other times, but the insurance company can deny you a Medigap policy based on your health. Also, in some cases it may be illegal for the insurance company to sell you a Medigap policy (such as if you already have [Medicaid](#) or a [Medicare Advantage Plan](#)).

What do I need to know if I want to buy a Medigap policy?

- You must have Medicare Part A and Part B to buy a Medigap policy.
- If you have a [Medicare Advantage Plan](#) but are planning to return to [Original Medicare](#), you can apply for a Medigap policy before your coverage ends. The Medigap insurer can sell it to you as long as you're leaving the plan. Ask that the new policy start no later than when your Medicare Advantage Plan enrollment ends, so you will have continuous coverage.
- Plans E, H, I, and J are no longer for sale, but you can keep these plans if you already have one.
- You pay the private insurance company a monthly [premium](#) for your Medigap policy in addition to the monthly Part B premium that you pay to Medicare.
- A Medigap policy only covers one person. If you and your spouse both want Medigap coverage, **you each will have to buy separate Medigap policies.**
- You can buy a Medigap policy from any insurance company that's licensed in your state to sell one.
- If you want to buy a Medigap policy, see [here](#) to review the benefit choices. Then, follow the “**Steps to Buying a Medigap Policy**” listed [here](#).
- If you want to drop your Medigap policy, write your insurance company to cancel the policy and confirm it's cancelled. Your agent can't cancel the policy for you.
- Any standardized Medigap policy is [guaranteed renewable](#) even if you have health problems. This means the insurance company can't cancel your Medigap policy as long as you pay the premium.
- Cost is usually the only difference between Medigap policies with the same letter sold by different insurance companies.

- Although some Medigap policies sold in the past covered prescription drugs, Medigap policies sold after January 1, 2006, aren't allowed to include prescription drug coverage.
- If you want prescription drug coverage, you can join a [Medicare Prescription Drug Plan \(Part D\)](#) offered by private companies approved by Medicare. See [here](#) for more information.
- To learn about Medicare prescription drug coverage, visit www.medicare.gov/publications to view the booklet “Your Guide to Medicare Prescription Drug Coverage,” or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

When is the best time to buy a Medigap policy?

The best time to buy a Medigap policy is during your [Medigap open enrollment period](#). This period lasts for 6 months and begins on the first day of the month in which you're both 65 or older and enrolled in Medicare Part B. Some states have additional open enrollment periods including those for people under 65. During this period, an insurance company can't use [medical underwriting](#). This means the insurance company can't do any of the following because of your health problems:

- Refuse to sell you any Medigap policy it offers
- Charge you more for a Medigap policy than they charge someone with no health problems
- Make you wait for coverage to start (except as explained below)

While the insurance company can't make you wait for your coverage to start, it may be able to make you wait for coverage related to a [pre-existing condition](#). A pre-existing condition is a health problem you have before the date a new insurance policy starts. In some cases, the Medigap insurance company can refuse to cover your out-of-pocket costs for these pre-existing health problems for up to 6 months. This is called a “pre-existing condition waiting period.” After 6 months, the Medigap policy will cover the pre-existing condition. Coverage for a pre-existing condition can only be excluded in a Medigap policy if the condition was treated or diagnosed within 6 months before the date the coverage starts under the Medigap policy. This is called the “look-back period.” After the 6-month pre-existing waiting period, the Medigap policy will cover the condition that was excluded. Remember, for Medicare-covered services, [Original Medicare](#) will still cover the condition, even if the Medigap policy won't cover your out-of-pocket costs, but you're responsible for the [coinsurance](#) or [copayment](#).

If you have a [pre-existing condition](#) and you buy a Medigap policy during your Medigap [open enrollment period](#) and you're replacing certain kinds of health coverage that count as "creditable coverage," it's possible to avoid or shorten waiting periods for pre-existing conditions. Prior creditable coverage is generally any other health coverage you recently had before applying for a Medigap policy. If you have had at least 6 months of continuous prior creditable coverage, the Medigap insurance company can't make you wait before it covers your pre-existing conditions.

There are many types of health care coverage that may count as creditable coverage for Medigap policies, but they will only count if you didn't have a break in coverage for more than 63 days.

Talk to your Medigap insurance company. It will be able to tell you if your previous coverage will count as creditable coverage for this purpose. You can also call your [State Health Insurance Assistance Program](#). ([More info.](#))

If you buy a Medigap policy when you have a [guaranteed issue right](#) (also called "Medigap protection"), the insurance company can't use a pre-existing condition waiting period. ([More info.](#))

Note: If you're under 65 and have Medicare, generally because of a disability or ESRD, you might not be able to buy the Medigap policy you want, or any Medigap policy, until you turn 65. Federal law doesn't require insurance companies to sell Medigap policies to people under 65. However, some states require Medigap insurance companies to sell you a Medigap policy, even if you're under 65. ([More info.](#))

Why is it important to buy a Medigap policy when I'm first eligible?

It's very important to understand your Medigap [open enrollment period](#). Medigap insurance companies are generally allowed to use [medical underwriting](#) to decide whether to accept your application and how much to charge you for the Medigap policy. However, if you apply during your Medigap open enrollment period, you can buy any Medigap policy the company sells, even if you have health problems, for the same price as people with good health. If you apply for Medigap coverage **after** your open enrollment period, there is no guarantee that an insurance company will sell you a Medigap policy if you don't meet the medical underwriting requirements, **unless** you're eligible because of one of the limited situations listed [here](#).

It's also important to understand that your Medigap rights may depend on when you choose to enroll in Medicare Part B. If you're 65 or older, your Medigap open enrollment period begins when you enroll in Part B **and** can't be changed or repeated. In most cases, it makes sense to enroll in Part B when you're first eligible, because you might otherwise have to pay a Part B late enrollment penalty.

However, if you have group health coverage through an employer or union, because either you or your spouse is currently working, you may want to wait to enroll in Part B. This is because employer plans often provide coverage similar to Medigap, so you don't need a Medigap policy. When your employer coverage ends, you will get a chance to enroll in Part B without a late enrollment penalty which means your Medigap open enrollment period will start when you're ready to take advantage of it. If you enrolled in Part B while you still had the employer coverage, your Medigap open enrollment period would start, and unless you bought a Medigap policy before you needed it, you would miss your open enrollment period entirely. If you or your spouse is still working and you have coverage through an employer, contact your employer or union benefits administrator to find out how your insurance works with Medicare. ([More info.](#))

How do insurance companies set prices for Medigap policies?

Each insurance company decides how it will set the price, or **premium**, for its Medigap policies. It's important to ask how an insurance company prices its policies. The way they set the price affects how much you pay now and in the future. Medigap policies can be priced or “rated” in three ways:

1. Community-rated (also called “no-age-rated”)
2. Issue-age-rated (also called “entry-age-rated”)
3. Attained-age-rated

Each of these ways of pricing Medigap policies is described in the chart on the next page. The examples show how your age affects your premiums, and why it's important to look at how much the Medigap policy will cost you now and in the future. The amounts in the examples aren't actual costs. Other factors such as geographical rating, **medical underwriting**, and discounts can also affect the amount of your premiums.

Type of pricing: Community-rated (also called “no-age-rated”)

How it's priced: Generally the same monthly premium is charged to everyone who has the Medigap policy, regardless of age.

What this pricing may mean for you: Your premium isn't based on your age. Premiums may go up because of inflation and other factors but not because of your age.

Examples:

- Mr. Smith is 65. He buys a Medigap policy and pays a \$165 monthly premium.
- Mrs. Perez is 72. She buys the same Medigap policy as Mr. Smith. She also pays a \$165 monthly premium because, with this type of Medigap policy, everyone pays the same price regardless of age.

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