

Longevity Insight: What's All the Noise About New Medicare Plans?

April, 2010

Here's a quick, simple look at what's new with Medicare Supplement (Medigap) plans beginning June 1, 2010.

Before we get into the details, there are three things you'll want to know about these changes if you purchase your own Medicare insurance policy.

- 1) If you currently have a Medicare Supplement plan (Medigap): you are **not** required to change your current Medigap plan to a new Modernized Medigap plan.
- 2) If you are new to Medicare, make sure you review the current and full range of choices among Medicare Supplement and Medicare Advantage plans. Don't rely on information you gathered months ago; it may not reflect the current Medigap plans and prices in the market.
- 3) If you receive notice of an increase in your Medigap premium, it's a good time to review your plan and see if it is still the right plan for your current health care needs and compare it to the new plans to see if a change would be to your benefit.

Medicare Modernization

The plan changes, which you will hear referred to as Medicare Modernization, alters benefits in Medicare Supplement (Medigap) plans, drops some plans and offers two new Medigap plans. These changes have been in the works since a law was passed in 2003 and are not the result of the recent health care reform bill.

Medicare Supplement plans, often referred to as Medigap plans, fill the gaps in services that Original Medicare (Part A and Part B) do not cover. The plans are standardized and referred to by plan letter (Plan A, Plan F, etc.). Standardized means that the plan benefits are the same no matter what insurance company offers the policy. However, prices can differ greatly among companies. That has not changed.

New Medicare Supplement Changes

June 1, 2010

1. There will be two new Medigap Plans offered: Plan M and Plan N
2. Plans E, H, I and J will no longer be available to buy. If you already have one of these plans or you buy Plan E, H, I or J before June 1, 2010 you can keep that plan. See chart on page 4 for all Medigap plans

That's why it is always important to shop and compare Medicare Supplement plans.

Not all companies offer all Medigap plans and if you live in Wisconsin, Minnesota or Massachusetts the choices are different.

Why are the changes being made to Medigap plans? Some benefits were removed from Medigap plans because they are now included in Original Medicare or were not being used. Other changes were made to offer Medigap plan choices with lower premiums. For example, new Plan N requires you to pay the Medicare B deductible (\$155 in 2010) and up to \$20 per office visit and up to \$50 per emergency room visit.

This allows the insurance company to offer a lower premium since the policy holder is incurring more of the cost. But, it makes it even more important that you calculate your **total** cost (premium+deductible+co-pays) to determine whether it is more or less expensive than other plans based on the way you use or expect to be using your health insurance.

So what does all this mean for the Medicare beneficiary? Our tips below will help evaluate the new choices and learn more about what all the noise is about.

If you have a Medigap Policy

If you currently have a Medigap plan and think you might be interested in changing to a new Medigap plan, here are four things you want to know (remember, you are not required to change plans):

- 1. Make sure you find out what health underwriting questions you will be required to answer.** Some insurance companies are offering the new plans with limited underwriting. For example you would qualify for the policy unless you have end-stage renal disease. Others will require an assessment of your health condition to determine if they will offer you a new policy.
- 2. Know how the insurance rates are calculated** and what impact this might have on the future cost of your insurance.
- 3. Ask whether the Medigap plan give you choice** in selecting doctors or requires use of doctors in a network. We know of at least one company that is offering two versions of new Plan N, one that requires you to use a specific network of doctors and one that gives you choice in selecting doctors. So ask to make sure you can access the doctors and facilities you prefer.
- 4. To compare plans calculate your total cost, not just the premiums.** With lower premiums often come co-pays and deductibles. That means more of the health care cost risk is being shifted to you.

If, for example, you frequently visit the doctor's office, a switch to Plan N that requires you to pay for each doctor visit may be more expensive than a plan with a higher monthly premium. Do the numbers.

If you are turning 65

If you are making your choice about Medicare insurance plans for the first time, it's important that you look at the full range of options to determine which type of coverage is right for you.

- 1. Compare Medicare Advantage plans** (which generally require you to use a network) and Medigap plans (which generally let you choose your own doctor) and decide which type of Medicare coverage matches your health care needs and budget. Make sure you are reviewing information about the new Medigap plans if your coverage will be effective after June 1, 2010.
- 2. Buy your policy when you are first eligible** (your open enrollment period). That way you won't be limited by pre-existing health conditions if you choose a Medigap policy.
- 3. To compare plans, calculate your total cost** not just the premiums. With lower premiums, often come co-pays and deductibles. That means more of the health care cost risk is being shifted to you. If, for example, you frequently visit the doctor's office, new Medigap Plan N that requires you to pay for each visit to the doctor may be more expensive than a Medigap plan with a higher monthly premium. Also remember if you purchase a Medigap policy, you should also consider a Part D plan to cover your prescription drug costs.

If you have Medicare Advantage

- 1. You'll generally have to wait until the Annual Election Period** (Nov. 15 – Dec. 31, 2010) if you currently have a Medicare Advantage plan and think you might want to switch to a new Medigap plan for 2011.

2. If you are healthy and co-pays and deductibles are okay with you but you would like more freedom in selecting doctors and health care facilities, you might want to look at the new Medigap Plan N. It has lower premiums than many of the other Medigap plans, but you pay co-pays and deductibles each year.

3. To compare your Medicare Advantage Plan with any Medigap plan, calculate your total cost not just the premiums. Estimating your out-of-pocket costs, such as co-pays and deductibles can make a big difference in looking at your total health care costs. Also remember if your Medicare Advantage plan includes prescription drug coverage, and you switch to a Medigap policy, you'll need to purchase a separate Part D plan to cover your prescription drug costs.

Resources

Health care costs are a growing percentage of expenses in retirement. So making the right choice and reviewing your plan periodically is one way to control your health care costs. Longevity Alliance recommends you review your plan every year, especially for plans that can change benefits annually like Medicare Advantage and Part D plans.

At Longevity Alliance we take great pride in helping clients match their health care needs with the right Medicare insurance plan. We offer Medicare Advantage, Medicare Supplement Plans and Part D Prescription Drug plans nationwide from a choice of high-quality insurance companies. Comparing plans can save you hundreds of dollars in health care costs each year.

For more information about Medicare and Medigap we recommend:

- [Medicare and You 2010](#)
- [Choosing a Medigap Policy 2010](#)
- [MomentumToday](#)
www.momentumtoday.com

Longevity Alliance Medigap Checkup 1-800-713-6610

If you have a Medigap policy and are wondering if one of the new policies might be a better choice, call Longevity Alliance. Our experienced and knowledgeable agents will help you compare plans so you can make the decision that's right for you.

As part of its ongoing commitment to education and information on health care and longevity issues, Longevity Alliance periodically publishes **Longevity Insight** to alert our clients, partners and the public about health and wealth changes that impact the lives of older Americans.

Longevity Alliance is reinventing how insurance products are distributed to baby boomers and retirees. More product choice, less insurance jargon and nationwide service helps more consumers find financial security. Longevity Alliance solutions include Medicare Supplement, Medicare Advantage, Medicare Part D, long-term care insurance and annuities.

Based in Washington, D.C. with a customer contact center in the Phoenix, Arizona area, Longevity Alliance product specialists are available by phone and email to review your health insurance and financial needs and help you find the right solutions.

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Medigap Plans Effective on or after June 1, 2010

How to read the chart:

If an X appears in a column of this chart, the Medigap policy covers 100% of the described benefit. If a column lists a percentage, the policy covers that percentage of the described benefit. If a column 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).

You may buy the following Medigap Plans which become effective June 1, 2010

Medigap Benefits	Medigap Plans Effective June 1, 2010									
	A	B	C	D	F*	G	K	L	M	N
Medicare Part A Coinsurance hospital costs up to an additional 365 days after Medicare benefits are used up	x	x	x	x	x	x	x	x	x	x
Medicare Part B Coinsurance or Copayment	x	x		x	x		50%	75%	x	x***
Blood (First 3 pints)	x	x	x	x	x	x	50%	75%	x	x
Part A Hospice Care Coinsurance or Copayment	x	x		x	x		50%	75%	x	x
Skilled Nursing Facility Care Coinsurance			x	x	x	x	50%	75%	x	x
Medicare Part A Deductible		x	x	x	x		50%	75%	50%	
Medicare Part B Deductible			x		x					
Medicare Part B Excess Charges					x	x				
Foreign Travel Emergency (Up to Plan Limits)			x	x	x	x			x	x
Medicare Preventive Care Part B Coinsurance	x	x		x	x		x	x	x	x
							Out of pocket limit**			
							\$4,620	\$2,310		

*Plan F also offers a high-deductible plan. This means you must pay for Medicare-covered costs up to the deductible amount \$2,000 in 2010 before your Medigap plan pays anything.

** After you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$155 in 2010), the Medigap plan pays 100% of covered services for the rest of the calendar year. Out of pocket limit is the maximum amount you would pay for coinsurance and copayments.

***Plan N pays 100% of the Part B coinsurance except up to \$20 copayment for office visits and up to \$50 for emergency department visits.

Chart Source: 2010 Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare www.medicare.gov.