



California Department of Insurance

Ricardo Lara, Insurance Commissioner

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SENIOR ADVISORY

MEDICARE SUPPLEMENT INSURANCE “MEDIGAP”

This advisory was prepared to help seniors understand recent changes to Medigap insurance for policies that take effect June 1, 2010 or later. The federal Medicare Improvements for Patients and Providers Act of 2008 required states to adopt certain changes to Medigap insurance policies. These changes became law in California on July 2, 2009 when Assembly Bill 1543 was signed by the Governor.

Medicare Supplement insurance, sometimes known as “Medigap” insurance, may be purchased by anyone enrolled in Medicare. Medigap Plans are designed to pay some of the out-of-pocket expenses that people have to pay when using their Medicare benefits.

Under the new law, all of the Medigap Plans have been revised; some of the lettered plans were changed, some were dropped and some new ones were added. **These new Medigap Plans will not take effect until June 1, 2010-but they may be advertised and marketed early in 2010.**

Q: Do I need to buy one of the new Medigap Plans?

A: No. If you are satisfied with your current Medigap Plan, you can keep it as long as you continue to pay the premiums. You should only buy one of the new Medigap Plans if your old Plan no longer meets your needs or if the premium is too high and you can buy a new Plan that meets your needs with a lower premium.

Q: What happens to the Medigap Plans people already have or buy before June 1, 2010?

A: Nothing happens to them. A Medigap Plan is guaranteed renewable for as long as you want to keep it and the premiums are paid. If you keep your current Medigap policy, your benefits will stay the same regardless of the changes to the law.

Q: How do these changes affect me?

A: In order to understand how the new law affects you, you need to know which type of Medigap Plan you have. If you are not sure, contact your insurance agent or the insurance company that issued your policy and ask.

Q: What changes did the new law make to Medigap Plans?

A: The following changes were made to Medigap Plans and will become effective June 1, 2010:

- Two new Medigap Plans were added, Plans M and N, with new cost sharing rules.
- Hospice benefit was added to the basic benefits of Plans A through D and Plans F and G (Plan E will no longer be available).
- Benefits for excess charges in Plan G were increased to 100%.
- Medigap Plans E, H, I, and J, including high-deductible Plan J, were dropped.
- Preventive Care benefits were dropped from all Plans because Medicare now covers many of these benefits.
- Home Recovery benefit was dropped from all Plans due to underuse.



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Q: What other changes did the new law make to Medigap?

A: The following changes were made to Medigap rules that require companies to issue a Medigap policy without health screening and without a new waiting period limitation:

- “Guaranteed issue” coverage now includes the right to buy a Medigap policy without health screenings or a new waiting period when an employer stops providing insurance that covers all of the cost for Medicare’s 20% co-insurance.
- “Open enrollment” rights have been extended to include COBRA and CalCOBRA when this extension of employer coverage is lost, or when a person is only eligible for “Medi-Cal with a share of cost” because of an increase in their income or assets.
- When a person is entitled to “guaranteed issue” coverage or is applying under “open enrollment” rights, insurance companies cannot request, require or obtain medical information as part of the application process. The one exception to this rule occurs when a person is first enrolled in Medicare Part B; an insurance company can require answers to health questions as part of the application for a Medigap policy.

Q: What is the “Birthday Rule” and how does it apply to the new Medigap Plans?

A: If you already have Medigap insurance, you have 60 days of “open enrollment” following your birthday each year when you can buy a new Medigap policy without a medical screening or a new waiting period. The new policy must have the same or lesser benefits as your old policy. To avoid confusion, the new law specifies which of the new Plans are equal to the old Plans.

Q: Who can sell Medigap Plans?

A: Medicare/Medigap has no official sales agents. Licensed insurance agents can sell Medigap Plans to people with Medicare. Be wary of any salesperson who says that he/she is a Medicare representative. Medicare does not send “representatives” to solicit your business. Check on your insurance agent by contacting the California Department of Insurance at 1-800-927-HELP(4357) or visit our website at www.insurance.ca.gov.

Q: Who can explain these Medigap changes to me?

A: Contact your insurance agent or the insurance company if you have questions about your Medigap policy and the new changes in Medigap Plans. You may also contact HICAP (Health Insurance Counseling and Advocacy Program) at 1-800-434-0222 for answers to many health insurance questions. For information about Medicare or Medigap call: 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov.

This advisory was prepared by the California Department of Insurance with valuable input from California Health Advocates.