

# Medicare Supplement Insurance: Medigap Options for Colorado Consumers



**LOCAL HELP FOR PEOPLE WITH MEDICARE**

## **SHIP** **Senior Health Insurance Assistance Program** **Colorado Division of Insurance**

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**Dora**  
Department of Regulatory Agencies

## **The Colorado Senior Health Insurance Assistance Program (SHIP)**

is a counseling program for Medicare beneficiaries and their families who wish assistance in understanding Medicare options to make informed choices, know their rights, and save money.

Services are provided through a statewide network of organizations that recruit counselors, publicize services, and operate the local programs. Many counselors donate their time and expertise.

Counselors will not recommend or endorse specific insurance policies, but will assist consumers to make informed insurance choices.

SHIP volunteers:

- ◆ Offer one-on-one, personalized service for your unique situation
- ◆ Are trained in Medicare, Medicaid, and long term care
- ◆ Can explain all parts of Medicare, including supplement plans and drug coverage
- ◆ Have resource information and can direct you to additional money-saving programs
- ◆ Will meet in person, over the phone, or with your group

***All services are provided without charge.***

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## Introduction

Medicare is the national health insurance system for people aged 65 and older, under age 65 with certain disabilities, and any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Medicare consists of:

- ◆ Medicare Part A (Hospital Insurance)
- ◆ Medicare Part B (Medical Insurance)
- ◆ Medicare Part C (Medicare Advantage Plans—like an HMO or PPO)
- ◆ Medicare Part D (Prescription Drug Insurance)

Medicare Part A and Part B are known as Original Medicare. Individuals with Medicare may opt to get their health care through Original Medicare, administered by the federal government, or through a private company offering Medicare Advantage Plans. Individuals receiving their health care coverage through Original Medicare can choose to buy a Medigap policy (also known as Medicare Supplement Insurance) to fill the gaps in Original Medicare. Those covered through a Medicare Advantage Plan are not allowed to purchase supplement insurance unless they drop the Medicare Advantage Plan.

## What is Medigap?

Medigap insurance (also known as Medicare Supplement Insurance) is a health insurance policy sold by private insurance companies to fill “gaps” in Original Medicare coverage. Medigap policies must follow federal and state laws that protect the beneficiary. The front of the Medigap policy must clearly identify it as “Medicare Supplemental Insurance”.

Medigap policies are standardized plans that can be compared easily. (See the *Medigap Plans Effective as of June 1, 2010* chart at the end of this document for an overview of plans available in Colorado.) If you currently have a plan that is no longer being sold after June 1, 2010, you can keep that plan. Please note that all plans, effective on or after June 1, 2010, have different benefits than plans purchased before June 1, 2010.

In Colorado, every company marketing Medigap policies must adhere to the standardized benefit packages. They 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. Cost is usually the only difference between Medigap policies with the same letter.

While Medigap premiums may be more expensive than Medicare Advantage Plan premiums, purchasing a Medigap plan permits you to have free choice of any Medicare doctors or hospitals without referrals or prior authorizations. Medigap premiums can change throughout the year—consumers should verify rates with the company marketing the plan.

**Original Medicare**  
is made up of  
Part A  
(Hospital  
Insurance)  
&  
Part B  
(Medical  
Insurance).

**Medigap plans,**  
also known as  
**Medicare  
Supplement  
Insurance,**  
fill “gaps” in  
Original  
Medicare  
coverage.

**Medicare SELECT** is a Medigap policy that requires you to use doctors and hospitals in its network.

**Most beneficiaries** would benefit from a Medigap policy.

**Disabled Coloradans** have the same rights as any other Medicare beneficiary!

### **What is Medicare SELECT?**

Medicare SELECT is a Medigap plan that requires the beneficiary to use a network of providers. All of the standardized Medigap plans may be offered as Medicare SELECT policies; however, they may not be available to all Medicare consumers in Colorado. A Medicare SELECT plan may lower the cost of a Medigap policy through the use of contracted providers. If a beneficiary is enrolled in a Medicare SELECT plan, he or she must use a network provider in order to get full insurance benefits (except in an emergency).

### **Should I purchase a Medigap policy?**

Although most Medicare beneficiaries would benefit from a Medigap policy, some do not. This includes individuals who are:

- ◆ Eligible for Medicaid or the QMB (Qualified Medicare Beneficiary) Medicare Savings Program because they have low income and few resources.
- ◆ Covered by insurance through their own, or their spouse's current employer, or by an employer group health plan for retirees
- ◆ Enrolled in a Medicare Advantage/Health Plan
- ◆ Receiving services from a VA facility or are enrolled in TRICARE for Life for military retirees

Medicare Advantage/Health Plans are private plans for Medicare beneficiaries that include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, and Programs of All-Inclusive Care for the Elderly. These plans are viable alternatives for health beneficiaries.

### **When is the best time to buy a Medigap policy?**

Any Colorado consumer with Medicare, whether receiving Medicare benefits because of age or disability, is provided a Medigap Guaranteed Issue Period after first enrolling in Medicare Part B. Consumers have six months to enroll in a Medigap plan. During that six-month period insurers cannot deny coverage to any Colorado Medicare beneficiary, regardless of health status.

The insurance company cannot make you wait for your coverage to start, but it may be able to make you wait for coverage of a pre-existing condition. A pre-existing condition is a health problem you had before the date a new insurance policy starts. The insurance company may refuse to cover your out-of-pocket costs for up to six months for conditions treated or diagnosed within six months before the date your coverage starts.

If you recently had certain kinds of health coverage called "creditable coverage," it is possible to avoid or shorten pre-existing waiting periods. Many types of coverage may count as creditable, but they will only count if you did not have a break in coverage for more than 63 days. Ask your Medigap insurance company or SHIP counselor if your previous coverage will count as creditable coverage.

### **How do I choose an insurance company?**

Since Medigap policies are sold according to standardized benefit packages, price is a very important consideration. Medigap policies can be priced or "rated" in three ways:

**Medigap policies**  
can be priced  
or rated  
in three ways.

- ◆ Community-rated (not based on age)  
Premiums are generally the same for everyone in your area who has the Medigap policy. Premiums may go up because of inflation and other factors, but not because of your age.
- ◆ Issue-age-rated (based on your age when you buy the policy)  
Issue-age-rated premiums are lower for people who buy at a younger age and may increase because of inflation and other factors, but not because of your age.
- ◆ Attained-age-rated (based on your current age)  
Premiums are low for younger buyers but go up as you get older. They can eventually become the most expensive. Premiums may also go up because of inflation and other factors.

**Regardless of the type of plan, increases can occur any time of year.**

Attained age systems automatically increase rates on certain anniversaries. Issue-age-rated policies usually increase in cost to reflect inflation rates and the company's claims payment experience. Very few companies charge the same rates at all ages (community-rated policies). These policies tend to be more expensive at younger ages, but are best buys for people of advanced age shopping for a new insurer.

Some companies sell plans with a high deductible option. If you buy one of these plans, your premiums will be greatly reduced, but you will have to pay more before the plan kicks in.

In Colorado, Medigap insurers must market to disabled Medicare beneficiaries under age 65. All beneficiaries have a six-month open enrollment beginning with the month they purchase Medicare Part B and during which a company cannot refuse to sell them a policy of their choice. Rates for disabled Medicare beneficiaries under age 65 may be higher than at age 65. At age 65, disabled Medicare beneficiaries are eligible for another guaranteed issue period and should review available policies to determine if they can get a better price on another policy.

Most consumer experts recommend doing business with companies that have high ratings from two or more rating services. You may call the rating company or visit the company's web site or your local library for information. Be sure to ask for an explanation of what each company's ratings mean. An "A" rating from one company will not mean the same thing as an "A" rating from another company. You can start by contacting:

- ◆ A.M. Best - 908.439.2200 - [www.ambest.com](http://www.ambest.com)
- ◆ Moody's - 212.553.0377 - [www.moody.com](http://www.moody.com)
- ◆ Standard & Poor's - 212.438.2400 - [www.standardandpoors.com](http://www.standardandpoors.com)
- ◆ Weiss Research - 800.289.9222 - [www.weissratings.com](http://www.weissratings.com)

**When do I have guaranteed issue rights?**

Consumers may have guaranteed rights to purchase a Medigap policy upon the involuntary loss of creditable coverage. You have a guaranteed issue right if:

**Premium increases**  
can occur any  
time of year.

**Check company ratings!**

**Guaranteed  
Issue rights  
offer additional  
options!**

*Order a copy of  
CMS publication  
2010 Choosing  
a Medigap  
Policy: A Guide  
for People with  
Medicare.*

**Do you want to  
switch your  
Medigap  
Policy?**

- ◆ You are in a Medicare Advantage Plan and your plan is leaving Medicare or stops giving care in your area, or you move out of the plan's service area.
- ◆ You have Original Medicare and an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays and that plan is ending. (If you have COBRA coverage, you can either buy a Medigap policy right away or wait until the COBRA coverage ends.)
- ◆ You have Original Medicare and a Medicare SELECT policy. You move out of the Medicare SELECT policy's service area.
- ◆ (Trial Right) You joined a Medicare Advantage Plan or Programs of All-inclusive Care for the Elderly (PACE) when you were first eligible for Medicare Part A, and within the first year of joining, you decide you want to switch to Original Medicare.
- ◆ (Trial Right) You dropped a Medigap policy to join a Medicare Advantage Plan (or to switch to a Medicare SELECT policy) for the first time; you have been in the plan less than a year, and you want to switch back. (If your former Medigap policy is not available, you can buy a Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company.)
- ◆ Your Medigap insurance company goes bankrupt and you lose coverage, or your Medigap policy coverage otherwise ends through no fault of your own.
- ◆ You leave a Medicare Advantage Plan or drop a Medigap policy because the company has not followed the rules, or it has misled you.

The Centers for Medicare & Medicaid Services *2010 Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare* describes your rights in detail (such as when you have the right to buy a Medigap policy and when you can or must apply for a Medigap policy). Go to [www.Medicare.gov](http://www.Medicare.gov) or call Medicare at 1.800.633.4227 to order your free copy.

#### **What if I want to switch Medigap policies?**

If you decide to switch to a new Medigap policy, can pass the health questionnaire, and if you have had your old policy for at least six months, the new Medigap policy generally must cover you for all pre-existing conditions with no waiting period. If you have had the policy for less than six months, the new policy must give you credit for the time the older policy covered you. If your new policy has a benefit that was not in your old policy, the company can make you wait six months before covering that benefit.

If you are enrolled in a Medicare Health Plan and plan to switch to Medigap insurance, make sure you apply and are accepted by a Medigap plan before you drop your Medicare Health Plan. Then you must disenroll from your Medicare Health Plan by notifying your plan in writing or calling Medicare at 1.800.633.4227. You cannot disenroll simply by stopping payment of your monthly premiums.

You may also have guaranteed rights to change policies. (See "When do I have Guaranteed Issue Rights?" section above.)

***Are you disabled and missed your enrollment period?***

Colorado law obligates Medigap insurance companies to refund pre-paid premiums if the policyholder chooses to end coverage. The consumer should notify the Medigap plan at least 30 days before dropping the plan.

**I am disabled and missed my guarantee issue enrollment opportunity**

The CoverColorado Coordination of Benefits Plan allows individuals with a disability who missed their guarantee issue enrollment opportunity to enroll in a plan to assist in paying medical costs not paid by Medicare. You can contact CoverColorado at 303.863.1960 (toll free 1.866.787.9129) or via email at CoverColorado@CoverColorado.org. Additional details can be found on their website at [www.covercolorado.org](http://www.covercolorado.org).

**What if I need to suspend a Medigap policy?**

Any person with Medicare who has a Medigap policy sold on or after November 5, 1990 and who qualifies for Medicaid may request that the Medigap policy be suspended for up to 24 months. The policy holder must request the suspension within 90 days of the date (s)he was determined to be eligible for Medicaid. The policy will be reinstated if the policyholder notifies the Medigap insurance company within 90 days of the loss of Medicaid eligibility.

Additionally, Section 1882 of the Social Security Act authorizes certain disabled individuals who return to work to suspend a Medigap policy while participating in employer-sponsored group health coverage.

**Additional Resources for Medigap Information**

The Medicare website at [www.Medicare.gov](http://www.Medicare.gov) has a multitude of publications (including many multilanguage publications) that you can read at your computer, order a hard copy, or print off the pages you need right on your own printer.

Here are two comprehensive publications that explain Medicare benefits, their cost, and how Medigap plans fill the gaps:

- ◆ 2010 Choosing A Medigap: A Guide to Health Insurance for People with Medicare (CMS product No. 02110)
- ◆ Medicare & You 2011 (CMS Product No. 10050)

Call Medicare at 1.800.633.4227 if you would like to order a publication and do not have a computer.

The Colorado Division of Insurance website offers information specific to Colorado at [www.dora.state.co.us/insurance](http://www.dora.state.co.us/insurance).

***Check out Medicare's resources!***

## Medigap Plans Effective as of June 1, 2010

### How to read the chart:

- If a checkmark 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.

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

Medigap Benefits:	A	B	C	D	F <sup>1</sup>	G	K	L	M	N
Medicare Part A Deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part A Coinsurance (Hospital costs up to an additional 365 days after Medicare benefits end.)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Skilled Nursing Facility Care Coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Part A Hospice Care Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (First 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part B Deductible			✓		✓					
Medicare Part B Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	Pays 100% of the Part B coinsurance except up to \$20 copayment for office visits and up to \$50 for emergency department visits
Medicare Preventive Care Part B Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B Excess Charges <sup>2</sup>					✓	✓				
Foreign Travel Emergency (Up to Plan Limits)			✓	✓	✓	✓			✓	✓
							Out-of-Pocket Limit <sup>3</sup>			
							\$4,640	\$2,320		

<sup>1</sup> Plan F also offers a high-deductible plan. The High Deductible Plan pays these benefits **after** the first \$2,000 of eligible out-of-pocket expenses.

<sup>2</sup> Excess charges refer to Part B charges that are over and above the amount Medicare approves for a medical service or supply provided by doctors and suppliers who do not accept Medicare assignment. The excess or "limiting" charge is 15% higher than what Medicare approves.

<sup>3</sup> After you meet your out-of-pocket annual limit and your annual 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

None of the standardized Medigap policies cover benefits for dental care, dentures, hearing aids, eyeglasses, acupuncture, or cosmetic surgery.

Medigap policies sold on or after January 1, 2006, don't include prescription drug coverage.



**Medicare Supplement (Medigap) Companies Approved To Market Medigap Plans in Colorado  
- As of September 11, 2010 -**

	<b>Plans Marketed</b>	<b>Telephone</b>
AARP - United Healthcare Insurance Company	A, B, C, F, K, L, N	1-800-523-5800
Aetna Life Insurance Company	A, B, F	1-800-226-7937
American Continental Insurance Company (a Genworth Company)	A, B, F, Fhi, G, N	1-800-264-4000
American Republic Corp Insurance Company	A, F, K, L	1-888-755-3065
American Republic Insurance Company	A, C	1-800-247-2190
Anthem Blue Cross/Blue Shield (Rocky Mountain Hospital & Medical Service, Inc.)	A, F, Fhi, G, N	1-877-831-3000
Colonial Penn Life Insurance Company (a Banker's Life Company)	A, B, F, Fhi, G, K, L, M, N	1-800-800-2254
Combined Insurance Company of America	A, F, N	1-800-544-5531
Constitution Life Insurance Company	A, D, F, G	1-800-789-6364
Continental General Insurance Company (Great American)	A, F, G, N	1-866-459-4272
Equitable Life & Casualty Insurance Company	A, F, N	1-888-352-5170
Family Life Insurance Company	A, B, C, D, F, G	1-800-877-7703
Gerber Life Insurance Company	A, F, G	1-888-397-7786
Globe Life and Accident Insurance Company	A, B, C, F	1-800-801-6831
Liberty National Life Insurance Company (offered through United American)	A, B, F, Fhi, N	1-800-331-2512
Loyal American Life Insurance Company (offered by Great American)	A, F, G, N	1-866-459-4272, x 5
Mennonite Mutual Aid Association (must be a member of Mennonite or related church)	A, F, L	1-800-348-7468
Mutual of Omaha Insurance Company	A, C, D, F, G	1-800-316-0842
Order of United Commercial Travelers of America	A, B, C, D, F, G, N	1-800-848-0123
Physicians Mutual Insurance Company	A, F, Fhi, G	1-800-228-9100

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Reserve National Insurance Company	A, C, N	1-800-654-9106
Rocky Mountain Healthcare Options, Inc.	A, C, F, G, N	1-888-251-1330
Royal Neighbors of America	A, B, C, D, F, G	1-877-815-8877
Sentinel Security Life Insurance Company	A, B, C, D, F, N	1-800-247-1423
Standard Life and Accident Insurance Company	A, B, C, D, F, Fhi, G, N	1-888-350-1488
State Farm Mutual Automobile Insurance Company	A, C, F	1-866-855-1212
State Mutual Insurance Company	A, B, C, D, F, Fhi, G, M, N	1-855-764-4000
Sterling Investors Life Insurance Company	A, B, C, D, F, Fhi, G, M, N	1-877-896-6434
Sterling Life Insurance Company	A, B, C, F, K, N	1-800-688-0010
Thrivent Financial for Lutherans	A, B, C, D, F, Fhi, G, L, M	1-800-847-4836
Transamerica Life Insurance Company	A, B, C, D, F, G, K, L, M, N	1-800-752-9797
United American Insurance Company	A, B, C, D, F, Fhi, G, K, L, N	1-800-331-2512
United Teacher Associates Insurance Company	A, B, C, D, F, G, N	1-800-880-8824
United World Life Insurance Company (offered by Mutual Of Omaha)	A, B, C, D, F, G, M, N	1-800-228-9999, ext 1
USAA Life Insurance Company	A, F	1-800-531-8535
World Corp Insurance Company	A, F, Fhi	1-800-822-9993