



## **Illinois Insurance Facts**

Illinois Department of Insurance

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# **MEDICARE SUPPLEMENT INSURANCE**

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

Medicare is a federal health insurance program for people 65 or older, some people under 65 with disabilities, and people with end-stage renal disease or Lou Gehrig's disease. If you are on Medicare, it will pay for much – but not all – of your health care.

### ***What is Medicare Supplement Insurance?***

Medicare supplement insurance fills the “gaps” between Medicare benefits and what you must pay out-of-pocket for deductibles, coinsurance, and copayments. Therefore, it is often called Medigap insurance. Medigap policies are sold by private insurance companies that are licensed and regulated by the Illinois Department of Insurance. Medigap policies only pay for services that Medicare deems as medically necessary, and payments are generally based on the Medicare-approved charge. Some plans offer benefits that Medicare doesn't, such as emergency care while in a foreign country.

There are 10 standardized Medicare supplement insurance plans, labeled “A” through “N.” Each plan offers a different combination of benefits. Plan F offers a high-deductible option. Each insurance company must use these same identifying letters. All companies that sell Medigap insurance must offer Plan A, but do not have to offer the other 9 plans.

Note: Plans E H I & J are no longer available to buy, but if you already have one of those policies, you can keep it.

### ***Your Rights as a Medicare Supplement Consumer***

#### **Open Enrollment Seniors:**

Medigap companies must sell you a policy (even if you have health problems) if you buy during your Medigap Open Enrollment Period. This six-month period begins on the first day of the month in which you're 65 or older and enroll in Part B. During open enrollment, a company must allow you to buy any of the Medigap plans it offers. You can use your open enrollment rights more than once during this six-month period. For instance, you may change your mind about a policy you bought, cancel it, and buy any other Medigap policy within six months of enrolling in Medicare Part B.

If you delay enrolling in Part B because you have group health coverage based on your (or your spouse's) current employment, your Medigap Open Enrollment Period won't start until you sign up for Part B.

Although a company must sell you a policy during your open enrollment period, it may require a waiting period of up to six months before covering your pre-existing conditions unless you have had other health coverage (“creditable coverage”) for at least 6 months on the day you apply. Pre-existing conditions are conditions for which you received treatment or medical advice from a physician within the previous six months.

## **Open Enrollment Under 65 and Disabled:**

Illinoisans under age 65 who receive Medicare because of disabilities have the same open enrollment rights as seniors. That is to say, a person under 65 who qualifies for Medicare because of disabilities and who applies for a Medigap policy within six months after enrolling in Medicare Part B has a six-month open enrollment period beginning the day they enroll in Medicare Part B. During open enrollment, a company must allow you to buy any of the Medigap plans it offers. This right is also available for persons who are retroactively enrolled in Medicare Part B due to a retroactive eligibility decision made by the Social Security Administration if they apply within 6 months after receiving notice of retroactive eligibility.

**Cost of Coverage.** For persons under 65 who become eligible to purchase a Medigap policy, companies may not charge a rate higher than the highest rate on the company's current rate schedule filed with the Illinois Department of Insurance.

## **Guaranteed Issue Right**

You may have the right to buy a Medigap policy outside of your open enrollment period in the following situations:

- 1) You have Medicare and an employer group health plan (either primary or secondary to Medicare) terminates or ceases to provide all such supplemental benefits.
- 2) You are insured by a Medicare Advantage plan that has a service area (such as a PPO or HMO) and (i) you move out of the service area, (ii) the carrier goes out of business, withdraws from the market or has its Medicare contract terminated, (iii) the plan violates its contract provisions or is misrepresented in its marketing.
- 3) You are insured by a Medigap policy and (i) the insurer goes out of business, (ii) withdraws from the market, or (iii) the insurance company or agents misrepresent the plan and you are without coverage.

Both for people over age 65 and the under 65 disabled, the guarantee issue right applied to Medigap plans A, B, C, F, K, and L. In general, the guaranteed issue right is valid for 63 days from the date coverage ends or from the date of notice that coverage will end. Companies may not place any restrictions, such as pre-existing condition waiting periods or exclusions, on these policies. This is called "guaranteed issue."

## **30-Day "Free Look"**

You can return your Medigap policy within 30 days after receiving it and get your money back with no questions asked. Be sure to keep a record of the date you received the policy. Read the policy as soon as you get it. If you return the policy to the company, use certified mail with a return receipt as proof that it was returned within the 30-day time limit.

## **Renewability**

All Medigap policies are guaranteed renewable. A company cannot cancel your policy or refuse to renew it unless you intentionally made false statements on your application or failed to pay your premium. However, the amount of the premium is not guaranteed. An insurance company may raise your premium as often as once a year on a class basis. In addition, if you have an "attained-age policy," a company may raise your premium on your birthday.

## **Medicare Supplement Claims**

Your doctor and other health care providers must submit Medicare claims to the appropriate carrier or fiscal intermediary for you. In most cases, the carrier or intermediary will send your Medigap claim directly to your insurance company. You should not receive a bill from your provider. If you receive a bill, review your Medicare Summary Notice to determine why.

Medigap policies won't pay for services that Medicare does not deem medically necessary. You have the right to appeal the decision to deny a claim. The appeals process and deadline to request an appeal are described in your summary notice.

### ***Does Everyone Need a Medigap Policy?***

Not everyone needs a Medigap policy. If you have certain other types of health coverage, the gaps in your Medicare coverage may already be covered. You probably don't need Medigap insurance if

- you belong to a Medicare Advantage plan
- Medicaid or the Qualified Medicare Beneficiary (QMB) Program pays your Medicare premiums and other out-of-pocket costs.

### ***Shopping Wisely for Medigap Insurance***

- The best time to buy a Medigap policy is during your Medicare open enrollment period because companies must sell you any plan they offer without regard to pre-existing conditions.
- Shop around. Prices can vary considerably. Use Illinois' Medicare Supplement Premium Comparison Guide to compare the prices of the plans that interest you. Those guides may be found at <http://www.state.il.us/aging/SHIP/default.htm>.
- Consider other factors. Price should not be your only consideration. You can learn a company's complaint record and A.M. Best financial rating by calling the Illinois Senior Health Insurance Program (SHIP) or Office of Consumer Health Insurance (OCHI). Both are important indicators of the service you can expect from a company. Your family and friends are other sources of information about a company's customer service. Ask them if they have had any experiences with the companies you are considering.
- Consider your needs. Although it is illegal to sell you more than one Medigap policy, insurers may offer other policies with benefits that may overlap Medigap coverage. These include cancer, specified disease, hospital indemnity, and long-term care policies. Any duplication of benefits must be disclosed in writing. In general, duplicate coverage wastes money because you are paying twice for the same coverage.
- Look into Medicare prescription drug coverage. Medicare Part D can help you pay your prescription drug costs. There are exclusions for certain drugs, however, and Medicare Part D won't pay for drugs covered by Medicare parts A or B. Medicare Part D plans are offered by private insurers approved by CMS. Coverage is not automatic. If you want it, you must select a Medicare-approved prescription drug plan and enroll in it. You are eligible if you have Medicare Part A or Part B.

## ***Protect Yourself***

- Read what you are asked to sign before you sign it. Never sign a blank application form.
- If an agent tries to rush you, be suspicious! Tell the agent you need more time.
- If you buy insurance by mail, ask if the company has a local agent or a toll-free number you can call if you have questions.
- Try to buy from an agent you know and trust. Ask questions and take notes when you talk to an agent. These could help you later if there is a dispute over what you were told about a policy.
- Make sure the agent and company are licensed. You can verify company and agent licenses by calling the Illinois Department of Insurance.
- Don't buy a policy on the agent's first visit. Invite someone you trust to be present during the second visit. An agent shouldn't object.
- Answer all questions on the application accurately. If an agent helps you complete the application, make sure the information is correct and complete before you sign. Omitting or falsifying information could cause the company to deny your claims or cancel your policy.
- Do not pay cash or make a check out to an individual agent. Always pay by check or money order so you have a clear record of payment. Make checks payable only to the insurance company or insurance agency. Insist on a receipt signed by the agent on the company's letterhead.
- Before making a lump-sum payment, ask the agent or company about reimbursement of unearned premium. This is especially important during the open enrollment period when you have the right to change companies.
- Be sure you have the names and addresses of the agent and the insurance company. Know how to contact the agent and the company if you need help.
- Read your policy carefully when you receive it. You can return a policy for any reason and receive a full refund within 30 days of the date you received it.

## ***Unfair Practices***

Agents and companies who engage in any of the following practices may not be acting appropriately:

- Knowingly making misleading statements to encourage you to drop a policy and buy a replacement from another company.
- Using high-pressure tactics, including the use of force, fright or threat to pressure you into buying a policy.
- Obtaining sales leads through advertising that hides the fact that an agent or company may try to sell you insurance.

- Using misleading advertisements made to look like mail from the government by using eagles or similar graphics or a return address with a name that sounds like an official government agency or bureau.
- Posing as a representative of Medicare or a government agency.
- Selling you a Medigap policy that duplicates Medicare benefits or health insurance coverage you already have. An agent is required to review and compare your other health coverages.
- Suggesting that you falsify an application.
- If you think a company is selling Medigap policies unfairly

If you believe that an agent or company has used unfair practices with you, file a complaint at the following website:

<https://mc.insurance.illinois.gov/messagecenter.nsf>

## ***Medicare Basics***

**Medicare Part A (hospital)** pays for in-patient hospital services, skilled nursing facility care after a hospital stay, home health care, and hospice care. Medicare Part A also pays for all but the first three pints of blood each calendar year.

**Medicare Part B (medical)** pays for medical expenses, clinical laboratory services, and outpatient hospital treatment. In most cases, Medicare pays 80 percent of the Medicare-approved cost of covered services.

Covered medical expenses include physicians' services and supplies. Some Medicare Part B services are paid as a fixed copayment under the outpatient prospective payment system.

Medicare also pays for some preventive health services. Ask your physician about screening tests, flu shots, and vaccines covered by Medicare.

**Medicare Part D (prescription drug coverage)** pays for generic and brand name prescription drugs. You can receive prescription drug coverage by joining a stand-alone prescription drug plan that adds the coverage to a Medicare plan or by purchasing a Medicare Advantage plan that includes the coverage. Only private insurance companies approved by Medicare can offer the coverage.

**Medicare Advantage.** You may have the option to join a Medicare Advantage plan (formerly called Medicare + Choice or Medicare Part C). CMS enters into annual contracts with insurance companies and managed care plans to provide Medicare Advantage coverage. Medicare Advantage plans include health maintenance organizations (HMOs), preferred provider plans (PPOs), private fee-for-service plans (PFFS), special needs plans, and medical savings accounts.

You can only join a Medicare Advantage plan if a plan is available in your area and you have Medicare Part A and Part B. Some plans may have additional eligibility requirements. Plans provide their members with a handbook upon enrollment that outlines the complaints and appeals process for denial of services.

Medicare Advantage plans might offer additional benefits and be cheaper than original Medicare. However, they're not right for everyone. Your choice of providers in a Medicare Advantage plan may

be restricted. Some plans will require you to use doctors and other providers in their “networks” for routine, nonemergency care. For other types of plans, your providers must agree to accept the plan’s terms and conditions before treating you.

***For Further Information on Medicare or Medigap:***

Write or call:

Senior Health Insurance Program  
Illinois Department on Aging  
One Natural Resources Way  
Springfield, IL 62702-1271  
1-800-252-8966  
888-206-1327(TDD)

**To file a complaint or for company information call:**

The Office of Consumer Health Insurance (OCHI)  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, Illinois 62767-0001  
(877) 527-9431

<https://mc.insurance.illinois.gov/messagecenter.nsf>