

July 6, 2000

To: Medicare Supplement Carriers

From: Nathaniel Shapo, Director of Insurance

Re: (CB#2000-06) Non-Renewal of Illinois Medicare HMO Contacts

Questions: Karen Vancil (217) 782-5822

The federal Health Care Financing Administration (HCFA) has contracted with managed care plans (HMOs) to provide Medicare benefits. These contracts are negotiated on an annual basis and are subject to non-renewal by either party.

The purpose of this letter is to emphasize that **each resident affected by a Medicare HMO withdrawing from select counties is entitled to certain coverage guarantees.**

Beneficiaries, **age 65 or older**, who have been covered by a Medicare HMO that is withdrawing from their county have the right to purchase a Medicare supplement insurance plan designated "A", "B", "C" or "F" on a guaranteed issue basis and without regard to an upper limiting age restriction, from any insurer offering such plans.

Beneficiaries, **age 65 or older, who dropped a Medicare supplement insurance policy to join the Medicare HMO within the last twelve months** (have been covered by the Medicare HMO for less than twelve months) **and** have never been enrolled in another Medicare HMO, **must** return to their previous Medicare supplement insurance plan if it is still being sold by the same insurance company; providing the beneficiary wishes to carry Medicare supplement insurance. If the policy is not available, the beneficiary has the right to purchase a Medicare supplement insurance plan designated "A", "B", "C" or "F" on a guaranteed issue basis and without regard to an upper limiting age restriction, from any insurer offering such plans.

Beneficiaries who **enrolled directly into the Medicare HMO within the last twelve months** (have been covered by the Medicare HMO for less than twelve months), **when they first became entitled to Medicare Part B at age 65 or older**, are guaranteed the right to select any Medicare supplement plan (including "H", "I" and "J" which provide some prescription drug benefits) that is sold in Illinois.

Beneficiaries **under age 65 on Medicare due to disability, including End Stage Renal Disease**, have the right to purchase a Medicare supplement insurance plan designated "A", "B", "C" or "F" on a guaranteed issue basis and without regard to an upper limiting age restriction, from any insurer offering such plans to the disabled under age 65.

Beneficiaries **under age 65 on Medicare due to a disability, including End Stage Renal Disease, who dropped a Medicare supplement insurance policy to join the Medicare HMO within the last twelve months** (have been covered by the Medicare HMO for less than twelve months) **and** have never been enrolled

in another Medicare HMO, **must** return to their previous Medicare supplement insurance plan if it is still being sold by the same insurance company. If the policy is not available, the beneficiary has the right to purchase a Medicare supplement insurance plan designated "A", "B", "C" or "F" on a guaranteed issue basis and without regard to an upper limiting age restriction, from any insurer offering such plans to the disabled under age 65.

**In all situations**, the beneficiary must apply for the new coverage within one of the following 63 day periods after the date of disenrollment from the Medicare HMO:

- 1) 63 days after the beneficiary receives the "final notification" letter on October 2, 2000, which would be December 4, 2000; or
- 2) 63 days from December 31, 2000, which would be March 4, 2001.

The beneficiary chooses one of these periods to disenroll from their current HMO and move to another health plan.

Attached is a copy of "Illinois Insurance Facts - If Your Medicare HMO Coverage is Terminating" which discusses these and other issues in more detail. A copy of this fact sheet is also available through our web site at <http://insurance.illinois.gov>

It is my intent to see that residents of Illinois are afforded the protection to which they are entitled. It is my expectation that your company will cooperate fully.