

December 1, 1998

To:
MEDICARE SUPPLEMENT CARRIERS

From:
Arnold Dutcher, Acting Director of Insurance

Re:
(CB #98-8) NON-RENEWAL OF ILLINOIS MEDICARE HMO CONTRACTS

Reply to:
Linda Fritz, L/A&H Compliance Unit, (217) 785-7350

The federal Health Care Financing Administration (HCFA) has contracted with managed care plans (HMOs) to provide Medicare benefits. Effective January 1, 1999, three such HMOs - Group Health Plan, Inc., Humana Health Direct Insurance, Inc. and United Health Care of Illinois, Inc. have stated their intent to non-renew Medicare beneficiaries residing within specified Illinois counties. These include DuPage, Jersey, Kane, Lake, Macoupin, Monroe, McHenry, and Will counties.

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. These include the right, regardless of age, to return to their previous Medicare supplement insurance plan (if they have been enrolled in a Medicare HMO for less than 12 months) or the right to purchase a Medicare supplement insurance plan designated A, B, C, or F, from any insurer offering such coverages. If the beneficiary chooses to purchase plan A, B, C, or F, the insurer must offer such coverage on a guaranteed issue basis and without regard to an upper limiting age restriction.

Further, residents under age 65 with End Stage Renal Disease or disabled, may return to their previous Medicare supplement insurance plan (if they have been enrolled in a Medicare HMO for less than 12 months) or are guaranteed the right to buy plan A, B, C or F from those companies currently selling such plans to the disabled.

Questions regarding this issue may be directed to Linda Fritz at (217) 785-7350

I have attached 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 insurance.illinois.gov.

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