

September 30, 1999

To:  
MEDICARE SUPPLEMENT CARRIERS

From:  
Nathaniel Shapo, Director of Insurance

Re:  
(CB #99-6) NON-RENEWAL OF ILLINOIS MEDICARE HMO CONTRACTS

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 are guaranteed the right, regardless of age, to 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.

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.

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In all situations, the beneficiary must apply for the new coverage within 63 days after the date of disenrollment from the Medicare HMO. This date may differ depending upon the beneficiary's individual situation and the applicable remedy outlined in this bulletin.

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 [insurance.illinois.gov](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.