

***Medigap Insurance
and
Traditional Medicare***

**A Consumer's Guide to
Medicare Supplemental Insurance
• 2002 •**



Physician Organization of Central Long Island

This booklet is also available online at pocli.com

What is Medicare?

Medicare is a health insurance program for:

- People age 65 or older.
- Some people with disabilities under 65 years of age.
- People with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

What are the two parts of Medicare?

- **Part A (Hospital Insurance)**

Part A helps pay for care in a hospital, some skilled nursing facilities, hospice care and some home health care. Most people do not have to pay a monthly payment (premium) for Part A because they or a spouse paid Medicare taxes while they were working.

- **Part B (Medical Insurance)**

Part B helps pay for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. The Medicare Part B premium is \$54.00 per month in 2002. Rates can change yearly. Enrolling in Part B is your choice.

What is Traditional Medicare?

Traditional Medicare is also known as "fee-for-service" (as opposed to an HMO managed care plan). This plan, offered by the federal government, is available nationwide. Patients are usually charged a fee for each health care service or supply they receive. If you are enrolled in Traditional Medicare, use your red, white, and blue Medicare card when you get health care.

How does Traditional Medicare work?

- You can go to any doctor, specialist, or hospital in the country.
- You pay the monthly Part B premium of \$54.00 in 2002.
- Each year you pay a deductible (\$100 in 2002) before Medicare pays its part. Then, Medicare pays its share, and you pay the 20% coinsurance.
- If your doctor agrees to accept assignment, he/she will bill Medicare for 80% of Medicare's approved fee and you will be responsible for the remaining 20%. If your doctor does not accept assignment, you must pay the doctor the full amount and submit the doctor's bill to Medicare to be reimbursed for 80% of Medicare's approved fee.

What is Medigap Insurance?

Medigap insurance is also known as Medicare supplemental insurance. Medigap policies work with Traditional Medicare.

Although Medicare covers many health care costs, patients are responsible for Medicare's 20% coinsurance and deductibles. There may be other medical services that Medicare does not cover. A Medigap policy provides reimbursement for the out-of-pocket costs that are not covered by Medicare and which are the beneficiary's share of health care costs. There are ten standard Medigap policies, and each offers a different combination of benefits.

These policies may pay for some or all of the Medicare coinsurance amounts, some or all deductibles, and certain services not covered by Traditional Medicare at all. These may include outpatient prescription drugs, some preventive screenings, some care in your home, and emergency medical care outside the United States. Some policies provide coverage of health care provider charges over the amount Medicare will pay.

How does Medigap Insurance work?

Many private insurance companies sell Medigap policies for the specific purpose of filling the gaps in Traditional Medicare. Similar coverage may also be available to retirees through an employer or union health plan. Other types of insurance may also be available to you.

When can you enroll? (Open enrollment)

In New York State, when you are enrolled in Medicare, **you can purchase a Medigap policy at any time**. You are guaranteed that you can buy a policy even if you are Medicare-eligible due to medical disability and are under age 65. You cannot be turned down or charged higher premiums because of poor health.

What effect does a “pre-existing condition” have on purchasing a Medigap policy?

You are protected under New York State law from being denied a Medigap policy because of a prior health problem.

- If you purchase a policy when you become 65, you will not have any period of non-coverage due to a health condition.
- If you purchase a Medigap policy at an older age, except as noted below, there is a six-month period of non-coverage for a particular pre-existing condition, after which your coverage will be total.
- If you switch from one Medigap plan to another, you have full coverage for all health problems, if you had the previous policy for at least six months.
- If you join a Medicare HMO, stop your Medigap policy and then disenroll from the HMO, you have 63 days to purchase a Medigap policy and NOT face a new six-month period of non-coverage for a pre-existing condition. Although Medigap policies may contain up to a 6 month pre-existing condition waiting period, NYS law provides that as

How does Medigap Insurance work? (cont'd)

long as there is no more than a 63 (sixty-three) day break in coverage, the Medigap carrier must credit the time you were covered under the prior coverage towards the new waiting period. In other words, if you had your Medicare HMO for at least six months and you replace it with a Medigap policy within 63 days, you will have no new pre-existing condition waiting period. If you had your Medicare HMO for four months, you will have a waiting period of only two months.

Can I go to my usual doctor and hospital for care?

Yes. Unlike some types of health coverage that restrict where and from whom you can receive care, Medigap policies generally pay the same supplemental benefits regardless of your choice of health care provider. If Medicare pays for a service, the standard Medigap policy pays its regular share of benefits.

What paperwork will I receive from my Medigap insurer?

A Medigap insurance company is required to send you an Explanation of Benefits to prove that it paid its portion of your claims for your health benefits. Combined with the Explanation of Medicare Benefits which you may receive from Medicare, you will have the total information about how your health care claim was processed.

What if I need help selecting a Medigap policy?

Your local HIICAP (Health Insurance Information, Counseling and Assistance Program) counselor or other local office for the aging staff can help you select the Medigap policy that makes sense for you.

HIICAP Hot Lines:

Call the MRC-HIICAP Hot Line at 1-800-333-4114 from 9 AM to 2 PM, Monday through Thursday.

For in-person HIICAP help, call for an appointment with a trained HIICAP counselor:

New York City

Department for the Aging
2 Lafayette Street, 16th Floor
New York, NY 10007-1392
212-333-5511
e-mail:
dtessito@dftalan.nycnet.ci.nyc.ny.us

Nassau County

Family Service Association
336 Fulton Avenue
Hempstead, NY 11550
516-292-1300 Ext. 2272
e-mail: hiicapfca@aol.com

Suffolk County

RSVP
One West Main
Smithtown, NY 11787
516-979-9490

What if I need help selecting a Medigap policy? (cont'd)

Local Offices for the Aging:

New York City Department for the Aging

Edwin Mendez-Santiago, Commissioner
2 Lafayette Street
New York, NY 10007-1392
(212) 442-1000
FAX: (212) 442-1095

Nassau County Dept. of Senior Citizen Affairs

Ralph Caruso, Commissioner
Old Court House
1550 Franklin Ave., South Wing, 2nd Floor
Mineola, NY 11501-4828
(516) 571-5814
FAX: (516) 571-5978

Suffolk County Office for the Aging

Holly Rhodes-Teague, Director
H. Lee Dennison Building, 3rd Floor
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, NY 11788-0099
(631) 853-8200
FAX: (631) 853-8225

What Medigap Insurance Plans are available?

You have a choice of ten standardized benefit plans for your Medigap insurance - from Plan A with “basic benefits” alone to Plan J. (Plan J is not currently available in New York State.)

To make it easier for consumers to shop for and compare Medigap insurance, New York State (and almost every other state) allows the sale of only ten different types of Medigap plans. These plans are “standardized.” That is, they must provide standard benefit packages as defined in law. Plan A has a very basic benefit package and generally is the least expensive. Each of the other nine plans includes the basic benefit package, PLUS a different combination of additional benefits. Plan J has the most comprehensive coverage.

What benefits are included with Medigap plans A - J?

PLAN A (the basic policy) - consists of these basic benefits:

- Coverage for the Part A coinsurance amount (\$203 per day, in 2002) for days 61 through 90 of hospital stay in each Medicare benefit period.
- Coverage for the Part A coinsurance amount for days 91 through 150 of a hospital stay (\$406 per day, in 2002) for each of Medicare's 60 lifetime reserve days that may be used once.
- After all Medicare hospital benefits are exhausted, coverage for 100 percent of the Medicare Part A eligible hospital expenses. Coverage is limited to a maximum of 365 days of additional inpatient hospital care during the policyholder's lifetime. Policyholder may be responsible for payment when Medigap hospital benefits are exhausted.
- Coverage under Medicare Parts A and B for the reasonable cost of the first three pints of blood or equivalent quantities of packed red blood cells per year unless this blood is replaced.
- Coverage for the coinsurance amount for Part B services (generally 20 percent of Medicare-approved amount) after \$100 annual deductible is met.

PLAN B - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).

PLAN C - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- Coverage for the Medicare Part B deductible (\$100 per calendar year, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.

What benefits are included with plans A - J? (cont'd)

PLAN D - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.
- Coverage for at-home recovery. The at-home recovery benefit pays up to \$40 each visit and \$1,600 per year for short-term, at home assistance with activities of daily living (like bathing, dressing, personal hygiene, etc.) for those recovering from an illness, injury or surgery.

PLAN E - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.
- Coverage for preventive medical care. The preventive medical care benefit pays up to \$120 per year for things like a physical examination, serum cholesterol screening, hearing test, diabetes screenings, and thyroid function test.

PLAN F - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- Coverage for the Medicare Part B deductible (\$100 per calendar year, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.
- Coverage for 100 percent of Medicare Part B excess charges. Excess charges represent the difference between a doctor's or other healthcare provider's actual charge (up to the amount of charge limitation set by Medicare or the state) and the Medicare-approved payment amount.

What benefits are included with plans A - J? (cont'd)

PLAN G - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.
- Coverage for 80 percent of Medicare Part B excess charges. Excess charges represent the difference between a doctor's or other healthcare provider's actual charge (up to the amount of charge limitation set by Medicare or the state) and the Medicare-approved payment amount.
- Coverage for at-home recovery. The at-home recovery benefit pays up to \$40 each visit and \$1,600 per year for short-term, at home assistance with activities of daily living (like bathing, dressing, personal hygiene, etc.) for those recovering from an illness, injury, or surgery.

PLAN H - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002)
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible.
- Coverage for 50 percent of the cost of prescription drugs up to a maximum of \$1,250 per year after the policyholder meets a \$250 deductible per year (basic prescription drug benefit).

PLAN I - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deductible. (continued on next page)

What benefits are included with plans A - J? (cont'd)

PLAN I (continued)

- Coverage for 100 percent of Medicare Part B excess charges. Excess charges represent the difference between a doctor's or other healthcare provider's actual charge (up to the amount of charge limitation set by Medicare or the state) and the Medicare-approved payment amount.
- Coverage for at-home recovery. The at-home recovery benefit pays up to \$40 each visit and \$1,600 per year for short-term, at home assistance with activities of daily living (like bathing, dressing, personal hygiene, etc.) for those recovering from an illness, injury, or surgery.
- Coverage for 50 percent of the cost of prescription drugs up to a maximum of \$1,250 per year after you meet a \$250 deductible per year (basic prescription drug benefit).

PLAN J (not currently available in New York State) - includes the basic benefits *plus*:

- Coverage for the Medicare Part A inpatient hospital deductible (\$812 per benefit period, in 2002).
- Coverage for the skilled nursing facility coinsurance amount (\$101.50 per day, for days 21 through 100 per benefit period, in 2002).
- Coverage for the Medicare Part B deductible (\$100 per calendar year, in 2002).
- 80 percent coverage for medically necessary emergency care in a foreign country, after a \$250 deduction.
- Coverage for 100 percent of Medicare Part B excess charges. Excess charges represent the difference between a doctor's or other healthcare provider's actual charge (up to the amount of charge limitation set by Medicare or the state) and the Medicare-approved payment amount.
- Coverage for at-home recovery. The at-home recovery benefit pays up to \$40 each visit and \$1,600 per year for short-term, at home assistance with activities of daily living (like bathing, dressing, personal hygiene, etc.) for those recovering from an illness, injury, or surgery.
- Coverage for preventive medical care. The preventive medical care benefit pays up to \$120 per year for things like a physical examination, serum cholesterol screening, hearing test, diabetes screening, and thyroid function test.
- Coverage for 50 percent of the cost of prescription drugs up to a maximum of \$3,000 per year after the policyholder meets a \$250 per year deductible ("extended" prescription drug benefit).

How can I make an intelligent choice?

• Comparison Shopping

When describing the benefits of their Medigap plans, all insurance companies are required to use the same format, language and definitions. They are also required to use a uniform chart and outline of coverage to summarize the benefits of the plans they offer. These requirements make it easier for you to compare policies from different insurers.

As you look at the different Medigap policies, keep in mind that each company's products are alike, so they are competing based on their price, service and reputation. After you have selected the standardized plan which is best for you with premiums you can afford, speak to representatives of the insurance companies selling the plan you are interested in. When you do, confirm policy prices and compare the services and reputations of the different insurance companies offering the policy of your choice.

• Costs

While the benefits are identical for all Medigap plans of the same type, the premiums may vary from one company to another and from area to area. The plan with the lowest price may not be the best plan for you. **Price should not be your only concern.** You may have a preference for a particular schedule of payments. Some companies bill the premium each month, while others bill each quarter or once a year.

In addition, prices are based in part on the services a company provides and on their reputation. These are important factors in your Medigap decision.

• Customer Services

When you contact Medigap insurers, ask about the insurance company's customer services. For example, some companies link their computers to the computers at the federal Medicare office to process your health insurance claims without additional paperwork for you.

• Reputation

Satisfy yourself that the insurance company you are considering is reputable before buying from them. You can find out about the company by asking for referrals and by talking to others about their experiences.

You can determine the financial stability of any insurer by checking their "rating." The following "raters" can provide reports on specific insurance companies.

- A. M. Best Company (900-555-best)
A very high rating is A++ or A+.
- Standard & Poor's (212-208-1527)
A very high rating is AAA, AA+, or AA.
- Duff & Phelps Credit Rating Company (DCR)
(312-368-3157)
A very high rating is AAA or AA+.
- Weiss Research, Inc. (800-289-9222)
A very high rating is A+, A-, B+, or B-.
- Moody's Investors Service (212-553-1653)
A very high rating is Aaa, Aa1, Aa2, or Aa3.

Which benefits do I really want or need?

Below is a list of health care benefits. Next to each benefit is a reason why you might need that benefit. Check off the benefits that you want in a Medigap policy or think you may need in the future. Remember to consider your medical history, your family medical history, and health risks when thinking about future health care costs.

- Medicare Part A Hospital Deductible:** You may need this benefit if you have to stay in the hospital. The Part A deductible for 2002 is \$812. This amount can change every year. You have to pay this deductible for each benefit period.
- Medicare Part B Yearly Deductible:** Consider this benefit (which is \$100 in 2002) if you have Medicare Part B. Each year you are required to pay the Part B deductible before Medicare starts to pay its share. If you have this benefit, the Medigap plan would pay this amount each year.
- Prescription Drugs:** Consider this benefit if you have high prescription drug costs. Because it covers half your drug costs after the yearly deductible, to get the full benefit under Plans H and I, you should have at least \$2,750 in drug costs in a year (you pay \$1,250 plus \$250; the plan pays \$1,250). To get the full benefit under Plan J, you should have at least \$6,250 in drug costs in a year (you pay \$3,000 plus \$250; the plan pays \$3,000). (Note: Plan J is not currently available in New York State.)
- Skilled Nursing Coinsurance:** Consider this benefit if you need to go to a Skilled Nursing Facility (SNF) after a hospitalization and stay in the SNF longer than 20 days.
- Foreign Travel Emergency:** If you travel outside the United States, this benefit could save you money for emergency care.
- At-Home Recovery:** This benefit covers additional care at home if you are already getting Medicare-covered home health services. It pays up to \$40 a visit and \$1,600 a year. This benefit may be costly and may not be worth the additional premiums you pay for it.
- Medicare Part B Excess Charge:** Under federal law, doctors who don't accept "assignment" (take Medicare's approved amount as payment in full) may charge up to 15% more than the approved amount. **You might want to think about this benefit if your doctors don't accept assignment or if you might have a stay in the hospital where some treating doctors don't accept assignment.**
- Preventive Care:** This benefit helps pay for routine yearly check-ups and tests that may be important to you in keeping you healthy.

Directory of Medigap Insurers

Listed below are the addresses and phone numbers of Medigap insurers as of March 1, 2001. To check on recent changes, call the NYS Insurance Department Consumer Services Hot Line at 1-800-342-3736 or in New York City call 212-480-6400.

American Family Life Assurance Company of New York (AFLAC)
One Marcus Boulevard
Albany, New York 12205
518-438-0764 or 1-800-366-3436

American Progressive Life and Health Insurance Company of New York
6 International Drive
Rye Brook, New York 10573-1068
914-934-8300 or 1-800-332-3377

Empire Blue Cross and Blue Shield
Post Office Box 1407
Church Street Station
New York, New York 10256
1-800-261-5962 or
516-893-2454 (Nassau & Suffolk County Areas)
212-476-6565 (New York City Area)
(Make certain to ask for the **Medicare supplemental insurance (Medigap) policy** and **not** the Empire Senior Plan, Empire's HMO)

First United American Life Insurance Company
Post Office Box 3125
Syracuse, New York 13220-3125
315-451-2544

Group Health Incorporated (GHI)
441 Ninth Avenue
New York, New York 10001
1-800-444-2333 or 212-501-4444 (New York City Area)

Hartford Life Insurance Company
(Group Coverage Only)
Policyholder Services
PO Box 2999
Hartford, Connecticut 06104-2999
1-800-572-9047

Mutual of Omaha Insurance Company
Customer Service
Individual Policyowner Services
Mutual of Omaha Plaza
Omaha, Nebraska 68175
402-342-7600 or 1-800-775-6000
(ask for customer service - Individual Policyowner Services)

Preferred Life Insurance Company of New York
(Group Coverage Only)
152 West 57th Street, 18th Floor
New York, New York 10019
(212) 586-7733

State Farm Mutual Automobile Insurance Company
100 State Farm Place
Ballston Spa, New York 12020-8000
518-884-6141 or 1-800-688-0895

United HealthCare Insurance Company of New York
AARP HealthCare Options
Post Office Box 8009
Philadelphia, Pennsylvania 19101-8009
1-800-523-5800

Univera Healthcare - CNY, Inc.
8278 Willett Parkway
Baldwinsville, NY 13027
1-800-659-1986

(Sources: www.medicare.gov, www.hiicap.state.ny.us/mgap)

Monthly Premiums for Medigap Plans

Although the benefits are identical for all Medigap plans of the same type, the premiums vary from one company to another and from area to area. The main question you need to answer is which policy is most cost effective for you.

In New York State, you are protected by “community rating.” This means the premium charged by a company must be the same for each approved standardized plan that it offers regardless of your age, gender or health condition. For example, a woman aged 90 in poor health will pay the same premium as a man aged 68 in good health for the same plan with the same company in the same area of the state.

Some Examples For Zip Codes Beginning With 100-104 & 110-118 (as of September 1, 2001)

PLAN A --		State Farm Mutual Auto	\$137.11
American Family Life	\$127.70	United Healthcare’s AARP	\$160.75
American Progressive	\$107.85	PLAN D --	
Empire BC/BS	\$102.27	American Family Life	\$211.40
First United American	\$ 87.00	American Progressive	\$181.33
Group Health Inc. (GHI)	\$ 98.47	United Healthcare’s AARP	\$150.75
Mutual of Omaha	\$111.83	PLAN E --	
State Farm Mutual Auto	\$ 92.19	American Family Life	\$218.10
United Healthcare’s AARP	\$ 88.25	United Healthcare’s AARP	\$130.25
Univera Healthcare - CNY	\$130.00	PLAN F --	
PLAN B --		American Family Life	\$259.00
American Family Life	\$187.55	American Progressive	\$208.49
American Progressive	\$156.43	First United American	\$173.00
Empire BC/BS	\$136.40	Mutual of Omaha	\$196.71
First United American	\$129.00	State Farm Mutual Auto	\$157.52
Group Health Inc. (GHI)	\$114.25	United Healthcare’s AARP	\$161.50
Mutual of Omaha	\$157.40	PLAN G --	
State Farm Mutual Auto	\$123.51	American Family Life	\$242.35
United Healthcare’s AARP	\$142.75	American Progressive	\$188.56
Univera Healthcare - CNY	\$163.00	United Healthcare’s AARP	\$152.25
PLAN C --		PLAN H --	
American Family Life	\$220.60	Empire BC/BS	\$275.13
American Progressive	\$191.60	United Healthcare’s AARP	\$252.50
First United American	\$168.00	PLAN I --	
Group Health Inc. (GHI)	\$135.21	Group Health Inc. (GHI)	\$231.86
		United Healthcare’s AARP	\$259.00

To check on recent changes, call the NYS Insurance Department Consumer Services Hot Line at 1-800-342-3736 or in New York City call 212-480-6400.

(Source: www.hiicap.state.ny.us/mgap)

Chart of the Ten Standard Medigap Plans

Every company offering Medigap insurance must offer Plan A. In addition, companies may have some, all or none of the other plans.

Basic benefits - included in all plans:

Inpatient Hospital Care: Covers the cost of Part A coinsurance and the cost of 365 extra days of hospital care during your lifetime after Medicare coverage ends.

Medical costs: Covers the Part B coinsurance (generally 20% of Medicare-approved payment amount) or copayment amount which may vary according to the service.

Blood transfusions: Covers the first 3 pints of blood each year.

Optional Riders	A	B	C	D	E	F*	G	H	I	J*
Basic Benefits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part A: Inpatient Hospital Deductible		✓	✓	✓	✓	✓	✓	✓	✓	✓
Part A: Skilled-Nursing Facility Coinsurance			✓	✓	✓	✓	✓	✓	✓	✓
Part B: Deductible (\$100)			✓			✓				✓
Foreign Travel Emergency			✓	✓	✓	✓	✓	✓	✓	✓
At Home Recovery				✓			✓		✓	✓
Part B: Excess Charges						100%	80%		100%	100%
Preventive Care					✓					✓
Prescription Drugs								Basic Coverage	Basic Coverage	Extended Coverage

* Plan J is not currently available in New York State.

(Source: www.medicare.gov)