



# **Medicare Supplement Insurance In Maryland July 9, 2019**

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# Agenda: Medicare Supplement Insurance In Maryland

- Introduction to the Maryland Insurance Administration
- Review of Medicare
- What we regulate: Medicare Supplements
- Medicare Supplements Overview
- Initial Guaranteed Issue Period
- Other Guaranteed Issue Periods
- Submitted Questions

# Introduction to Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurance companies and producers.
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurance companies.
- Reviews/approves insurance policy forms and rates.
- Investigates consumer and provider complaints and allegations of fraud.

# Review of Medicare: What is Medicare?

- Government-sponsored health insurance for seniors 65+, and younger adults with disability.
- Created in 1965 by Congress under Title XVIII of the Social Security Act.
- Expanded in 1972 to include people under 65 who receive Social Security Disability benefits and those with End-Stage Renal Disease.
- Medicare Modernization Act of 2003 established Part D.

# Review of Medicare: Who is eligible?

- U.S. citizens 65 and older with sufficient quarters of work credit under Social Security.
- Adults under 65 with disabilities:
  - Eligible after they have received Social Security Disability benefits for 24 months.
  - Eligible with a diagnosis of amyotrophic lateral sclerosis in the first month of Social Security Disability benefits.
  - Eligible at any age with End-Stage Renal Disease, in the 4<sup>th</sup> month of dialysis.

# Review of Medicare: Part A

- Referred to as Hospital Insurance or Inpatient Insurance.
- Funded by payroll tax (FICA). Most people with a personal or spousal work history and paid into Social Security do not pay for Part A.
- Covers care in a hospital, some costs of skilled nursing facilities and home health services, as well as hospice care for the terminally ill.

# Review of Medicare: Part B

- Referred to as Outpatient Insurance.
- Part A and Part B together are referred to as “Traditional Medicare” or “Original Medicare.”
- Funded by Part B premiums and general revenues from the federal government.
- Part B covers doctor services, lab tests, medical equipment, ambulance services, prevention and wellness screenings, orthotics/prosthetics, and mental health services.
- Permanent penalty for late enrollment, 10% of the base premium for each year you delayed enrollment.

# Review of Medicare: Part C

- Part C is Medicare Advantage – plans offered by private companies under a contract with Medicare to provide Parts A and B coverage. May offer Part D coverage (drugs ).
- May offer additional benefits not covered by Original Medicare, such as vision and dental services.
- Patient still pays the Part B Premium.
- May have additional premiums, deductibles and co-pays - varies by the company and by plan.
- Annual Open Enrollment for Part C is Oct 15-December 7.



# Review of Medicare: Part D

- Part D is medication coverage.
- Provided through private companies, either as stand-alone plans or as a part of the Part C Medicare Advantage plans.
- No pre-existing condition clause – must accept anyone who is eligible.
- May incur a permanent penalty for late enrollment in a Part D plan.
- Different plans have different costs and formularies (drug list).
- Annual Open Enrollment for Part D is Oct 15-December 7.

# Review of Medicare: Medicare Supplement

- Medicare Supplement is a product to supplement Original Medicare.
- Pays for cost sharing for parts A and B, but not part D.
- Purchased from private insurance companies.
- 11 standard plans in Maryland.
- No annual open enrollment period.
- Six month Medicare Supplement open enrollment period, you may purchase any Medicare Supplement plan sold in your state without underwriting.

# What we regulate: Medicare Supplements

The Maryland Insurance Administration (MIA) regulates insurance policies issued in Maryland, including Medicare supplement (also known as Medigap) policies. The MIA DOES NOT regulate Medicare Advantage or Part D plans, except for solvency and producer conduct.

For Medicare supplement, the MIA reviews:

- Policy forms;
- Premiums rates; and
- Complaints from consumers.

# What we regulate: Medicare Supplements

The MIA enforces the Insurance Article of the Maryland Code and associated regulations.

For guaranteed issue rights for Medicare supplement the relevant laws are:

- Section 15-909 of the Insurance Article, and
- COMAR 31.10.06.06 and 31.10.06.09-1.

The National Association of Insurance Commissioners (NAIC) proposes Model Regulations that most states follow to ensure consistency.

# Medicare Supplements Overview

- Medicare supplement plans are standardized.
- Standardized plans are identified by a letter.
- Plans A, B, C, D, F, G, K, L, M, and N are currently sold.
- All plans offer the same basic benefits.
- Companies don't have to sell all plans.
- Plans E, H, I, and J exist but are no longer sold, but those enrolled in the plans before June 1, 2013 may keep the plan.
- Only the policy cost will vary between companies.

# Medicare Supplements Overview

## Standardized Medicare Supplement Plans

Benefits	A	B	C	D	F*	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
Out-of-Pocket Limit in 2017**							\$5,120	\$2,560		

# Medicare Supplements Overview: Rates

- The Insurance Administration publishes a rate guide which is available on our website.
- The rate guide is updated in January and July.
- Individuals should contact the insurance company to learn the rates in effect when they are applying.
- There may be discounts for a period of time, or for multiple policies in the same household from the same company.
- Rates may be issue age or attained age
  - Issue age rates are based on the individual's age when the policy is purchased. There may be general rate increases, but not age-based increases.
  - Attained age rates are based on your age on the last policy anniversary date. There may also be general rate increases.

# Medicare Supplements Overview: Changes coming in 2020

- Medicare supplement plans are guaranteed renewable. Policies that are in effect before 2020 will remain in effect, as long as premiums are paid.
- Plans C and F will no longer be sold to those newly eligible for Medicare after December 31, 2019.
- No plans will be sold that cover the Part B deductible.



# Initial Guaranteed Issue Period – 65+

Section 15-909 of the Insurance Article sets out the guaranteed issue periods.

Available at: <http://mgaleg.maryland.gov/WEBMGA>

For individuals who are at least 65 years old:

- For the 6 month period following first enrollment in Part B of Medicare, the insurer may not deny the policy, limit coverage, or increase rates based on the health status or claims history of the applicant.

# Initial Guaranteed Issue Period – Under 65

For individuals who are under 65, and eligible for Medicare due to a disability, plans A and C must be available:

- For the first 6 months following enrollment in Part B of Medicare, or
- If the applicant is notified by Medicare of retroactive enrollment in Medicare, for the 6 months following notice.
- The plan A or C may not be denied, or have coverage reduced, based on the health status or claims history of the applicant.
- For a guaranteed issue plan A, the premium rate may not be higher than the average of the premiums paid by all policyholders age 65 and older in the State who are covered under that plan A form.
- As of January 1, 2020, Plan D will replace Plan C. Plan C will continue to be available to those enrolled in the plan and those eligible for Medicare before January 1, 2020.

# Other Guaranteed Issue Periods

After the initial guaranteed issue period, individuals will usually be subject to medical underwriting for a new Medicare Supplement policy. COMAR 31.10.06.09-1 sets out the circumstances for additional guaranteed issue policies.

- The individual was enrolled in health benefits under an employee benefit plan, and the plan terminates or ceases providing supplemental benefits.
- The individual was enrolled under a Medicare supplement policy and terminates the policy and enrolls for the first time with a Medicare Advantage or similar plan, then terminates the plan within the first 12 months of the subsequent enrollment.
- The individual, upon first becoming enrolled in Part B at 65 or older, enrolls in a Medicare Advantage plan and disenrolls within 12 months of the effective date.

# Other Guaranteed Issue Periods

An individual has a guaranteed issue period if the individual was enrolled in a Medicare Advantage plan and:

- The plan's certification is terminated.
- The plan has stopped providing the plan in the area in which the individual resides.
- The individual is no longer eligible due to a change in place of residence.
- The individual is no longer eligible due to other circumstances specified by CMS, not including non-payment of premium.
- The plan is terminated for all individuals in a residence area.
- The plan or its agent materially misrepresented the plan's provisions in marketing the plan to the individual.
- Other exceptional circumstances.

# Other Guaranteed Issue Periods

The guaranteed issue period lasts 63 days.

The date it begins depends on the reason for the guaranteed issue period. In many circumstances, it is the date coverage terminates, but you should carefully review the regulation to determine the date. An organization that is terminating coverage is required to give notice.

There may be limits on the plans available. The regulation lists the plans that must be available in specific circumstances.

# FAQ's

## **Guarantee Issue Right**

You're in a Medicare Advantage Plan and your plan is leaving Medicare or stops giving care in your area, or you move out of the plan's service area.

COMAR 31.10.06.09-1B(2)

## **Over 65**

Medicare Supplement Plan A, B, C, F, K or L that is sold in your state by any company.

Time limits apply, 63 days

## **Under 65**

Medicare Supplement Plan A or C that is sold by any insurance company in Maryland.

Time limits apply, 63 days

# FAQ's

## **Guarantee Issue Right**

You have Original Medicare and an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays and that plan is ending.

COMAR 31.10.06.09-1B(1)

## **Over 65**

Medicare Supplement Plan A, B, C, F, K or L that's sold in your state by any insurance company. If you have COBRA coverage, you can either buy a Medicare Supplement policy right away or wait until the COBRA coverage ends. Time limits apply, 63 days.

## **Under 65**

Medicare Supplement Plan A or C from any insurance company in Maryland. If you have COBRA coverage, you can either buy a Medicare Supplement policy right away or wait until the COBRA coverage ends. Time limits apply, 63 days.

# FAQ's

## **Guarantee Issue Right**

You have Original Medicare and a Medicare Select policy. You move out of the Medicare Select policy Service area.

COMAR 31.10.06.09-1B(4)

## **Over 65**

Medicare Supplement Plan A, B, C, F, K or L that's sold by any insurance company in your state or the state you're moving to.

Time limits apply, 63 days

## **Under 65**

Medicare Supplement Plan A or C that's sold by any insurance company in Maryland.

Time limits apply, 63 days



# FAQ's

## **Guarantee Issue Right**

You joined a Medicare Advantage Plan when you were first eligible for Medicare Part A at age 65, and within the first year of joining, you decide you want to switch to Original Medicare (Trial right).

COMAR 31.10.06.09-1B(7)

## **Over 65**

Any Medicare Supplement policy that's sold in your state by any insurance company.

Time limits apply, 63 days.

## **Under 65**

No Guarantee Issue Right

# FAQ's

## **Guarantee Issue Right**

(Trial right) You dropped a Medicare Supplement policy to join a Medicare Advantage Plan for the first time, you've been in that plan for less than a year, and you want to switch back.

COMAR 31.10.06.09-1B(6)

## **Over 65**

The Medicare Supplement plan you had before you joined the Medicare Advantage Plan, if the same insurance company you had before still sells it. If your former Medicare Supplement policy isn't available, you can buy Medicare Supplement Plan A, B, C, F, K or L that's sold in your state by any insurance company. Time limits apply, 63 days.

## **Under 65**

The Medicare Supplement plan you had before you joined the Medicare Advantage Plan, if the same insurance company you had before still sells it. If your former Medicare Supplement policy isn't available, you can buy Medicare Supplement Plan A, or C that's sold in Maryland by any insurance company. Time limits apply, 63 days.

# FAQ's

## **Guarantee Issue Right**

Your Medicare Supplement insurance company goes bankrupt and you lose your coverage, or your Medicare Supplement policy coverage otherwise ends through no fault of your own.

COMAR 31.10.06.09-1B(5)

## **Over 65**

Medicare Supplement Plan A, B, C, F, K or L that's sold in your state by any insurance company.

Time limits apply, 63 days.

## **Under 65**

Medicare Supplement Plan A or C that is sold in your state by any company.

Time limits apply, 63 days.

# FAQ's

## **Guarantee Issue Right**

You leave a Medicare Advantage Plan or drop a Medicare Supplement policy because the company hasn't followed the rules, or it misleads you.

COMAR 31-10-06-09-1B(2)(d)

## **Over 65**

Medicare Supplement Plan A B, C, F, K or L that's sold in your state by any insurance company

Time limits apply, 63 days

## **Under 65**

Medicare Supplement Plan A or C that is sold in Maryland by any company.

Time limits apply, 63 days

# FAQ's

## **What is required from an insurance company to justify a Medicare Supplement rate increase?**

Annual filing of premium rates that include demonstration of compliance with loss ratio standards in accordance with filing requirements and procedures prescribed by the National Association of Insurance Commissioners (NAIC) Medicare Supplement Insurance Model Regulation Compliance Manual. The insurance company must provide additional data to demonstrate that the requested rates are reasonable, equitable, and adequate.

## **How does the Maryland Insurance Administration decide to approve/deny or adjust a rate increase request?**

The staff of the MIA's Office of the Chief Actuary reviews the documents as provided by the insurance company to verify compliance with the model regulation. Premium rates are compared with benefits and current experience to determine if we will approve/deny or adjust a proposed rate increased.

# FAQ's

## **How often can Medicare Supplement rates be increased?**

Medicare Supplement rates can only change once per year for each insured.

## **Does “file and use” apply to Medicare Supplement policies?**

No, file and use does not apply to Medicare Supplement policies. Rates must be approved before they can be used.

## **Is there data or analysis on past rate increases that is available to the public? If so, where is it located? Who does the analysis?**

The System for Electronic Rates and Forms Filing (SERFF) includes data on the last five years of rate change history applicable to policyholders for the form in the state and the implementation date of these changes, and are provided by the insurance company.

# FAQ's

**Is there data available to the public regarding enrollment numbers in specific Medicare Supplement plan?**

Yes, this data may be available, and can be requested through the Maryland Public Information Act from the Maryland Insurance Administration. A charge may apply.

**Is there information available about complaints against insurance companies offering the Medicare Supplement product?**

This information may be available from the NAIC. You can see search for complaint statistics and details at their Consumer Information Source by following this link:

<https://eapps.naic.org/cis/help.do>

# FAQ's

**Will there be a new Guarantee Issue Right to people already in Plans C and F when those plans are closed to new enrollees?**

No, there will not be a new guarantee issue period for the current enrollees.



# Other Questions?

Email [patricia.dorn@maryland.gov](mailto:patricia.dorn@maryland.gov)

# Additional Resources

Medicare 1-800-MEDICARE (1-800-633-4227)

Contact your Maryland county's SHIP program

<http://www.aging.maryland.gov/Pages/StateHealthInsuranceProgram.aspx>

Medicare Rights Center <http://www.medicarerights.org>

Center for Medicare Advocacy <http://medicareadvocacy.org>

# Questions?

The Maryland Insurance Administration's website is [www.insurance.maryland.gov](http://www.insurance.maryland.gov).

If you have questions, please call 410-468-2244 or 1-800-492-6116, ext. 2244.

The email for complaints and inquiries about Medicare supplement is [lhcomplaints.mia@maryland.gov](mailto:lhcomplaints.mia@maryland.gov).