



Maryland
INSURANCE ADMINISTRATION

Insurance 101 for Seniors

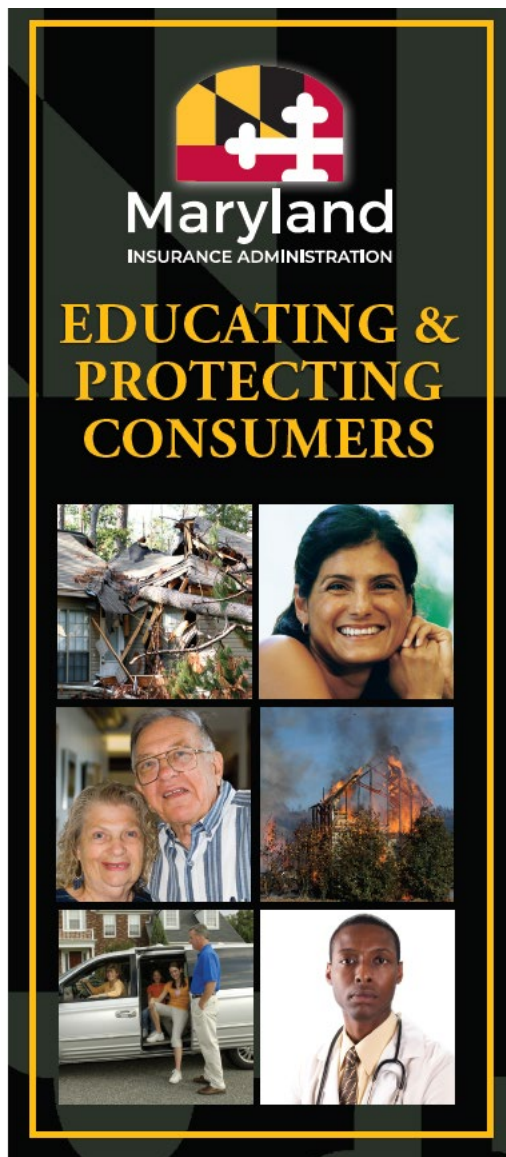
June 30, 2020

Patricia Dorn
Consumer Education and Advocacy Unit
patricia.dorn@maryland.gov

Agenda: Insurance 101 for Seniors

- Introduction to the Maryland Insurance Administration
- Review of Medicare
- Medicare Supplements
- Long-Term Care
- Insurance Fraud

What is the Maryland Insurance Administration?



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

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms. Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.

[Video: How the MIA Can Help](#)

What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.

Review of Medicare: What is Medicare?

- Government-sponsored health insurance for seniors 65 and over, 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 4th month of dialysis.

Review of Medicare: Part A

- Referred to as Hospital Insurance or Inpatient Insurance.
- Funded by payroll tax (FICA). Most people who have a personal or spousal work history and who 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 October 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 October 15-December 7.

Review of Medicare

CMS is a federal agency within the U.S. Department of Health and Human Services. CMS administers the Medicare program and can answer your questions regarding the Medicare Program. The CMS website (www.medicare.gov) provides valuable information regarding Medicare, including a handbook on Medicare entitled *Medicare & You* that provides detailed information about Medicare program benefits, rights and obligations. You also may contact CMS directly with your questions regarding the Medicare program by calling toll free: 1-800-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.
- 12 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.

Medicare Supplement

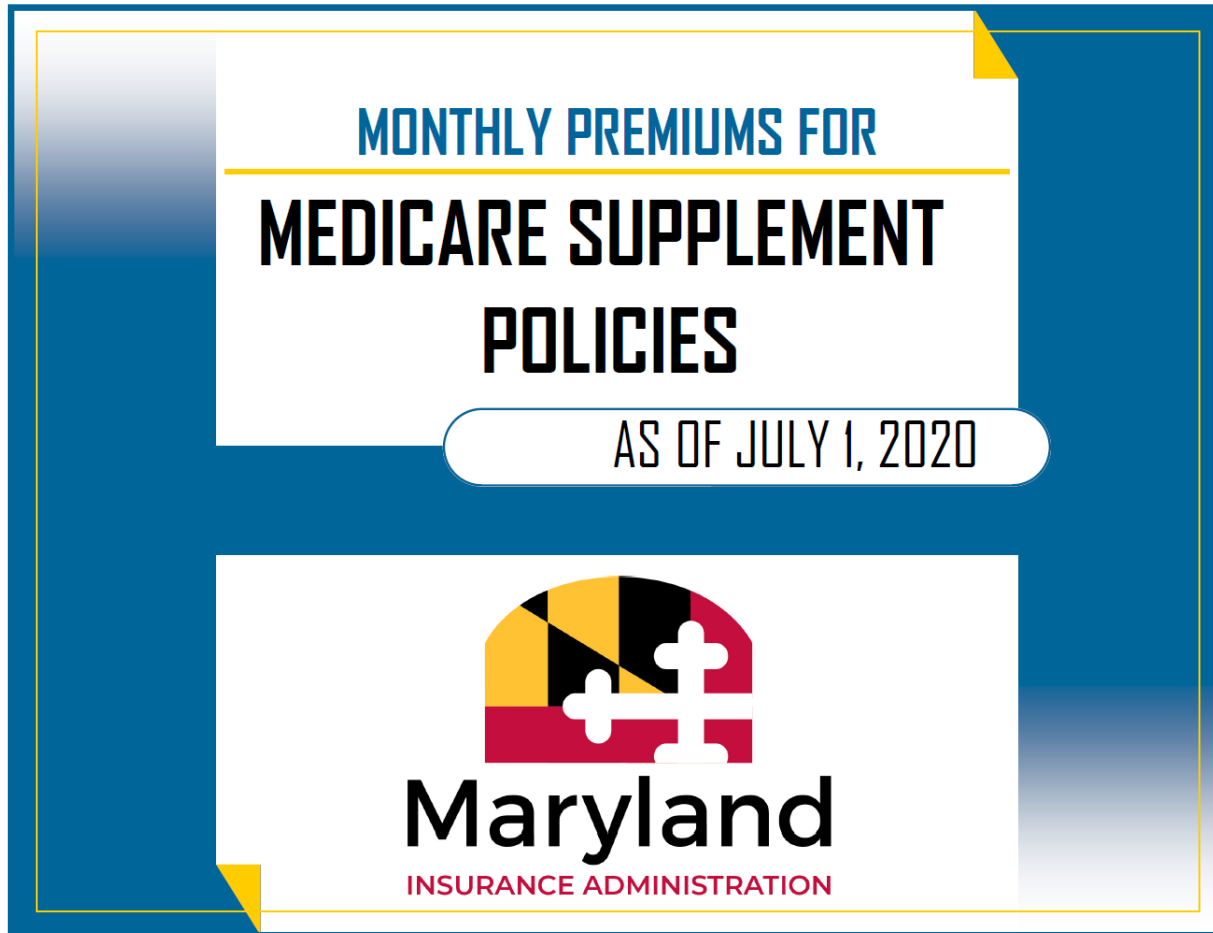
Standardized Medicare Supplement Plans

| 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 2020, K and L | | | | | | | \$5,880 | \$2,940 | | |

***Plans F and G include a high deductible option. The deductible for 2020 is \$2,340.**

**** Plan N requires a \$20 co-payment for office visits and a \$50 co-payment for emergency room visits.**

Medicare Supplement: Rate Guide



This publication is updated twice a year for rates effective
January 1st and July 1st

Medicare Supplement: Rate Guide

Male Preferred

| | <65 | 65 | 70 | 75 | 80 | 85 |
|---------------|-------|-------|-------|-------|-------|-------|
| A | \$441 | \$273 | \$290 | \$341 | \$402 | \$469 |
| B | | \$145 | \$154 | \$181 | \$213 | \$249 |
| F | | \$167 | \$177 | \$208 | \$245 | \$286 |
| G | | \$153 | \$162 | \$191 | \$225 | \$262 |
| High G | | \$ 60 | \$ 63 | \$ 75 | \$ 88 | \$103 |
| N | | \$109 | \$122 | \$144 | \$169 | \$198 |

Female Preferred

| | <65 | 65 | 70 | 75 | 80 | 85 |
|---------------|-------|-------|-------|-------|-------|-------|
| A | \$384 | \$238 | \$252 | \$296 | \$349 | \$408 |
| B | | \$126 | \$134 | \$157 | \$185 | \$216 |
| F | | \$145 | \$154 | \$181 | \$213 | \$249 |
| G | | \$133 | \$141 | \$166 | \$195 | \$228 |
| High G | | \$ 52 | \$ 55 | \$ 65 | \$ 76 | \$ 89 |
| N | | \$ 95 | \$106 | \$125 | \$147 | \$172 |

Rates shown are monthly rates.

Medicare Supplement: Rate Guide

An insurance carrier writes a policy based on “issue age”, “attained age”, or “community rating.”

- ***Issue Age*** means that premiums are based on your age at the time you purchase the policy. While premiums may periodically increase due to benefit changes, inflation, or increases in medical costs, they will not increase due to your advancing age.
- ***Attained Age*** means that premiums are based on your current age. Premiums may increase as you get older. These increases may be in addition to premium increases because of benefit changes, inflation, or increasing medical costs.
- ***Community Rated*** means that premiums are not based on your age, either at the time the policy is issued or upon renewal. Premiums are based on other factors and may increase because of benefit changes or overall premium adjustments.

Long-Term Care

What is long-term care?

Individuals with a prolonged illness, disability or cognitive condition (for example, Alzheimer's disease) often need help with daily activities (such as dressing, bathing, and eating), as well as needing skilled medical attention. Long-term care services may include care management, rehabilitation services, adult day care, or hospice. These long-term care services may be delivered in an assisted living facility, at home or in a nursing home.

Long-Term Care

How much will long-term care cost me?

The cost of long-term care depends upon a number of factors, including the type of care you receive, where you receive this care, who provides this care and how long you need to receive this care. According to data available from the U.S. Department of Health and Human Services, the national average costs for long-term care services in 2016 were:

- \$225/day or \$6,844/month for a semi-private room in a nursing home
- \$253/day or \$7,698/month for a private room in a nursing home
- \$119/day or \$3,628/month for care in an assisted living facility (for a one-bedroom unit)
- \$20.50/hour for a health aide

Long-Term Care

What can I do to pay for my long-term care?

Paying for long-term care does not need to be overwhelming. Several options are available to make paying for long-term care more manageable. Some of the options include:

1. You may choose to fund the costs of your long-term care through investments you have made, such as an annuity. For more information about annuities, see the Maryland Insurance Administration's publication [A Consumer Guide to Annuities](#).
2. You may decide to sell certain assets, such as your home or other real estate.
3. You may decide to obtain a reverse mortgage. See: [Reverse Mortgages](#).
4. You may be able to use your life insurance policy to pay for your long-term care by using one of the following methods:
 - a. Combination life/long-term care insurance policies.
 - b. Accelerated death benefits from a life insurance policy.
 - c. Life settlement.
 - d. Viatical settlement.
5. You could purchase a long-term care insurance policy.
6. Find out more by reading: [A Shopper's Guide to Long-Term Care Insurance](#)

You may buy a long-term care insurance partnership policy. Find out more by reading: [A Consumer Guide to the Maryland Long-Term Care Insurance Partnership Program](#)

Long-Term Care

Will Medicare pay for my long-term care?

If you are eligible for Medicare, Medicare may provide limited coverage for skilled nursing and rehabilitation services in an approved facility or home health agency. But, Medicare does not cover custodial care services, intermediate care or services for a prolonged period of time.

Long-Term Care

Will my Medicare supplemental policy pay for my long-term care?

If you have a Medicare supplemental policy, keep in mind that while some supplemental policies provide a limited benefit to help pay for at-home recovery on a short-term basis, not all Medicare supplemental policies cover this expense. Also, while some Medicare supplemental policies provide a limited benefit while you are in a skilled nursing facility, the benefit will only be payable for the 21st through the 100th day of skilled nursing care in a nursing home for each admission benefit period. Under such a policy, you would not receive any benefits if you are receiving custodial or intermediate care, or if you need care after the 100th day of confinement. It is important that you carefully review and understand the terms of your Medicare supplemental policy, what it covers, and how much it pays.

Long-Term Care

Will Medicaid pay for my long-term care?

Maryland's Medical Assistance Program (Medicaid) provides coverage for some long-term care services, but this program is only available if you satisfy certain eligibility requirements. You may be eligible for Medicaid depending upon your income, available assets and/or health status. For more information about the eligibility rules for Maryland's Medical Assistance Program, visit the Department of Health's website, <http://mmcp.health.maryland.gov>.

The link for Medical Care Program Eligibility explains the eligibility requirements. The link for Long-Term Care gives an overview of which long-term care services are covered.

Long-Term Care

What does long-term care insurance pay for?

Long-term insurance policies, long-term care insurance riders to life insurance policies and annuity contracts provide coverage for certain long-term care expenses that usually are not covered by traditional health insurance and HMO contracts, Medicare, or Medicare supplemental policies. Coverage is provided when you are unable to do a certain number of activities of daily living (such as bathing, eating, or dressing yourself) or are cognitively impaired. While the exact terms and conditions of coverage depend upon your individual policy, long-term care insurance generally covers services such as nursing home stays for custodial, intermediate and skilled nursing care. These policies also may cover home health care and adult day care. Long-term care insurance can be purchased as a separate stand-alone policy or as a rider to a life insurance policy or annuity contract. For more information on long-term care insurance, see “A Shopper’s Guide to Long-Term Care Insurance,” produced by the National Association of Insurance Commissioners at: http://www.naic.org/documents/prod_serv_consumer_ltc_lp.pdf.

Long-Term Care

Should I buy long-term care insurance or a long-term care insurance rider to my life insurance policy or annuity contract?

Long-term care insurance is not for everyone. Before buying a long-term care insurance policy or a rider to your life insurance policy or annuity contract, it is important to understand what the policy or contract covers, know the limits of the policy or contract and understand any conditions the policy or contract may exclude. It is also important to make sure you can afford the premium payments.

It is also a good idea to consult with a tax advisor, as well as an insurance advisor, when deciding whether a long-term care insurance policy is right for you. You may be eligible for federal and state tax benefits.

Long-term care

What questions should I ask before buying long-term care insurance or a long-term care insurance rider to my life insurance policy or annuity contract?

Before making a decision to buy a long-term care insurance policy or a long-term care insurance rider to your life insurance policy or annuity contract, you should consider asking:

- What type of care is covered?
- Is there a waiting period before I can start using the benefits?
- What happens if I am late paying the premium?
- Is there a maximum number of days the policy or contract covers?
- Does the policy or contract have a per-day limit? If so, does it take inflation into account?
- What are the rules about pre-existing conditions?
- What must happen in order for me to receive benefits under the policy or contract, i.e. doctor's certification?
- Has the insurer received approval to sell long-term care insurance in Maryland?

Long-Term Care

Can my premiums for long-term care insurance go up?

Yes. Your premium may be based on the age you were when you bought the policy, but the insurer may raise rates if needed. A long-term care insurer cannot raise your premium by more than 15% in a 12-month period. Maryland law also states that, except under limited circumstances, your renewal premium rate cannot be greater than new business premium rates, except for differences attributable to benefits. Rates will not change based on your claim history.

Does the Maryland Insurance Administration review rate increases?

Yes, actuaries review the requested rates carefully for compliance with Maryland law. Additionally, there are public hearings held once a quarter to review requests for rate increases. Members of the public may speak at the hearings.

Long-Term Care

Do I have any options other than accepting the premium rate increase?

Yes, Maryland law requires every long-term care insurance policy and certificate to include a provision allowing the policyholder to reduce coverage and lower the policy premium in at least one of the following ways:

- Reducing the maximum benefit; or
- Reducing the daily, weekly, or monthly benefit amount.

Additionally, a long-term care insurer may voluntarily offer you other ways to reduce the impact of a premium rate increase by including options in the policy to lower the inflation protection rate, or by providing an option to reduce the inflation protection from compound to simple inflation. Before you make any decision involving reduction of benefits, you should understand the long term impact of doing so.

For more information on long-term care insurance premium rate increases visit :

www.insurance.maryland.gov/Consumer/Pages/LongTermCare.aspx.

Insurance Fraud

What is Insurance Fraud?

Insurance fraud is when an insurance producer, adjuster, or consumer commits a deliberate deception for financial gain. Insurance fraud is one of the most costly crimes in our country - costing about \$40 billion per year nationally.

According to the Coalition on Insurance Fraud, it is estimated that each household pays approximately \$1,000 extra in insurance premiums each year to offset the cost of insurance fraud. Committing insurance fraud can result in civil or criminal prosecution, jail time, penalties as high as \$10,000, or jail time and penalties.

Insurance Fraud

Insurance fraud takes many forms: completing a false document, making a false statement, an insurance producer pockets a premium, selling unauthorized insurance, exaggerating a claim, billing an insurer for services that were not provided and making a fraudulent claim.

The Maryland Insurance Administration takes insurance fraud seriously, and we investigate all referrals of insurance fraud.

[Video: Insurance Fraud](#)

Insurance Fraud

Seniors are often targets of insurance fraud, particularly in regard to life and health insurance.

Be wary of a salesperson or telephone caller who:

- Contacts you unsolicited. The salesperson probably has obtained your information through a mailing list.
- Uses high-pressure tactics. Common tactics include offering a “last-chance deal,” or “limited offer” or attempting to pressure you to sign forms without reviewing them.

Insurance Fraud

Be wary of a salesperson or telephone caller who:

- Urges you to cash in an existing annuity or life insurance policy to buy a new annuity, life insurance policy, or other investment. Generally, annuities and life insurance are worth more the longer you keep them. Changing to a new annuity or policy may cause you to lose money over the first three to five years. You also may be charged a penalty if you withdraw money from your annuity early. Discuss the tax consequences of early withdrawal with your tax advisor.
- Claims to be from Medicare, Social Security, or another government agency. An insurance producer or broker who claims to be associated with the government is breaking the law.
- Wants to sell you a package policy that includes several different benefits, some of which duplicate a policy you already have or include coverage you do not need.

Insurance Fraud

Be wary of a salesperson or telephone caller who:

- Wants you to pay cash or make your check/money order payable to him or her. Never pay with cash and always request a receipt.
- Wants you to sign forms that contain false or incomplete information or are blank.
- Wants to fill out the forms for you. Make sure you read over and understand all of the forms you sign.
- If you are unsure whether an insurance product makes sense to you, reach out to your friends or family, or from a trusted accountant, attorney, or financial adviser before making an insurance purchase.

Insurance Fraud

Tips to protect yourself from insurance fraud :

- Slow down. Take your time. Does the price seem too good to be true?
- Pay by check or credit card, and make sure you receive your insurance cards and documents in a timely manner.
- Use caution with unsolicited contacts. Deal only with licensed insurance producers. They must maintain proof of being licensed. Ask to see it.
- Keep and review your insurance documents including a copy of the insurance policy with endorsements and declarations outlining your coverage and its limitations.

Insurance Fraud

You are encouraged to report insurance fraud activities to the Maryland Insurance Administration's Insurance Fraud Division. You need not give your name. Simply call 1-800-846-4069. Consumers may also email fraud referrals by sending completed forms to fraud_referrals.mia@maryland.gov.

Contact Information

Maryland Insurance Administration

800-492-6116 or 410-468-2000

www.insurance.maryland.gov

Medicare

1-800-MEDICARE

www.medicare.gov

Questions?