



Medicare Makes Biggest Changes Since 1992

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Should I change my Medicare Supplement to a “Modernized Plan”?

Beginning June 1st all new Medicare Supplement Plans will be “Modernized Plans.” Medicare Supplements will undergo their first major facelift since 1992, when the 12 different standardized Medigap policies (Medigap Plans A through L) were laid out. Members who enrolled before June will not automatically be rolled into the new modernized plans, but may choose to migrate. All Modernized plans will include:

- An additional Hospice benefit which includes
 - coverage of up to a \$5 Co-Payment for pain medication
 - the Inpatient Respite Care Benefit will cover the 5% Co-Insurance

Pricing will also be different. At first the pricing will be similar to pre-modernized plans. According to Larry Hurwitz, owner of BenefitPackages.com, one of the largest insurance agencies in CA, "As the years go on, pre-modernized plans should increase in cost more than their modernized counterparts." This is because the modernized plans will have new, healthier people aging in, as opposed to a closed pool of people who will be getting older. Market forces causing pricing disparities will be further accentuated by the Medical Loss Requirement (MLR) contained in the Reconciliation Act of 2010 (H.R. 4872). This requires that 85% of premium dollars need to be paid out in claims.

Swapping plans and Specific Plan Enhancements:

Plans E, H, I, & J will no longer be offered. This is because CMS has determined that the specific benefits of those plans do not justify their premiums. For example: Plan “J” is the same as Plan “F,” with the addition of a small Preventive Care Benefit and an At-Home Recovery Services benefit not covered by Medicare. Preventive Care and Home Recovery has been updated to coordinate with Medicare guidelines and is no longer a separate benefit. Most importantly, CMS determined that these benefits did not justify a 20%-30% premium. Two additional lower-cost plans, M & N, are now available. Neither M nor N covers the Part B \$155 deductible nor the Medical Services excess charges. Plan M includes the Part B Co-Insurance and Plan N includes it minus up to a \$20 Co-Payment for Office Visits and up to \$50 Co-Payment for Emergency Room. The Part A Hospital deductible is covered with plan “N” but Plan “M” covers only 50% of your \$1,100 deductible. Both include a foreign travel benefit. Modernized Plan “G” will pay 100% of the excess charges, in contrast to the current 80%.

How do I migrate into a Modernized Plan?



You can change anytime with Medical Underwriting. Fortunately for those who can't qualify medically, there is a "birthday rule." This means California members can downgrade or move to a lateral plan during the 30 days after their birthday.

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Since 1987, www.benefitpackages.com has been providing the residents of California with the best health insurance solutions. This full-service agency represents most of the major Californian health insurance carriers (including Anthem Blue Cross of California). If you would like to get in touch with one of the agency's experienced and fully licensed insurance agents simply call toll free 800-356-3615.

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