

Ask

SHIP



LOCAL HELP FOR PEOPLE WITH MEDICARE

November, 2011
Sarah Reimmuth

Q: My Medigap Plan continues to get more expensive. Can I and should I switch to another kind of plan?

A: This is the one time per year when anyone with a Medigap policy may switch to a Medicare Advantage Plan, a Part D stand-alone plan, or a Medicare Advantage with Part D Plan. The Annual Enrollment Period (October 15 - December 7, 2011) allows beneficiaries to change their Medicare health or prescription drug coverage for 2012. Any changes made to your plan during this period will begin January 1, 2012.

A Medicare Supplement Insurance policy, also known as a Medigap policy, is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare coverage. These gaps in coverage include deductibles, co-insurance, and co-payments. When you purchase a Medigap policy, you will pay a monthly premium in addition to your Medicare Part B premium.

Although Medigap plans are standardized, premiums vary by company. Some companies base premiums on your age. Other companies charge more for smokers, and others offer a variety of discounts. A few companies charge all members the same price, regardless of

age or marital status. In addition, most companies increase premiums each year. This can be due to such factors as inflation and rising health care costs.

When deciding whether to keep your Medigap policy or to consider other types of plans, it is important that you know how the insurance company sets the prices for their policies. The method used will affect how much you will pay now and in the future.

It is important to note that Medigap policies can be priced in three ways:

- 1. Community-rated (or no-age-rated)**
The same monthly premium is charged to everyone who has the Medigap policy, regardless of age.
- 2. Issue-age-rated**
The premium is based on the age you are when you buy the Medigap policy. Premiums are lower for younger buyers. Inflation will affect the premium.
- 3. Attained-age-rated**
The premium is based on your current age (the age you have “attained”) so your premium goes up each year. Premiums are low for younger buyers, but go up

every year and can eventually become the most expensive. Inflation will affect the premium.

If you join a Medicare Advantage Plan for the first time and aren't happy with the plan, you will have special rights to buy a Medigap policy if you return to Original Medicare within 12 months of joining.

- If you had a Medigap policy before you joined, you will be able to get the same policy back. If it isn't available, you can buy another Medigap policy.
- The Medigap policy can no longer have prescription drug coverage even if you had it before, but you will be able to join a Medicare Prescription Drug Plan.
- If you joined a Medicare Advantage Plan when you were first eligible for Medicare, you can choose from any Medigap policy.

If you or someone you know needs help understanding or comparing Medigap Plans or with other Medicare related issues, call SHIP at 1-800-452-4800, TTY 1-866-846-0139 or online at www.medicare.in.gov.

SHIP is a free, unbiased counseling program provided by the Indiana State Department of Insurance. To schedule an appointment with SHIP, call 1-800-452-4800, TTY 1-866-846-0139 or visit www.Medicare.IN.gov to find your local site.