

New Medicare Supplement Plans and Changes in June 2010

The recent passing and implementation of the Medicare Modernization Act created permanent changes to the Medicare supplement plans insurance companies can offer after June 1, 2010.

Plans A, B, C, D, F, G, K and L offer nearly the same benefits as before with Plan F now being the most comprehensive. Plans E, H, I, and J have been eliminated. Plans M and N have been introduced as lower priced alternatives requiring some cost sharing for the insured.

New Medicare Supplement Coverage Chart

<i>Benefits</i>	A	B	C	D	E	F	G	K	L	M	N
Part A Hospital Coinsurance	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Lifetime Reserve Days	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
365 More Hospital Days	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Parts A and B Blood	Y	Y	Y	Y	Y	Y	Y	50%	75%	Y	Y
Part B Coinsurance	Y	Y	Y	Y	Y	Y	Y	50%	75%	Y	Y
Part A Hospice Coinsurance	Y	Y	Y	Y	Y	Y	Y	50%	75%	Y	Y
Skilled Nursing Coinsurance		Y	Y	Y	Y	Y	Y	50%	75%	Y	Y
Part A Deductible \$1,100 in 2010		Y	Y	Y	Y	Y	Y	50%	75%	50%	Y
Part B Deductible \$155 in 2010			Y				Y				
Part B Excess						Y	Y				
Foreign Travel Emergency		Y	Y	Y	Y	Y	Y		Y	Y	Y
Preventive Care Coinsurance	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Out of Pocket Limit									\$4,620	\$2,310	

Supplements E, H, I and J Phased Out

As of June 2010, you will no longer be able to purchase Plans J, E, H, and I. They are being phased out and will no longer be for sale by any insurance company as mandated by the Centers for Medicare and Medicaid Services. If you have enrolled in one of these four plans prior to June 1st, then you can keep it if you wish. However, all insurance companies will allow you to convert to any of the new Medicare supplements they offer - like Plan F for instance.

New Supplements M and N Introduced

Medicare Plans M and N will have more out of pocket expenses for the insured if claims arise. In turn, monthly premiums will be lower for these two plans as compared to some others offering more comprehensive coverage - like Plan F for example.

Plans M and N do not cover the Part B deductible or Part B excess amounts. (Not all states allow doctors to charge for Part B excess - Ohio is one such state.) Plan M covers 50% of the

Part A deductible while Plan N pays for 100% of this amount. Like Plan M, Plan N pays Part B Coinsurance at 100% except up to a \$20 copay for office visits and \$50 copay for emergency room visits.

Plans K, L, M and N most closely resemble Medicare Advantage insurance coverage. They require more cost sharing for the insured, but they cannot be packaged with prescription Part D drug coverage. As with all Medicare supplements, Part D drug coverage must be purchased as a stand alone product. Should Congress pass health care reform that limits Medicare Advantage coverage, then Plans K, L, M and N may be suitable low cost alternatives.

Medicare Insurance Benefit Changes

When compared to supplements available prior to June 1st, there are three significant changes to the benefits offered - depending on the coverage you choose. Preventive care not covered by Medicare and at home recovery benefits will no longer be available with the phasing out of Plans E, H, I and J. The rationale behind their removal is both benefits were limited in scope, difficult to administer, and not often used by consumers.

In their stead, The CMS introduced an added Part A hospice coinsurance benefit that is a core component of all new plans. This is also a limited benefit as hospice coverage was already part of the basic benefits offered by Medicare, but it does close the small gap in coverage.

Lower Rates on New Supplements

Not all companies have been approved to offer new Medigap supplemental coverages yet in the states where they do business. However, one of the advantages associated with the Modernization Act should be lower monthly rates for those who choose a conversion plan and for those who are healthy enough to be underwritten for new insurance coverage.

When new plans are introduced they will almost always offer lower rates than their predecessors. There are a couple of factors that account for this, but the primary issue is there are no claims associated with a brand new plan. The longer a plan has been in existence, the more claims the insurance company will experience, and in turn they will increase rates for the pool of insured customers.

Contact Us

In summary, the Medicare supplement insurance changes are not dramatic in nature, but may provide an opportunity for you to change plans if you are already insured. If you are new to Medicare coverage, then you should speak to a knowledgeable agent about your options pre and post June 2010.