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Seniors: Beware obscure Medicare enrollment period

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A little-known Medicare open enrollment period starting Sunday could create headaches for seniors considering switching health plans, experts warn.

Called the "limited open enrollment period," it allows people in traditional Medicare to sign up for Medicare Advantage plans that don't include drug coverage. Open enrollment runs from April 1 through December.

Most Medicare beneficiaries aren't familiar with it and senior advocates fear thousands could lose their drug coverage or switch to more expensive health insurance if they don't do their homework.

Because some insurers are offering lower premiums and co-pays as well as perks such as eye exams, hearing aids and acupuncture treatments, there's ample incentive to switch.

"This danger isn't being widely publicized at all," said David Lipschutz, staff attorney with California Health Advocates, which helps seniors understand Medicare benefits.

By now, most of the nation's 43 million Medicare beneficiaries are well versed on the prescription drug benefit, called Part D, that launched last year.

Most eligible seniors and disabled have chosen their drug plan and health providers, and won't reevaluate their benefits until open enrollment for Part D begins in November.

But for those unhappy with traditional Medicare -- where patients pay premiums and a percentage of fees for their health care needs -- changing to Medicare Advantage is now an option.

Medicare Advantage plans are private health plans that provide physician services, hospital visits and other health benefits to Medicare beneficiaries and are subsidized by the federal government.

"It's another bite at the apple for insurers," Lipschutz said.

In the Bay Area, Medicare beneficiaries can choose between eight and 11 Medicare Advantage plans during this limited enrollment period, depending on the county. Insurers include Health Net, Blue Cross of California and Secure Horizons, according to data from Medicare. Kaiser Permanente Senior Advantage does not apply to this open enrollment period because it has a drug benefit.

These plans are either Medicare HMOs -- where members are treated by a certain pool of physicians -- or private fee-for-service plans, PFFS, an increasingly popular option where Medicare beneficiaries are not limited to an HMO network.

During the new enrollment period starting Sunday, seniors with Part D drug coverage and traditional Medicare who switch into a private fee-for-service plan will be able to retain their previously selected Part D prescription drug benefit.

However, those who switch to a Medicare HMO that doesn't offer drug coverage will lose their Part D drug benefit.

"This is where it gets very dicey," said Vicki Gottlich, senior policy attorney with the Center for Medicare Advocacy, a Washington-based advocacy group. "We're very, very concerned because we've seen a lot of bait-and-switch among insurers."

If seniors lose their drug coverage, not only will they be unable to get it back until 2008, but they will have to pay penalties each month for dropping it, Gottlich said.

This unexpected open enrollment period was signed into law on Dec. 20 by President Bush as part of the Tax Relief and Health Care Act of 2006 -- one of the last pieces of legislation passed in the waning days of the Republican-controlled Congress.

The law itself is a wide-ranging trade and tax package that extended certain tax breaks, approved offshore drilling on the Gulf Coast and included provisions to improve trade relations with Vietnam. The open enrollment period is applicable only for this year and 2008, according to the law.

Jeff Flick, regional administrator of the Centers for Medicare and Medicaid Services, CMS, in San Francisco, said insurers are required by law to inform seniors that they will lose their drug coverage should they switch into a Medicare HMO that doesn't offer a drug benefit.

CMS can also allow seniors who were clearly duped into dropping their drug coverage to get it back.

"We're going to be monitoring this very closely," Flick said. "I feel very confident we can deal with this. We have the ability to make exceptions (for beneficiaries) and we do make exceptions."

How much of a confusion the enrollment period will create among seniors depends on how aggressively insurers market their Medicare Advantage plans, said Lipschutz.

"This open enrollment period favors opting into Medicare Advantage," he said, pointing out that seniors are not allowed during this time to switch from Medicare Advantage to traditional Medicare. "We anticipate problems."

Health Net offers up to three Medicare Advantage options in nine Bay Area counties, with 25,000 enrolled beneficiaries.

"We are doing our due diligence to make sure people understand the guidelines," said Sandra Howe, vice president of business support for Health Net.

Seniors may be tempted by Medicare private fee-for-service plans, which are growing in popularity, largely because, unlike Medicare HMOs, beneficiaries aren't confined to a closed network of physicians. And the plans sometimes pay for services or equipment not covered under traditional Medicare.

Health Net's Pearl Option 4 fee-for-service plan, for instance, offers extra benefits such as gym membership, chiropractic services and acupuncture.

Senior advocates are cautioning beneficiaries to look very closely at private fee-for-service plans before signing up.

"We are hearing about doctors and hospitals not wanting any part of these plans," Gottlich said. "They are not like traditional Medicare."

The initial cost-sharing might be appealing, but seniors should also research the percentage the plan covers for surgeries, hospital stays, lab tests and durable medical equipment, such as wheelchairs. Gottlich advises checking with local physicians and hospitals to see whether they participate, and think about future health care needs.

"You've got to look at more than the premium," she said.

Meanwhile, Congress is taking a hard look at the price tag for Medicare Advantage plans.

Federal reimbursements for Medicare Advantage are 12 percent more than traditional Medicare, according to the Medicare Payment Advisory Committee. The Congressional Budget Office estimates that the government would be able to save \$65 billion over five years by cutting these subsidies.

"All these plans are not the same," said Rep. Pete Stark, D-Fremont, who chairs the House Ways and Means subcommittee on Health and convened a hearing last week on the topic. "The first thing we need to do is get more information about what benefits are being provided and what are the differences between insurers."

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