



CMA Monthly Column – August, 2005

## **UPCOMING CHANGES TO MEDIGAP INSURANCE**

The Medicare Prescription Drug, Modernization and Improvement Act (MMA) contains provisions that will affect Medigap insurance. This new law, which goes into effect on January 1, 2006, will change coverage under Medigap plans H, I, and J and will create two additional Medigap plans, designated K and L.

If, on December 31, 2005 a Medicare beneficiary is not already enrolled in Medigap plans H, I, or J with prescription drug coverage, federal law prohibits their sale thereafter. These plans may continue to be sold without prescription drug coverage and the premiums will be adjusted to reflect this change.

Beneficiaries enrolled in Medigap plans H, I, or J on December 31, 2005 may renew their enrollment in these plans as long as they do not enroll in Medicare Part D's prescription drug coverage. If such a beneficiary does enroll in a Part D prescription drug plan, his or her Medigap plan's coverage will be modified to eliminate prescription drug coverage as of the effective date of the Part D plan.

A beneficiary who delays enrollment in a Part D plan in favor of keeping a Medigap plan which covers prescription drugs faces late enrollment penalties for Part D if that Medigap plan is not considered to be as good as Part D's standard benefit (When a non-Medicare prescription drug plan is as good as the Medicare Part D standard benefit then the other plan is referred to as being "creditable coverage"). Medigap insurance issuers must send notice to their enrollees between September 15, 2005 and November 15, 2005 advising them if the Medigap insurance they have is creditable. Most Medigap plans will not be considered creditable coverage because their coverage is not as good as the standard Part D benefit.

Beginning January 1, 2006, two new Medigap plans will be offered. Plan K will fully cover the cost sharing for Part B preventive services, the Part A hospital co-insurance and an additional 365 days of hospital coverage. It will also cover 50% of the Part A and Part B blood deductibles, the Part B co-insurance, the skilled nursing facility co-insurance, the cost sharing associated with the hospice benefit, and the Part A hospital deductible. Plan K will cover 100% of all cost sharing under Medicare Parts A and B for the rest of the calendar year once a beneficiary reaches an out-of-pocket limit of \$4000 in 2006.

Plan L will fully cover the cost sharing for Part B preventive services, the Part A hospital co-insurance and an additional 365 days of hospital coverage. It will also cover 75% of the Part A and Part B blood deductibles, the Part B co-insurance, the skilled nursing

facility co-insurance, the cost sharing associated with the hospice benefit, and the Part A hospital deductible. Plan L will cover 100% of all cost sharing under Medicare Parts A and B for the rest of the calendar year once a beneficiary reaches an out-of-pocket limit of \$2000 in 2006.

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The Center for Medicare Advocacy, Inc. is a national, non-partisan education and advocacy organization that promotes fair access to Medicare and health care. The Center's national office is in Mansfield with offices in Washington DC and throughout the country. For more information contact Attorney Pam Meliso at (860)456-7790 or visit the Center's website: [www.medicareadvocacy.org](http://www.medicareadvocacy.org). Se habla español.