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MED SUPP NEWS

SPECIALIZING IN MEDICARE SUPPLEMENTS, MEDICARE ADVANTAGE,
 & THE MEDICARE PRESCRIPTION DRUG PROGRAM OR PART D
 November–December 2009

In this Issue:

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 - Medicare advantage & Part D premiums to increase
- Note: Please feel free send me your feedback letters, and I'll publish them in my next issue on a space available basis.

2010 Medicare Changes

The 2010 changes are as follows:	2009	2010
Part A deductible	\$1068	\$1100
Days 61-90 hospital co-insurance	\$267/d	\$275/d
Lifetime Reserve days 91-150	\$534/d	\$550/d
Skilled nursing co-insurance	\$133/d	\$137/d
Annual Part B deductible	\$135	\$155
Your Medicare Part B Premium	\$96.40	\$96.40*

*The Medicare part B premium will remain at \$96.40 for some people, but not all. See the next column for more details.

Annual Election Period (AEP)

The Annual Election Period begins Nov 15, 2009 and ends December 31, 2009. First let's review the alphabet soup:

- * **OM:** Original Medicare
- * **PDP:** Stand-alone Prescription Drug Plan
- * **MA:** Stand-alone Medicare Advantage Plan
- * **MA-PD:** MA plan with an embedded PDP plan.

During this 45-day period you can do the following:

1. Switch your PDP plan from one company to another.
 2. Switch your MA plan to another MA company.
 3. Switch from your MA plan to an MA-PD.*
 3. Disenroll from your MA plan and return to OM.**
 4. Switch from Original Medicare to an MA plan.***
- * This will disenroll you from your existing PDP plan.
 ** You can pick up a Medicare supplement. You will have to medically qualify if you are out of the open enrollment period.
 *** You will want to terminate your Medicare supplement as it's of no use when you are on an MA plan.

There are some cautions to keep in mind. For example, if you have a Medicare supplement and a stand alone PDP plan and you enroll in a MA plan that has an embedded prescription benefit, you will automatically be disenrolled from your existing PDP plan. Likewise, if you enroll in an HMO or PPO MA plan, that will automatically disenroll you from your existing PDP, whether or not you take the embedded PDP option in the HMO or PPO MA plan.

The Most Misunderstood Topic!

I have spoken with many people that were under the impression that they could only change their Medicare supplement plan during the AEP. This is not the case! You may change your Medicare supplement to another Medicare supplement any time during the year. **If your Medicare supplements rates have gone up, give me a call and let's**

see if you can qualify for lower rates. I work with several different companies and can shop for you.

Notice that your Medicare Part B deductible has risen to an annual \$155. This will put a little more pricing pressure on Plans C, F, & J which cover that deductible. With the other lettered plans you will pay that deductible out of your own pocket, but you have a lower premium. You pay either way.

Medicare Part B Premium

There's good and bad news here. For the 73% of the Medicare beneficiaries that have their Medicare premium deducted from their Social Security checks, your premium will remain at \$96.40 for 2010. For people that are NOT drawing social security and paying their Medicare Part B premium by check, the amount will increase about 15% to \$110.50 monthly beginning in January 2010.

For those that are turning 65 and new to Medicare in 2010 or later, your premium will also be at the \$110.50 rate, even if you are already drawing social security.

We have Bob and Betty Brown. Bob is on Social Security and Medicare. His premium remains at \$96.40. His wife, Betty, turns 65 in January 2010. She, too, is on Social Security, but her Part B premium will be \$110.50!

For those making over \$170,000, filing jointly, or \$85,000 for a single, your Part B premium is yet higher.

Explanation from a reliable source: There is a rule that Part B premiums for most people (73 percent of all Medicare beneficiaries) can't rise by more than the rate of increase in the annual COLA for Social Security recipients.

In 2010, there is no COLA because of low rates of inflation. So under this "hold harmless" clause, the \$96.40 monthly rate charged this year will stay the same in 2010.

This being said, another rule says that Part B premiums paid by beneficiaries must equal at least 25 percent of total Part B expenses; Because of continuing healthcare price inflation, CMS must hike Part B premiums on the other 27 percent of recipients to make sure the program continues to collect 25 percent of its overall expenses in premiums.

Medicare Advantage News

In general, most Medicare advantage premiums are up in the range of \$20-\$30 monthly for 2010. Some copays have increased. For example, I have seen \$5 dollar increases for doctor or specialist copays. If not already, you will be receiving your ANOC (Annual Notice of Change) explaining the changes in your plan for 2010. Some copays may also be higher. Please be sure to review your information.

Some companies are pulling out of the Medicare advantage market. Please read on further for more details.

Medicare Supplements: Modernized Plans

Starting June 1, 2010, the current *outline of coverage* for Medigap plans (or Medicare supplements) will be revised and the insurance companies will only offer the "modernized" plans after that. There is already a great deal of redundancy in

the existing plans, so Medicare will streamline and simplify them. Some lettered plans will be dropped, and two new plans, "M" and "N", will be created.

Your existing plan will be grand-fathered, so you do NOT have to change it. There isn't much news about what each insurance companies' rules will be in regards to allowing people to switch from the existing plan to a modernized plan.

As more news unfolds about this, I will explain more in my next newsletter.

Part D Prescription Plans: You pay more

In 2009, the insurance companies received \$53.97 per month from Medicare for each PDP enrollee. That amount goes to \$56.39 for 2010. Unfortunately, your Part D premiums are also going up. Some plans are up \$3-\$4, but I have seen others that are up around \$7 or even \$9 monthly.

Additionally, your cost-sharing in general is higher for 2010. For example, one very popular plan is adding a \$100 deductible. Generic copays are staying in the \$5-\$8 range, however, the cost-sharing for Tier 2 and Tier 3 in general is going higher. This one plan has a 17.9% co-insurance for Tier 2 drugs and a 64% co-insurance for Tier 3 drugs.

Please remember that a copay is a fixed amount, a flat \$25, for example. A *co-insurance* is a percent of the total. The higher the retail price, the more you pay. Let's say that Advair, an expensive inhaler, has a retail price of around \$200. Formerly one plan sold Advair for a \$24 copay. Now it's 17.9% or \$35.80.

Another plan raised its Tier 2 copays from \$40 to \$45, and its Tier 3 copays went from \$70 to \$80. Yet another plan has reasonable Tier 2 copays after its standard \$310 deductible, but it limits its formulary. Lipitor, for example, is excluded. There are several other variations.

In the next issue of *MedSupp News* I will give you a preview of more Part D changes for 2011. Also, I'll discuss some tips on how to save \$ when you hit the "gap".

Discontinued Medicare Advantage Plans

Some of you have been receiving letters from your Medicare advantage plans stating that they are terminating effective January 1, 2010. Here are your options: You qualify for a Special Election Period (SEP) because you had an *involuntary* loss of coverage.

1. You can go to another Medicare advantage (MA) plan and keep your existing PDP, if you have one.
2. You can enroll in an MA-PD plan. This will disenroll you from your current PDP.
3. You can return to Original Medicare and sign up for a Medicare supplement under the *guarantee issue* rules. *Guarantee issue* means that even if you have a health issue that would normally preclude you from qualifying for a Medicare supplement, you qualify anyway. You have the right to buy plans A, B, C, F, or K.

Important! Be sure to keep your disenrollment letter as I will need you to submit a copy with your new application. Please be sure to mark your preferences on the response form.

Changing your Part D Plan

If you are taking very many meds, be sure to fill in and return the response form. In January 2009 I received *several* phone calls from folks that told me that their Part D plan had dropped a drug and/or greatly increased the copays. It's too late to change your plan after the first of the year.

Please take advantage of the AEP as this is the time to shop for a new plan if you believe you can do better elsewhere. Please use the response form and please print legibly. Likewise, please get these in as soon as possible. It would be nice not to be doing last minute scrambling and faxing on Dec. 31st! Mail or fax back to 208-746-1792.

One last comment: Medicare has cut the commissions for the agents. One company whittled the commission down to \$3.00. Yes, three bucks, and then they never paid it! Another company never paid. I have relayed to many of you the 800 number of a very competitive plan that signs people up direct and does not pay any agent commissions. It was the right thing to do and I did it. I will do so again this year if that plan is right for you.

The National Health Care Debate

Many people have asked me my take on the current healthcare legislation being debated in Congress. Here is my response. David Walker, the former comptroller of the GAO, noted in his Fiscal Wake-up Tour that we have a **\$55 Trillion** shortfall looming with Medicare and Social Security as the baby-boom generation starts turning 65! It's a shortfall that is beyond all imaginable proportions! And our politicians are debating more government-spending programs? Are they crazy?

Imagine if your household budget was \$50,000, you're only earning \$30,000, so you borrowed 20K. Eventually the interest on your ballooning debt would bankrupt you. We're now borrowing 40% of our national budget! There's a tipping point of where we're losing it economically. We're real close.

Meanwhile, the printing presses of the Fed will cause massive devaluations of our currency, which will eventually lead to the dollar being dethroned as the world's reserve currency. When this happens and gas zooms to \$10 a gallon, we'll lament for the good 'ol days of \$4 a gallon gas. Folks, it's coming! The seniors on fixed incomes will be crushed!

While we're wasting time on the wrong topic, the Chinese are quietly securing oil reserves and interests in natural resource companies all over the world. The frightening transfer of our wealth to the Chinese and Arabs is leading to the financial ruination of our country.

It seem quite ironic to me that we're debating "health care" while the financial health and economic stability of our nation grows sicker and sicker right under our noses.

Most of the seniors I've met seem to intuitively know that Medicare will be robbed to help finance others' health care. Solution: Ration healthcare and hire more government death counselors to help convince ailing grandma to take a pill. Please notify your congressional delegation of your stand before it is too late. Let your voices be heard!

