



NORTHWEST SENIOR INSURANCE

MED SUPP NEWS

SPECIALIZING IN MEDICARE SUPPLEMENTS,
Medicare Advantage, & PART D PRESCRIPTIONS
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Thank You



I want to thank all of you that have come on board so far in 2011. For those that have been with me since 2010 or earlier, I appreciate your continued and faithful patronage.

As far as Medicare supplements are concerned, one of the biggest issues that we face are rate increases. No one likes them, but unfortunately, they are a fact of life.

However, let me know, and I'll do my best to shop lower rates for you.

Lance D. Reedy

Annual Election Period 2011: Oct. 15 – Dec. 7

From 2006 through 2010 Medicare had set the AEP from Nov. 15 through Dec. 31. This was the period when Federal employees could change the options for their health plans. Like so many things that occur in life, there were unintended consequences. They were as follows:

- The AEP went through all of the major holiday periods.
- There was no time for processing application for those that signed up Dec. 31 with a Jan. 1st effective date. This created plenty of confusion during the first two or three weeks in January. People were on a different plan but did not have their new member I.D. cards.
- The time period was too short. It spanned 47 days, but when you eliminated weekends and holidays, it was much shorter.

Thank goodness the officials at Medicare moved the AEP to earlier dates. We still will go through Thanksgiving, but we will enjoy Christmas and New Year's Day without being harried by people seeking last minute changes. Additionally, the AEP now spans 54 days.

With the AEP ending Dec. 7, the various companies will have three weeks to process the new applications. There should be far fewer problems going into January 2012 as compared to previous years.

Alphabet soup and Abbreviations

OM = Original Medicare
MA = Medicare advantage plan
MA-PD = Medicare advantage plan with prescription drugs
PDP = Prescription drug plan
PFFS = Private fee for service MA plan
PPO = Preferred provider organization MA plan.
HMO = Health Maintenance Organization MA plan.
MedSupp = Medicare Supplement
Formulary-List of prescriptions the plan carries
Scripts-Short form of prescriptions

Annual Notice of Change (ANOC)

Medicare requires the MA and PDP companies to send their members the ANOC concerning your PDP, MA, or MA-PD plan prior to the AEP. The ANOC informs you of the changes that your plan is making for 2012. These changes can be deductibles, copays, and your premiums. In the case of a PDP or MA-PD, the ANOC may also advise you of changes in the plan's formulary.

If you haven't received your ANOC by October 15, please call your plan's customer service and request a copy. And yes, please do read your ANOC!

Kind of Changes You can Make

In this section I'll describe various vignettes or situations where people may want to make a change during the AEP.

1. Change from one PDP to another PDP.

- a. We've run your scripts on the government website and you see that your existing plan is no longer the best buy.
- b. You are taking new meds and need to shop.
- c. You have discontinued taking any meds and want to switch to the lowest cost plan.

2. Adding a PDP.

- a. You never signed up for a PDP, but now you wish to do so. Please keep in mind that you may be subject to a late enrollment penalty.
- b. You currently have an MA-PD. You want to switch to OM and apply for a MedSupp. You will need to add a stand-alone PDP so you will not be without prescription coverage.
- c. You disenroll from your MA-PD and elect to switch to an MA PFFS only. As above, you will need to add a stand-alone PDP. You can't do this with either a PPO or an HMO MA plan.

3. Changing from one MA-PD to another MA-PD.

- a. Let's say that your MA-PD premium has gone up and you find out that there is lower cost MA-PD available in your county of residence. You can make that change.

4. Changing from one MA to another MA

- a. Let's say that your MA premium has gone up and you discover that there is a lower cost MA plan available. As above, you can make that change.

5. Disenroll from your MA and switch to original Medicare only

- a. In this case you notify your plan that you want to disenroll from your MA plan. You will revert to OM Jan. 1, 2012.
- b. If you have an MA-PD and wish to return to OM with a stand-alone PDP, then all you have to do is to enroll in a stand-alone PDP. That will automatically disenroll you from your MA-PD and return you to original Medicare. You will have a stand-alone PDP.

6. You want to switch from a MedSupp to an MA or an MA-PD.

- a. You can enroll in an MA or MA-PD available in your county of residence. If you enroll in an MA PFFS plan only, that will NOT affect your current PDP enrollment. If you

enroll in an MA-PD, that will automatically disenroll you from your existing PDP. If you enroll in an MA PPO or HMO, that will disenroll you from your existing PDP. Medicare's rules say that you cannot be enrolled in a MA plan that's an HMO or PPO and have a stand-alone PDP. You can only have a stand-alone PDP if you enroll in an MA PFFS plan.

Caution: If you terminate your MedSupp plan, be sure to notify your company that you have done so. Medicare does NOT do that.

7. You currently have an MA or MA-PD and want to go to a Medicare supplement.

a. This one is a little tricky. First, you notify your MA or MA-PD plan that you want to disenroll and return to original Medicare effective Jan. 1, 2012. Also, refer to 5a above. So far, so good. Here's the tricky part: You have to apply and **medically qualify for a Medicare supplement** if you are voluntarily leaving your MA or MA-PD plan. **This is NOT a guarantee issue!** For your PDP, please refer to 2b above.

The Catch-22 part

The Medicare supplement companies want you to have proof of your disenrollment from your MA plan before they approve your application. On the other hand, you want to be approved for your MedSupp *before* you disenroll from your MA plan. It is illegal for a MedSupp company to sell someone a MedSupp if he is enrolled in an MA plan. For those of you that want to make this change, I'll explain to you the proper procedure.

8. You have received a disenrollment notice from your MA or MA-PD plan stating that it is discontinuing service effective January 1, 2012.

Note: Fortunately, only a few people will be affected this year.

a. If you do nothing, you will revert OM effective the first of the year.

b. You can enroll in another MA or MA-PD plan offered in your county of residence. If you enroll in an MA PFFS, then you can enroll in a stand-alone PDP.

c. Since you involuntarily are losing your coverage, you have a guarantee-issue right to a MedSupp plans A, B, C, F, K, or L. The MedSupp company has to accept your application under the guarantee rules even if you have a health condition that normally would preclude you from being accepted.

Conclusion: If you think the above can be confusing, you're right. It is! I strongly recommended that you work with your insurance professional to avoid any unintended consequences.

9. You want to change from one Medicare supplement to another MedSupp.

You can change your Medicare supplement any month of the year! Your MedSupp is an insurance product and not a Medicare product. It is not regulated by Medicare's rules in this respect.

a. It is February 2012 and you receive a 15% rate increase from your MedSupp company. You can apply to another MedSupp company. In general you must medically qualify with your new company. **Subject to medical qualification, you can change your Medicare supplement any month of the year!**

If you are Making NO Changes

If you anticipate making no changes, you do NOT need to do anything. Your MA or PDP plan will automatically enroll you for next year. Your enrollment continues right into 2012.

If you want to make a change: Please make use of the yellow response form.

Annual Disenrollment Period

The Annual Disenrollment Period (ADP) runs from Jan. 1 to Feb. 14. During this time you can only **disenroll** from your MA or MA-PD plan. You will revert back to original Medicare. If your MA plan had a prescription plan with it, then you can also sign up for a stand-alone PDP.

If you are past 65 ½ and want to sign up for a MedSupp, you will have to medically qualify. **Enrollment in a MedSupp in this situation is NOT guaranteed!**

Part D Thinking Mistakes

Avoiding these mistakes frees up a person to make the best buy for his/her situation.

Mistake #1: *Being preoccupied with the premium only for the plan.* You are buying a *package*, not just the premium.

Example: If you are taking many expensive generics, then a more expensive plan with no copays or deductibles for generics may actually be the best buy.

Mistake #2: *Thinking that a deductible is bad.* In many cases, getting the deductible out of the way gives you much lower copays compared to a plan with *no* deductible. This may lower your "estimated annual cost." Please refer to plan specifics.

Mistake #3: When someone is presented with the fact that his current plan is not the best buy for the next year he says: "*My current plan does this or does that or whatever.*" This is entirely logical. We base our thinking on our current assumptions about how things are. Here's the problem. What was for 2011 may be different for 2012.

I remember speaking with one gentleman whose thinking was stuck on this mistake. He was having trouble getting it until I heard his wife in the background saying, "*Your plan is changing!*" I kept quiet as she was doing better than I was. Fortunately, he understood and made a good move.

Mistake #4: *Arguing with the mathematical calculations made by a computer.* I'll make no further comment here.

Mistake #5: *Staying on the wrong plan for the following year.* Well, it's not a mistake if you feel philanthropic towards your present company, but otherwise it is. Things change and these plans can change.

Q: Why, then, do some people yet cling to an overpriced plan?

A: It's the fear of change. A person's rationale goes like this: "*The plan I have is working. The devil I know is better than the one I don't. I don't want to change.*"

Recommended: Get a Part D Checkup

If you're taking several meds, I strongly recommend getting a Part D checkup during the 2011-2012 AEP. Doing so could save you hundreds, or even a \$1,000 or more over the course of a year. You will also have the peace of mind that you are on the *right* plan for the following year. □

Your Next Step

Please make use of the yellow response form if you are interested in making any of the changes I covered in this issue.

