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MED SUPP NEWS

SPECIALIZING IN MEDICARE SUPPLEMENTS, MEDICARE ADVANTAGE,
 & THE NEW MEDICARE PRESCRIPTION DRUG PROGRAM OR PART D
 December 2006

Thank You!

For all of you who have been both new in 2006 and continuing clients of mine, I want to thank you and extend to you my deepest appreciation for being clients of Northwest Senior Insurance. For without your patronage, I would not be able to keep our store open.

Over 250 of you have come on board in 2006. I have traveled as far west as Walla Walla, Washington and into Oregon through Baker and Ontario. Going south I met many new people in Boise, Nampa, Caldwell, and other communities in the Treasure Valley. To the north I have traveled to Spokane and into northern Idaho through Kootenai County and on up to Bonners Ferry. And in Montana I journeyed as far eastward as Roberts (near Red Lodge) and Lewistown as well as making several stops throughout the western half of the state.

I'll cover what should be the most important items to note looking forward into 2007.

2007 Medicare Changes

Medicare has publicized the annual increases for the deductibles and co-insurances. They are as follows:

	2006	2007
Part A deductible	\$952	\$992
Days 61-90 hospital co-insurance	\$238/d	\$248/d
Lifetime Reserve days 91-150	\$476/d	\$496/d
Skilled nursing co-insurance	\$119/d	\$124/d
Annual Part B deductible	\$124	\$131
Your Medicare Part B Premium	\$88.50	\$93.50

Part B "Means" Testing

In addition to Part D prescription drugs, the Medicare Modernization Act (MMA) of 2003 has many other provisions of which many people are not aware. Starting in 2007, the premiums for Medicare Part B will be means tested. This means is that if your adjusted gross income (AGI) is above certain levels, you will pay a higher premium for Part B. This will be phased in over a three year period. This will affect single adults with an AGI above \$80,000 and couples above \$160,000. *Now \$85,000 and \$170,000.

The Value of an Independent Agent

Recently an 81 year-old widow was referred to me by another party. I ran her prescriptions (*scrips* for short) on Medicare.gov. The AARP plan she currently had would have an annual package price of an estimated \$1,623. This includes the cost of the plan, copays and/or deductibles for her scrips, and going into gap. Medicare.gov suggested another plan with an annual package price of \$830...almost \$800 less. Wow! It pays to shop. This is what an independent agent can do for you. If you are signing up for a Part D prescription plan, please call me first. I'll run your scrips on Medicare.gov to help identify your best buy.

Call First!

A competitive agent showed up on the doorstep of one my clients and sold him a Plan "F" from his company. The only problem is that that agent represents only one company and put my client in a Plan F that is priced \$25-30 per month **higher** than more competitive plans. Since these agents are contractually locked in to *one company*, they cannot go out and shop for you. They are very clever in waving their magic cloth over their hat and selling you an overpriced Medicare supplement getting you to think that you are buying a superior product.

CAUTION: Be very wary of these single company agents. They are trained to sell you what are often more expensive products when there are far more competitive ones on the market. One company trains its agents to stay in the home as long as possible just to get something signed. One party told me that the agent stayed there for **three hours** until she finally relented and signed an application.

Months later after dropping a response card into the mail, another client reported to me that one of these same agents showed up on his doorstep. The agent, being brainwashed by his company, used very aggressive sales techniques and did not understand what the word "**NO**" means. Was he deaf? The client had to practically throw that agent out of his house.

These agents typically are also very condescending towards one's intellectual capabilities. Translation: They think you are stupid.

Before you sign anything, please give me a call first. Then watch the guy go ballistic when you tell him that.

Rate Increases—Don't Like 'em!

What a dreaded subject! Some of you have received notices from your Medicare supplement company of a premium increase. You don't like 'em, and neither do I. It certainly plays havoc for those of you on fixed incomes. Sad to say, inevitably the cost for health care, health insurance, prescriptions, etc. goes up.

The good news is that there are some things you can do. **Call me to see if there is another plan or company with lower rates.** New companies have emerged with very competitive rates. Many of you called in 2006 and have been able to dodge the bullet at least for a while longer. Once past 65 ½, you do have to health qualify to switch to another Medicare supplement company or even switch to another plan within the same company. For example, you may be able to switch from a Plan F to a Plan G. Be proactive and do call!

Another alternative is to consider a lower cost **Medicare Advantage** plan. Some of you have done just that. Please keep in mind the pros and cons.

Medicare Advantage

Let's do a quick review. Medicare Advantage (MA) is privatized Medicare. An analogy will help.

In some rural communities the Post Office contracts with private parties to deliver the mail. These are often called HC or Highway Contract routes. The Post Office writes the check but a *private party* is performing the service.

It is likewise with MA plans. Medicare pays an insurance company several thousand dollars per year to cover your health insurance. When you are on an MA plan, your Medicare Advantage company *is* the claims payer and not Medicare. It is still Medicare, however, as you still pay your Part B premium. Think of a coin. Heads is original Medicare and tails is MA.

If you are interested in an MA plan, please give me a call.

Seminars...sales or informative?

Some of you have attended a Medicare Advantage (MA) seminar presented by an agent, usually representing just one company. That's good as far as it goes... but there is a problem. Any MA plan somewhere has its warts. Based on the reports of my clients who have attended such seminars, the sales agents conducting them are not providing complete and unbiased information. Here's an example.

One of my clients, we'll call him Bill, attended such a seminar. I had spoken with Bill ahead of time about a particular MA plan and mentioned the fact that that one particular plan has no Out-of-Pocket (OOP) limit.*

*Medicare now requires an OOP limit.

Bill asked the agent about this matter, and he responded with "*uh—well, no*" and then quickly changed the subject.

A good agent will present the pros and cons of various plans. There are the warts, and a good agent will likewise call those to your attention. All of the potential downsides should be discussed.

Unfortunately, when a single company and a single product agent are presenting such seminars, what you'll often hear is used car salesman talk. "*Everything is great...runs fine...no problem*". They give short shrift to any inherent deficiencies. For example, they may gloss over the fact that their company's plan has a 10, 15 or 20% co-insurance for out-patient procedures. (Usually, a flat co-pay is much better.)

Their plans have their good sides, too, and some of their features and benefits may be a good reason to sign up for that plan. This could be a dental or health club benefit.

However, living in a rural community may make it difficult for you to take advantage of a health club benefit. Maybe you will be more interested in a plan that has a stronger medical plan with lower co-pays, especially for outpatient procedures.

Annual Election Period (AEP)

The Annual Election Period (also called *annual enrollment period*) comes to a close December 31^s. This is the cut-off date to change your Part D plan. This is also the deadline to enroll in MA-PD (a MA with prescription drugs). The next AEP will be Nov. 15 through December 31st, 2007.

OPEN ENROLLMENT PERIOD (OEP) The OEP for making certain changes in your *medical* plan runs from January 1st to March 31st. At the time of writing there is a possibility that Medicare may extend this period. You have one election. Here are some examples of what you can do.

1. You can disenroll from original Medicare and enroll in an MA plan.
2. You can switch from one MA plan to another.
3. You can disenroll from your MA plan and return to original Medicare.

* The OEP is now discontinued.

Turning 65

For those turning 65 you have a 7-month window to sign up for a Part D or a MA plan. This is 3 months before the month of your 65th birthday, that month, and three months following.

For example, you turn 65 in April of 2007. You may sign up for a Part D or a MA plan in Jan, Feb, or March, as well as in April. Then you have May, June, and July for your Initial Enrollment Period (IEP).

For a **Medicare supplement**, your Open Enrollment period runs April 1 through Sept. 30th. During this time your supplement is a guaranteed issue, regardless of your health status.

*****Wishing you the Best for 2007*****

Items of Interest and Referral Form

Section I. Over the past several years I have received several referrals from many of you. Thank you very much. For this newsletter, I'm making a more formal request. Are there neighbors, friends, or others that you associate with that you believe would appreciate having me contact them? If so, please list those names, addresses (if available), and phone numbers. Let them know that I will be contacting them. Thank you.

Section II. There may be other areas of interest for you. If so, please check the appropriate items.

_____ I still need to be signed up for a **Medicare Part D Prescription Plan**. Please call.

_____ My supplement rates have gone up. Is there **lower cost** coverage available? *

_____ Am I eligible for converting to the lower cost **Plan G** for my Medicare supplement? *

_____ I would like to know more about the new **Medicare Advantage** programs. Please keep in mind that not all plans are available in every county.

_____ I have heard about the inexpensive **Short Term Care** policies. Please contact me.

_____ Please contact me about **Long Term Care** insurance.

_____ I am interested in **Final Expense** or burial insurance.

_____ I've heard about **Deferred or Indexed Annuities**. These insurance instruments give you tax deferred growth, guarantee of principal, guaranteed minimum interest, and have some unique estate planning qualities. I want to know more.

_____ I have financial assets that I do not anticipate using that I want to pass on to my heirs. What's the best way to do this so there is no income tax shrinkage.

* If you are past 65, you must medically qualify.

Your Name

Phone

Mailing address

Physical address if different

Date of birth

City _____ State _____ Zip _____

Spouse's name and date of birth

Email (Optional) _____