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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 2012. And I want to thank those that have referred others to me.

My website, NWSeniorInsurance.com, is fully up and running. There are many excellent resources available for your use. Please visit when you have the occasion.

Lance D. Reedy

The "Gap" Discount Increases in 2013

Concerning Part D prescription plans, the discounts for those that reach the gap or donut hole will again increase in 2013. Here is the schedule. *This is based on the percent you pay*, which gradually drops year by year.

Year	Generics	Brands
2012	86%	50%
2013	79%	47.5%
2014	72%	47.5%
2015	65%	45%

Other important 2013 Part D numbers:

Maximum deductible: \$325*

Level to hit the gap: \$2,970

Your out-of-pocket to hit the catastrophic level: \$4,750.**

There you pay \$2.65 for generics or \$6.00 for brands, or 5% of the drug cost, whichever is greater.

* Some plans may have a lower deductible or none at all.

Generally, the ultra-low premium plans will have the maximum deductible.

**This is based on your TROOP or true-out-of-pocket. If you are in the gap and have a \$100 brand name drug to fill, you will pay \$47.50. The \$47.50 counts for the amount that puts you in the catastrophic level, not the \$100.

Annual Election Period 2012: Oct. 15 – Dec. 7

The AEP is the time when a Medicare beneficiary can change his/her Part D prescription plan, add a part D plan if he/she never had one, change a Medicare advantage plan, or change from original Medicare to Medicare advantage or vice versa.

The Big Misconception

A person can change his/her Medicare supplement any month of the year providing that he/she medically qualifies for a new plan. Many people mistakenly believe that *anything* can be automatically changed during the AEP. For a more thorough explanation, please refer to the article "*When You*

Can Change Your Medicare Supplement Plan" found under the Medicare supplement tab on my website. **If your rates have gone up too much, be sure to check that on the yellow response sheet.**

Review: 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 their PDP, MA, or MA-PD plan prior to the AEP. The ANOC informs you of the changes that your plan is making for 2013. 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.

Those that Received Non-renewal notices

If your plan is discontinuing effective January 1, 2013, you also receive the ANOC. Here's where it get a little more interesting. Let's say ACME Health Services is making significant changes in their Medicare advantage plan.

Medicare tells them that they must send a non-renewal notice to their members even though they are coming out with a replacement plan for 2013. Your company will send you the information to enroll in the replacement plan.

Warning: There may be some rural counties that end up with no available Medicare advantage plans.

Please KEEP your non-renewal notice. You may need it!

Please mark your yellow response sheet accordingly.

Kinds 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 Medicare.gov 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.
- d. You now know that you do not have the most competitive 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 a 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, 2013.

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 separate, 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, 2013. 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, 2013.

Note: This will affect many more people compared to 2012.

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

b. If your company has a replacement plan for the one that they terminated, they will send you the information to enroll in the replacement plan.

c. 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.

d. Since you are involuntarily 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.

As stated on page 1, you can change your Medicare supplement any month of the year! If you are past 65 ½, you generally will have to *medically qualify* for a new plan.

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 2013.

If you want to make a change: Please make use of the yellow response form. *Mark non-renewed if that is your case.

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!**

The Biggest 2012 Mistake

The biggest and most costly mistake that some people made a year ago was not taking advantage of getting a Part D checkup. In many cases they ended up paying hundreds of dollars more for the 2012 year than they needed to.

Last February I called Meg (a fictitious name) about another matter, and the subject of Part D prescriptions came up. I ran her meds on Medicare.gov and discovered that she should have been on a different plan. In fact, her plan would cost her more than \$700 extra compared to the plan that she should have been on!

I asked Meg why she didn't return the yellow response form. She replied, "*Well, I didn't think there would be that much of a change.*" That was a costly mistake.

If you are taking several prescriptions, I encourage you to get a Part D checkup *annually*. That way you have the peace of mind that you are on the lowest cost plan. And, by lowest cost I mean the entire package, premium, deductible, copays, and being in the gap. For 2013 there is a new, low premium plan hitting the market.

Your Next Step

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

