

# Medicare Supplement 2010 Medigap Changes



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COMPLIANCE

**Effective June 1, 2010**, a little over a year from now, there are planned changes to the current standardized Medigap policy offerings. These changes will impact all companies offering Medicare supplement insurance. This communication is to help you understand these changes, timelines for implementation and Mutual's approach.

## History:

The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) included language to encourage the National Association of Insurance Commissioners (NAIC) to modernize the Medigap market. The NAIC decided to review the Medigap plans to determine if there were changes that could be made to the benefit packages in response to changes in the marketplace since the standardization of the product in 1990.

## Summary of 2010 Changes:

### *Eliminates 4 Medigap Plans:*

- ✓ Plans H, I, and J are eliminated (Due to the elimination of the Rx benefit)
- ✓ Plan E is eliminated (Becomes the same as D once benefit eliminations are made)

### *Modernizes Benefits:*

- ✓ Eliminates the At-Home Recovery Benefit (Affects Plans D, G, I and J)
- ✓ Eliminates Preventive Care Benefit (Affects Plans E and J)
- ✓ Replaces the 80% Part B Excess Charges Benefit with a 100% benefit (Affects Plan G)
- ✓ Creates a new Hospice Benefit as part of Basic (Core) benefits (Affects All Plans)

### *Creates New Plan Options:*

- ✓ Plan M – with increased cost-sharing (50% of the Part A Deductible, no coverage for Part B Deductible)
- ✓ Plan N – with new co-pay structure (\$10 copay for physician visits, \$50 copay for ER) and no coverage for Part B Deductible

*Mutual has not yet made a determination as to whether they will offer these new plans.*

## Next Steps:

- **September 24, 2009:** States deadline for adopting the 2010 standardized plans; *Minnesota and Wisconsin will continue to offer their grandfathered plans, and may add the hospice benefit*
- **Ongoing:** Mutual of Omaha files new policy forms for the 2010 plans in every state (except Massachusetts)
- **December 1, 2009:** Marketing the 2010 plans begins for consumers wanting a June 1, 2010 or later effective date because of the six-month open enrollment period prior to June 1. Contingent on states approval.
- **December 1, 2009 – June 1, 2010:** Both existing plans and the 2010 plans can be marketed to accommodate all possible effective dates
- **June 1, 2010:** Revised plans are effective; the original standardized plans are not available for new business

## You have questions. We have answers.

As you can imagine, this is a tremendous undertaking for everyone. Rest assured, we've got the experience and know-how to make this as smooth a transition for you as possible. Allow us to be your primary resource for the 2010 Plan Changes.

In the coming months, as we finalize our strategy and states adopt the plans, we will frequently communicate to you in Express and on Sales Professional Access:

- Plans offered by state

- Conversions
- Marketing and communication tools – explanations and transition information to use with your clients
- Compensation

Thank you for your continued business.