

PRESS RELEASE

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State Insurance Director Advises Medicare + Choice Members to Understand Rights Before Making Changes

Arizona Insurance Director Charles R. Cohen advised Medicare beneficiaries that although some of them will be receiving notice that they will be losing their Medicare HMO coverage after Dec. 31, 2001, they can keep their HMO coverage until the end of the year and do not need to take any urgent action. Prior to making changes in their Medicare coverage, Director Cohen advises Medicare beneficiaries enrolled in the Medicare HMO plans to understand their options.

Two Medicare + Choice HMOs recently confirmed plans to withdraw from certain areas in Arizona at the end of this year. Pacificare of Arizona, Inc. will be terminating its Medicare + Choice business in Pinal County, but will continue to issue coverage in Apache Junction. This change will impact approximately 4,000 Secure Horizons members. Also, Aetna U.S. Healthcare, Inc. is terminating its Medicare + Choice business statewide, effecting more than 6,000 members.

Some Medicare beneficiaries who lose their Medicare HMO coverage on Dec. 31, 2001, have the option of switching to a different Medicare HMO. All Medicare beneficiaries have access to original fee-for-service Medicare. In addition, many will have the right to purchase a "guaranteed-issue" Medicare Supplement policy for a limited period of time. A Medicare Supplement policy (also called Medigap) is designed to supplement original fee-for-service Medicare. While some Medicare Supplement plans provide prescription drug coverage, the plans that are available under the guaranteed issue rules do not provide drug coverage. "Guaranteed issue" means the insurance company cannot turn you away, Cohen explained.

Medicare beneficiaries under age 65 who lose their Medicare + Choice due to the plan's termination are also eligible for a guaranteed issue Medicare Supplement policy. However, at present there are fewer insurers that offer Medicare Supplement to individuals under age 65. These consumers may also be able to switch to another Medicare HMO plan in their area.

Although Medicare + Choice HMOs are announcing their plans for 2002 now, official notice to affected members will not be mailed until late September or early October. By no later than October 2, 2001, affected members will receive an official termination notice from their HMO plan. This letter will provide more information to consumers about their options. Director Cohen urges consumers to save the HMO termination letters, because if they decide to buy a guaranteed-issue, Medicare Supplement policy they will need to send a copy of the termination letter with the application to the Medicare Supplement insurance company.

Here are the options:

- Upon receipt of an official notice of termination from their Medicare + Choice HMO, consumers will have a five-month window to purchase a *guaranteed-issue* Medicare Supplement Plan A, B, C, or F with no exclusions for preexisting conditions or a waiting period. This five-month open enrollment period begins on the date of the termination letter. If consumers want their Medicare Supplement coverage to take effect prior to the termination of their HMO coverage on December 31, 2001, they will need to apply for a Medigap policy in advance and disenroll from their Medicare + Choice HMO.
- Consumers can keep their Medicare HMO plan until the December 31, 2001 termination date. If they wait until the end of the year when their coverage expires, they can purchase a guaranteed issue Medicare Supplement policy during the first 63 days of 2002. These policies are available from any Medicare Supplement insurer that markets plans A, B, C or F, as long as the beneficiary applies for the plan before March 4, 2002. If they choose to wait, and do not purchase a Medicare Supplement policy with an effective date of January 1, 2002 or before, consumers may incur some medical expenses (expenses not covered by Medicare) while they are waiting for their supplemental policy to become effective.
- Or, the consumer can join another Medicare HMO plan that still accepts new enrollees, if there are other HMOs in the service area where that consumer lives.

Arizonans who already have original fee-for-service Medicare will not be affected by the HMO changes. The recent notices affect only those individuals who receive their coverage through a Medicare HMO.

To help Medicare beneficiaries sort through the confusion, Arizona has a State Health Insurance Assistance Program, (SHIP). Medicare beneficiaries and any consumer can dial 1-800-432-4040, a statewide toll-free number, to obtain free counseling on available options. The SHIP program has trained counselors who can give callers facts and information regarding Medicare, Medicare + Choice plans, and Medicare Supplement insurance plans. The SHIP program is administered through the Aging and Adult Administration at the Arizona Department of Economic Security.

“The best advice we can give Medicare Beneficiaries is to stay put for right now and wait until they receive their official Medicare + Choice termination letters in a couple of weeks before taking any action,” Director Cohen said. “Medicare + Choice HMO enrollees can continue to use their same doctors and hospitals until the end of the year, even if their coverage will end Dec. 31, 2001. We recommend that consumers get all the facts before making any decisions. The staff at the State Health Insurance Assistance Program can be very helpful and we strongly recommend consulting them.”

Consumers can also obtain information by calling 1-800-MEDICARE (1-800-633-4227) or on the Internet at www.medicare.gov which is the federal government’s web site. A list of insurers who have

approved Medicare Supplement policies or who are authorized to offer Medicare HMO coverage in Arizona is available from the SHIP program at 1-800-432-4040.

In addition, Medicare beneficiaries can learn more from The 2001 Guide to Health Insurance for People with Medicare, available from the SHIP program or from the Arizona Department of Insurance Consumer Affairs Division at (602) 912-8444 or statewide at 1-800-325-2548.

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