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Medicare Options Start November 15, 2008

If you are over age 65 or work with individuals over the age of 65, you may be looking for help with Medicare questions. It's that time, once again, to make changes to Medicare options. According to CMS, which is the government entity that oversees Medicare, the six weeks from November 15, 2008 through December 31, 2008 is a hectic time of the year otherwise known as the Annual Election Period (AEP). Once a year, Medicare allows enrollees to opt in or out of Medicare Part D and Medicare Part C -- otherwise known as Medicare Prescription Drug Plans and Medicare Advantage Plans. Before we get into what that means, some background is in order.

Medicare consists of four parts -- Part A, Part B, Part C and part D. The majority of Medicare enrollees have Part A and Part B. In addition they may have an employer-sponsored supplement or a private Medicare Supplement ("Medigap") policy to go along with Part A and Part B. The fourth part of Medicare is Part D or prescription drug coverage. Most people think that the "D" in Part D is because of the word "drugs." Actually it's because there is a Part C. Part C is the Medicare Advantage program. It was started in 2003 as part of the Medicare Modernization Act -- the same Act that created the Medicare Part D prescription drug coverage. Medicare Advantage Plans have been around for some time. Before 2003 they were known as Medicare + Choice Plans. With Medicare Advantage, Medicare pays a private insurance company to take over and administer someone's Medicare benefits. That person is still a part of the Medicare system. He or she doesn't leave the system. A person is simply now receiving his or her benefits from a private company not the Government.

Back to the massive stack of mail from Medicare that is coming and will be coming over the next few months. Hopefully your people are sitting down. This gets confusing. From November 15, 2008 through December 31, 2008 (the AEP), those eligible for Medicare have the option to change existing Medicare Advantage Plans and/or Medicare Part D drug plans.

There is also another period of time from January 1, 2009 through March 31, 2009 that is called the Open Enrollment Period (or OEP). During OEP, a person can enroll in Advantage but cannot change Part D status, meaning if there is just a Part D, a change or cancellation to the drug Plan cannot occur at this time. If there is a Medicare Advantage Plan which includes Prescription Drug Coverage (MAPD), a change can be made by purchasing another MAPD. Or, if there is just prescription coverage, an MAPD can be purchased. Going the other direction from an MAPD to prescription coverage only, is not allowed.

On April 1, 2009 and thereafter, Medicare institutes a lock-in period. During this time, no changes to drug coverage or an MAPD are allowed. As with most government programs there are a few exceptions to the rule. If a person has moved out of the area the plan operates in, or if a person becomes a resident in any long term care facility, or if a person involuntarily loses coverage, that person can enroll for new coverage under a Special Election Period (or SEP). Finally, most people who are eligible for or who are on Medicaid can change coverage whenever they choose.

So why the big deal? Why does someone need to be aware each year of what is going on? The reason is the insurance companies that sponsor the Medicare Advantage and the Part D Plans have the option to change what they offer each year. Changes may come as a result of directives from Medicare, from previous years' claims experience, or from a multitude of other issues. Asking 10 people if there are pending changes to the plans they are in will result in 9 of them replying they have received notice of adjustments or premium changes. However, not all changes are for the worse. There are some instances where the plans have gotten better. Nevertheless, from year to year most plans will have changes. Sometimes a plan may pull out of an area, thus forcing an individual to make an unwanted change.

Medicare allows the Advantage companies to start marketing their plans to the public on October 1 and the companies can release information on intended changes to existing plans. For any pending changes, a beneficiary should receive an Annual Notice of Change (ANOC). Most people will receive this document in November. People need to take the time to review changes. They need to be aware of the plan they are in and the benefits it provides when they might need to use the coverage.

Medicare Advantage Plans can be a great fit for many Medicare enrollees. However, as with anything, one size does not fit all. During the six-week period when changes can be made, people owe it to themselves to evaluate their options. In the past, many Advantage Plan companies made a big push during this change period to move people out of existing plans and into new ones. Medicare has changed the rules on how companies can induce people to change. In the past, seniors were invited to attend presentations where they received free meals as an inducement to attend. Starting in 2009, only snacks can be provided. Preliminary indications are that pie and coffee are on the menu.

On the Medicare website, at www.medicare.gov, are links to information about Medicare approved advantage plans and prescription drug plans in every state. Those people who need help or who are facing changes should contact a trusted insurance agent. Medicare Advantage plans are only available from someone who is licensed to sell health insurance.