



# North Dakota Insurance Department

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Dear friends,

As North Dakota Insurance Commissioner, it's my job to do everything possible to protect insurance consumers. In an effort to do just that, I am sending you this packet to provide you with information about important, though sometimes confusing, health insurance issues.

This packet is designed to provide you with information about your health insurance needs as you approach Medicare eligibility. You will find helpful tips concerning Medicare, Medicare supplement insurance and long-term care insurance. I hope this information will be useful as you make decisions about these products.

If you are interested in buying a Medicare supplement insurance policy, you can directly compare how much the companies will charge you for identical plans. Included is a sample comparison chart and an order form if you would like more information. These comparisons are also available on our website at [www.nd.gov/ndins/consumer/medicare](http://www.nd.gov/ndins/consumer/medicare).

Finally, I want to make you aware of the State Health Insurance Counseling (SHIC) program, a valuable service available to Medicare beneficiaries. If you have any insurance-related questions or problems, we have trained volunteers in many communities across the state ready to assist you—confidentially and free of charge. Call SHIC at 1.888.575.6611 to find a counselor in your area.

If you have questions or need assistance on any of these topics, please call us toll-free at 1.888.575.6611.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Hamm". The signature is stylized with long, sweeping lines.

Adam Hamm  
Insurance Commissioner

# Understanding Medicare

## What is Medicare?

Medicare is a national, tax-supported health insurance program for people 65 and over and for some persons with disabilities. If you or your spouse have worked full time for 10 or more years over a lifetime, you are probably eligible to receive Medicare Part A (hospital insurance) for free. Medicare Part B (medical insurance) is available at a monthly rate set annually by Congress, based on beneficiary income.

Some seniors are eligible to receive Part B free as well, depending on their income and asset levels. For more information, ask about the Qualified Medicare Beneficiary (QMB), Special Low Income Medicare Beneficiary (SLMB) and Qualifying Individual (QI) programs through your county social services office.

## How does Medicare work?

Medicare is actually two separate types of insurance—hospital and medical. It is not intended to cover all your medical expenses. Hospital insurance (Part A of Medicare) covers medical treatment and surgical procedures performed in a hospital. It also helps cover hospice, home health and limited skilled nursing care.

Medical insurance (Part B of Medicare) covers part of the cost of doctor bills, outpatient care, medical equipment, lab and diagnostic tests.

## How do I get Medicare?

If you are receiving Social Security benefits prior to turning 65, you should automatically receive notification of your enrollment in Medicare shortly before your 65th birthday. Other individuals must apply by calling or visiting their Social Security office to receive Medicare.

If you are not yet receiving Social Security or if you have not received a Medicare enrollment notice, you should contact the nearest Social Security office for information. Social Security should contact you prior to your 65th birthday. Medicare coverage will begin on the first day of your birth month unless your birthday falls on the first day of the month. Then Medicare starts the first day of the month prior to your birth month.

You can also enroll in Medicare Part B Jan. 1 through March 31 every year after your 65th birthday. Your coverage then starts July 1 of the year you signed up and you will pay a 10 percent surcharge on the Part B premium for each 12 months you were eligible but not enrolled.

## What if I am still working?

If you continue to work after age 65 or your spouse is working and you are covered by an employer group health plan (EGHP), your decision as to when to apply for Medicare Part B may be dependent on the size of your company. Enrolling in Medicare Part B may trigger your open enrollment for Medicare supplement insurance at a time when you do not need supplemental coverage. The penalty for late enrollment in Part B does not apply if you are covered by an EGHP because of your or your spouse's current employment.

If you do work after age 65, you may apply for Medicare Part B at any time prior to retirement, but you must apply no later than eight months after your formal retirement in order to avoid paying a premium penalty. Even if your employer offers a retirement health plan, you will want to sign up for Medicare Part A and probably for Medicare Part B when you retire. Most retirement plans assume you are covered under Medicare and will not pay for services that Medicare would have covered.

Veterans may be eligible for special medical programs. However, eligibility and benefits are very restrictive and are subject to change. The Department of Veterans Affairs advises veterans to apply for both Parts A and B of Medicare to ensure adequate medical coverage.

## What about costs Medicare does not cover?

Medicare pays for only a portion of hospital and medical bills. As with many private insurance plans, the government expects beneficiaries to pay a share of their bills.

Medicare Parts A and B both have deductible and coinsurance requirements. Private insurance is available to cover all or some of these out-of-pocket costs. These insurance plans are called Medicare supplements (also called Med sup or Medigap plans).

## Apply online for Medicare

You can use the online Medicare application if you:

- Are at least 64 years and 8 months old,
- Want to sign up for Medicare but do not currently have any Medicare coverage,
- Live in the United States or one of its commonwealths or territories and
- Do not want to start receiving Social Security benefits at this time. (If you aren't sure, you can apply for Medicare now and apply online for benefits later.)

Note: If you have a Health Savings Account and/or health insurance based on employment, you may want to ask your personnel office or insurance company how signing up for Medicare will affect you.

Go to <https://secure.ssa.gov/apps6z/iClaim/rib>. In most cases, once your application is submitted electronically, you're done. Social Security will contact you if they need more information. Otherwise you'll receive your Medicare card in the mail.

## Medicare supplement insurance (Medigap)

### Only one Med sup plan is necessary

You should only buy one Med sup plan. No one should try to sell you an additional Med sup plan unless you decide you need to switch policies.

On page 11, a grid illustrates the benefits included in the standardized plans. Pages 8 and 9 detail premium costs for Medicare supplement plan F at age 65. Comparisons for other plans are available by calling 1.888.575.6611 or filling out and sending in the information at the bottom of page 7. You can also access the information at [www.nd.gov/ndins](http://www.nd.gov/ndins).

### Open enrollment in Medicare supplement insurance

At age 65, all consumers—including those already receiving Medicare due to disability—have a six-month open enrollment period. For six months beginning when you are both age 65 or older and enrolled in Medicare Part B, companies must sell you any Medicare supplement plan they offer. After this limited open

enrollment period, companies can pick and choose whom they will cover.

### Other options

If you have an individual or “bank group” insurance policy, becoming Medicare eligible does not require you to cancel it and purchase a Medicare supplement. Doing so may save premium costs, but it is important to compare benefits before deciding what will work best.

If you are eligible for employer retirement insurance, review the plan carefully to understand what benefits are available and how it works with Medicare. Be aware that employer plans are not standardized and are not subject to the requirements governing standardized Medicare supplement policies.

North Dakota residents are eligible to enroll in approved Medicare Advantage plans. These plans are offered by private insurance companies.

## Medicare supplement protections (Medigap)

Some situations involving health coverage changes may give you a guaranteed issue right to buy a Medicare supplement policy even when you are not in your Medicare supplement open enrollment period.

These are the most likely situations to occur in North Dakota:

- You have employer group health plan coverage, which supplements or is primary to Medicare and the employer group health plan ends

- You are covered by a Medicare supplement plan in another state and move to North Dakota, which is out of the plan's service area

There may be other circumstances that give you a guaranteed issue right to buy a Medicare supplement plan. If you have questions or would like to request a current Medicare “Choosing a Medigap Policy” book, please call the North Dakota Insurance Department SHIC program at 1.888.575.6611.

## Other Medicare plans

### Medicare Advantage plans

Joining a Medicare Advantage plan requires careful thought. Medicare is working with private insurance companies to offer you ways to meet your personal health care needs through a variety of products, including Private Fee-For-Service (PFFS), Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO) or Special Needs Plans (SNP). The plans must provide all benefits provided by Medicare and they may provide additional benefits. Members may pay a premium and plans may charge co-payments or coinsurances.

Study your choices and sales materials carefully before you apply. Ensure your physicians and hospital accepts these plans. In most plans, enrollees may be limited in the providers they can receive services from without paying extra. Typically the plans have a “network” of providers that patients can use. Going outside the network may require permission or extra fees. **THESE PLANS ARE NOT A SUPPLEMENT.** For more information, call the North Dakota Insurance Department at 1.888.575.6611.

Most include Medicare prescription drug coverage (Part D). In addition to your Part B premium, you usually pay

one monthly premium for the services included. Each Medicare Advantage Plan can charge different out-of-pocket costs and have different rules for how you get services (like whether you need a referral to see a specialist or if you have limited choices for what doctors you can see). These rules can change each year.

### Medicare Cost Plans

Medicare Cost Plans are another type of Medicare health plan available in certain areas of the country. Here’s what you should know about Medicare Cost Plans:

- It is NOT an Advantage plan and it is NOT a supplement.
- You can join even if you only have Part B.
- If you have Part A and Part B and go to a non-network provider, the services are covered under Original Medicare. You would pay the Part A and Part B coinsurance and deductibles.
- You can join anytime the plan is accepting new members.
- You can leave anytime and return to Original Medicare.
- You can either get your Medicare prescription drug coverage from the plan (if offered), or you can join a Medicare Prescription Drug Plan.

## Should I purchase long-term care insurance?

In the past, families often stepped in to help when older family members were no longer able to care for themselves. Today, with older people living longer, families often living long distances apart and more women working outside the home, fewer families are able to provide this care.

A wide range of long-term care services is now available—day care, respite care, home care and nursing care. These services are expensive and often exceed a person’s ability to pay. In North Dakota, for example, the average annual cost for care is more than \$71,000.

People often mistakenly assume that Medicare will cover their long-term care costs.

### **MEDICARE ONLY COVERS LONG-TERM CARE IN VERY LIMITED CIRCUMSTANCES.**

Less than five percent of all nursing home residents in

North Dakota qualify for Medicare payment of their bills.

Many North Dakota residents are eligible for Medicaid payment of their long-term care bills. Medicaid is a medical assistance program for people with limited income and assets. Eligibility is determined by the local county social services office.

Private long-term care insurance is an option for people to consider, particularly if they have assets they wish to protect. You should not buy this type of insurance unless you can afford to pay the premiums every year. Remember, long-term care insurance premiums can and often do go up, even after you retire.

Long-term care plans are not standardized like Med sup plans. Therefore, it is very important to shop around and compare benefit options and cost.

## Long-Term Care Partnership Program

The North Dakota Long-Term Care Partnership Program is a collaboration between state government and insurance companies. Under this partnership, applicants who purchase qualifying long-term care insurance policies can access Medicaid coverage while retaining assets they would normally be required to

spend on their long-term care. Individuals must still meet Medicaid eligibility requirements.

North Dakota Long-Term Care Partnership policies also qualify for an annual \$250 North Dakota income tax credit.

## Medicare prescription drug coverage (Part D)

Everyone with Medicare is eligible to join a Medicare Prescription Drug Plan. The Medicare drug program is voluntary. Some people with Medicare will have to pay a monthly premium for the benefit as well as deductibles and co-payments. The premium for the prescription drug coverage is in addition to the premium paid for Medicare Part B. People with limited income and resources may receive help to reduce premiums, deductibles and co-payments. In any case, **most people can expect to save money on their medicine if they enroll.**

- People with drug coverage from an employer or union plan will receive notice from the plan indicating if that coverage is at least as good as the Medicare plan. Those with current coverage at least as good as the Medicare plan may want to continue their current coverage.
- Those who do not use a lot of prescription drugs should consider enrolling in a Medicare prescription drug plan as prescriptions may be needed later. A later enrollment may mean a higher premium if the person does not enroll at the first opportunity.

### Basic facts about Medicare Part D:

- It is voluntary.
- Medicare prescription drug plans provide insurance coverage for prescription drugs.
- Medicare prescription drug coverage helps pay for prescription brand name and generic drugs.
- Drug plans have flexibility in designing their plans, within the guidelines of the Medicare Modernization Act.
- Anyone on Medicare can enroll in a plan.
- You have three months following your 65th birthday to enroll in a plan. After that you may have to pay a penalty.
- There is a monthly premium to join a plan.
- The patient will pay a share of the cost of prescriptions in addition to the monthly premium. The actual amount will vary depending on the drug plan.
- People with limited incomes may be eligible for extra help that may reduce the premium, deductible and co-payments. Applications to receive extra help are available from the Social Security Administration. Call 1-800-772-1213 or visit [www.socialsecurity.gov](http://www.socialsecurity.gov).
- People wishing to continue using their local pharmacy must choose a plan it will accept.

Details of plans available to you can be found in the back of the booklet *Medicare and You*. This booklet is sent to all people on Medicare in October of each year. You can also review plan information and do a plan comparison at [www.medicare.gov](http://www.medicare.gov):

- In the middle of the screen, click “Health and drug plans.”
- Click “Compare drug and health plans.”
- Enter your information to do a plan comparison.

For more detailed instructions, go to [www.nd.gov/ndins/consumer/shic/partd](http://www.nd.gov/ndins/consumer/shic/partd) and click on “4 easy steps to compare and enroll in a Medicare Part D drug plan” at the bottom of the page.

The Medicare Part D annual enrollment period is Oct. 15–Dec. 7.

More information is available from Medicare, Social Security and other sources, including the North Dakota Insurance Department’s State Health Insurance Counseling Program. Please feel free to call our agency at 1-888-575-6611 if you have questions.

# State Health Insurance Counseling (SHIC) Program

The North Dakota State Health Insurance Counseling (SHIC) program provides local, volunteer, peer counselors trained in senior health insurance topics.

SHIC counselors help Medicare beneficiaries, their families or other representatives by providing information and answers to questions related to Medicare, Medicare supplements, prescription drug plans or other health insurance products. SHIC counselors have no connection with any insurance company or product.

SHIC counselors receive extensive initial and ongoing training in Medicare, Medicare supplement and prescription drug plans. Counselors are available for individual appointments through sponsoring organizations to answer questions about Medicare and other health insurance. Counselors receive updated

information regularly and have access to the resources of the North Dakota Insurance Department. They also have information on other local resources if clients have additional needs.

SHIC program staff are available to offer public presentations to groups and organizations. To schedule or to locate the SHIC program sponsor nearest you, call the North Dakota Insurance Department at 1.888.575.6611. Write us at: North Dakota Insurance Department, 600 E. Boulevard Ave., Bismarck, ND 58505-0320 or email us at [ndshic@nd.gov](mailto:ndshic@nd.gov). Local telephone: 701.328.2440. Information can also be accessed online at [www.nd.gov/ndins](http://www.nd.gov/ndins).

# Medicare supplement premium comparison: An explanation

The following items refer to the premium comparisons on the following pages:

1. The premiums shown are annual premiums. Premiums paid more than once a year may vary from those shown. Other factors may also affect premium price.
2. If “issue age” appears on the first line of the page, then the premiums are always based on the age you were when you first bought the policy. Premiums will increase in the future only if all rates for this plan for the company increase.
3. If “attained age” appears on the first line of the page, then the premiums are based on the age you are on each anniversary of the policy. This means rates may increase in two ways:
  - A. When all rates for the plan increase, and/or
  - B. As your age increases (may be yearly or every 4–5 years).
4. Some companies have different rates for smokers and non-smokers. The rates shown here are for non-smokers.
5. Some companies have different rates for males and females. The rates shown here are for males.
6. Some companies have crossover arrangements which means that the claims will automatically be sent to your insurance company after Medicare has processed them.
7. The ratings shown are established by A.M. Best Company and measure the company’s overall financial strength. NR means not rated and ratings beginning with FPR are delayed ratings.

If you would like other premium comparisons, please complete the request form below and mail to SHIC, ND Insurance Department, 600 E. Boulevard Ave., Dept. 401, Bismarck, ND 58505-0320. You may also call SHIC at 1.888.575.6611 or email your request to [ndshic@nd.gov](mailto:ndshic@nd.gov).

## Medicare supplement premium comparison request form

Name: \_\_\_\_\_ Age (enter up to two ages): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_ Phone: \_\_\_\_\_

Plan (circle up to three):    A    B    C    D    E    F    G    H    I    J    K    L

Issue age \_\_\_\_\_                      Attained age \_\_\_\_\_

## Standard Medicare supplement plans—Plan F

The following plans are offered on a group basis.

Company name	Phone number
Globe Life & Accident	405.270.1400
Transamerica Life	319.355.8511
UnitedHealthCare (AARP)	800.523.5800

Please contact these companies directly if you would like premium information for the above group plans or any other information.

**Are you have problems paying  
for your Medicare prescriptions  
or Medicare premiums?**

Call 1.888.575.6611.

## Standard Medicare supplement plans—Plan F

Age of applicant is 65. Policies shown are “attained age” and premiums with an asterisk are sold on a guaranteed issue basis.

Company name	Phone number	Rating	Annual premium
Noridian Mutual Insurance Company (dba Blue Cross Blue Shield of ND)	701.277.2227	NR-5	\$1,336
Sanford Health Plan	888.605.9277	NR-5	\$1,358
United National Life Insurance Company of America	847.803.5252	A	\$1,366
USAA Life Insurance Company	210.498.8000	A++	\$1,389
Forethought Life Insurance Company	317.223.2700	A-	\$1,392
United World Life Insurance Company	402.342.7600	A+	\$1,454
American Continental Insurance Company	800.264.4000	A-	\$1,502
Central States Indemnity Company of Omaha	402.997.8000	A+	\$1,529
Sentinel Security Life Insurance Company	801.484.8514	B++	\$1,529
State Farm Mutual Automobile Insurance Company	LOCAL	A++	\$1,535
State Mutual Insurance Company	706.291.1054	B+	\$1,558
Sterling Investors Life Insurance Company	706.235.8154	B	\$1,560
Combined Insurance Company of America	847.953.2025	A	\$1,575
Colonial Penn Life Insurance Company	215.928.8000	B	\$1,587
Family Life Insurance Company	713.529.0045	B+	\$1,594

## Standard Medicare supplement plans—Plan F—continued

Age of applicant is 65. Policies shown are “attained age” and premiums with an asterisk are sold on a guaranteed issue basis.

Company name	Phone number	Rating	Annual premium
Gerber Life Insurance Company	914.272.4000	A	\$1,595
Government Personnel Mutual Life Insurance Company	210.357.2222	A-	\$1,616
Thrivent Financial for Lutherans	800.847.4836	A++	\$1,621
Humana Insurance Company	920.336.1100	A-	\$1,626
United Teacher Associates Insurance Company	512.451.2224	B++	\$1,632
Loyal American Life Insurance Company	800.633.6752	A-	\$1,648
Sterling Life Insurance Company	360.647.9080	A-	\$1,676
Equitable Life and Casualty Insurance Company	801.579.3400	B+	\$1,801
Order of United Commercial Travelers of America	800.848.0123	NR	\$1,897
American Republic Corp Insurance Company	402.496.8000	A-	\$1,931
Standard Life and Accident Insurance Company	409.763.4661	A	\$2,164
United American Insurance Company	972.529.5085	A+	\$2,210
Liberty National Life Insurance Company	205.325.2722	A+	\$2,486
Constitution Life Insurance Company	407.995.8000	B+	\$2,512

Premiums as of Friday, Feb. 3, 2012. Premiums can change frequently. Please check with the company to verify rates, call 1.888.575.6611 or visit [www.nd.gov/ndins/consumer/medicare/premium-comparison](http://www.nd.gov/ndins/consumer/medicare/premium-comparison).

Age chosen=65

<b>Medigap benefits</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>F*</b>	<b>G</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>
Basic benefits	X	X	X	X	X	X	X****	X****	X	X****
Part A: Inpatient hospital deductible		X	X	X	X	X	50%	75%	50%	X
Part A: Skilled-nursing facility co-insurance			X	X	X	X	50%	75%	X	X
Part B: Deductible			X		X					
Foreign travel emergency**			X	X	X	X			X	X
Part B: Excess charges					100%	100%				
2010 out-of-pocket limit							\$4,620***	\$2,310***		

Basic benefits include:

- Part A daily hospital inpatient co-insurance charges
- All hospital costs after the Medicare benefit is used up
- Part B co-insurance charges (except N: \$20 copay per office visit, \$50 copay per emergency room visit)
- Part B co-insurance charges for palliative drugs during respite care and respite care charges
- First three pints of blood

\*Medigap Plan F also offers a high-deductible option. You must pay for Medicare-covered costs up to the high-deductible amount (\$2,000 in 2010) before your Medigap policy pays anything.

\*\*You must also pay a separate deductible for foreign travel emergency (\$250 per year).

\*\*\*After you meet your out-of-pocket yearly limit and your yearly Part B deductible, the plan pays 100% of covered services for the rest of the calendar year.

\*\*\*\*Must cover at least part of the basic benefit.

## **Do you suspect Medicare fraud?**

Contact the North Dakota Senior  
Medicare Patrol:

TTY/D: (701) 858-3580

Toll-free: 1-800-233-1737

Fax: (701) 858-3483