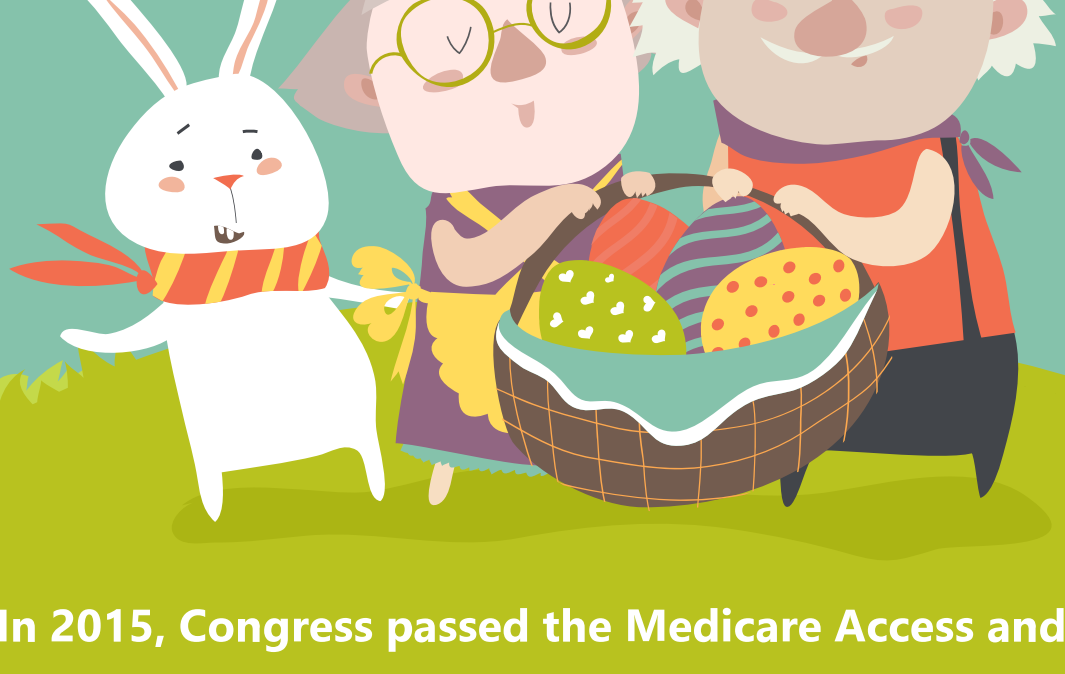


# Med Supp Changes on the Horizon



In 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA). This law prohibits Medicare Supplements from covering the Part B deductible for people who become eligible for Medicare on or after January 1, 2020.

How will MACRA affect the Med Supp market and your business?

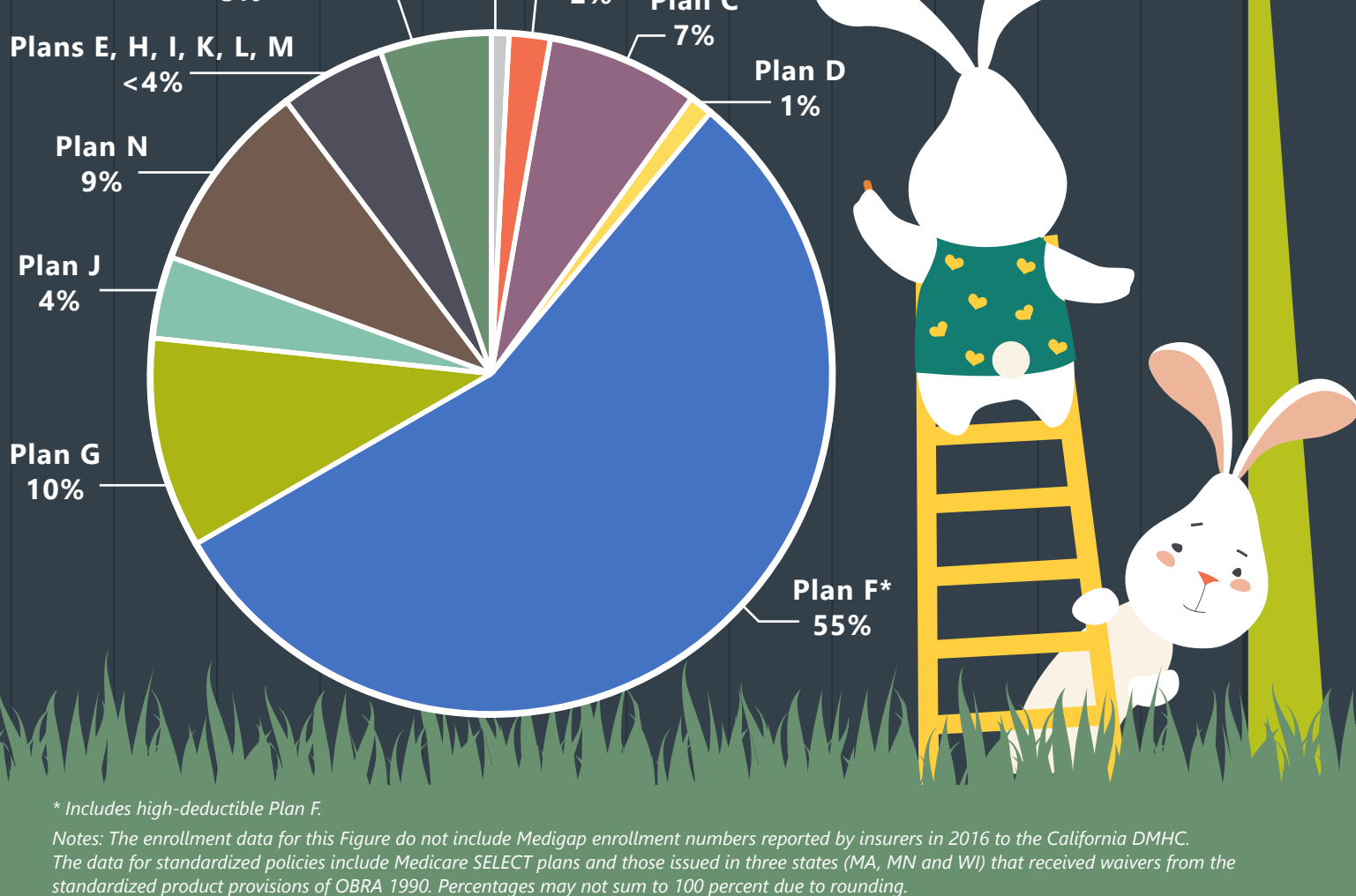
Let's take a look

## The Past

Plans C and F yielded high production numbers over the last several years.

Both cover the Part B deductible.

### Share of Med Supp Policyholders by Plan Type, 2016<sup>1</sup>



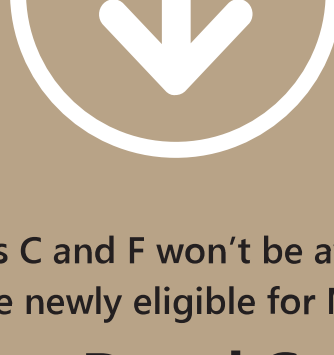
\* Includes high-deductible Plan F.

Notes: The enrollment data for this figure do not include Medigap enrollment numbers reported by insurers in 2016 to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in three states (MA, MN and WI) that received waivers from the standardized product provisions of OBRA 1990. Percentages may not sum to 100 percent due to rounding.

## The Future

Increased cost-sharing obligations may cause Med Supp enrollees to use fewer covered services and prompt carriers to lower premiums.<sup>2</sup>

Med Supp Premiums



Enrollment in Plans C and F



Enrollment in Plans D and G



Plans C and F won't be available to those newly eligible for Medicare.

Plans D and G will thrive.



## The Soon-To-Be Primary Producers

What do Plans D and G cover?

### Med Supp Benefits

Part A Hospital Coinsurance and Hospital Costs (up to an additional 365 days after Medicare benefits are used)

Plan D

Plan G<sup>3</sup>



Medicare Part B Coinsurance or Copayment



Blood (first 3 pints)



Part A Hospice Care Coinsurance or Copayment



Skilled Nursing Facility Care Coinsurance



Part A Deductible



Part B Deductible



Part B Excess Charges



Foreign Travel Exchange (up to plan limits)



Smiling cloud icon Covered

What sets them apart: Plan G covers Part B excess charges, while Plan D does not.

## Why They Will Flourish

What will make shoppers want to buy Plans D and G?



### Plan D

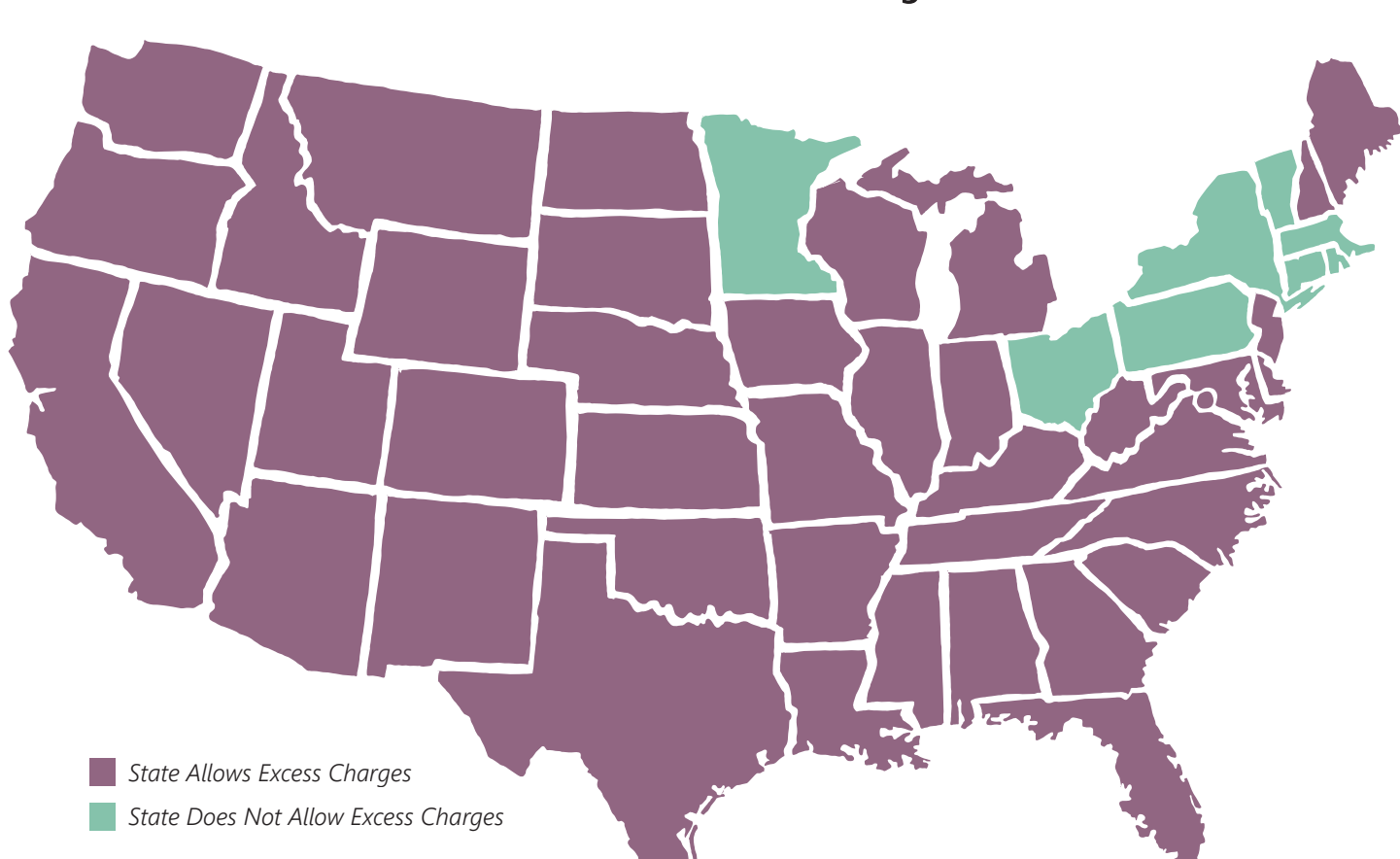
- Will offer the **2<sup>nd</sup>-most** comprehensive coverage to newly eligible Medicare enrollees beginning in 2020
- Often has a **lower** premium than Plan G

### Plan G

- Will offer the **most** comprehensive coverage to newly eligible Medicare enrollees beginning in 2020
- Covers Part B excess charges

## Adapting Your Business

As 2020 gets closer, carefully consider if Plans D or G might work for clients seeking Med Supp coverage. Enroll clients in Plan G if it has a lower premium than available Plan Ds and/or the additional coverage is needed.



Discover the most competitive plan rates near you!

Give us a call at **800-769-1847**.

### Sources:

<sup>1</sup>Table 5. AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2013; December 31, 2014; December 31, 2015; and December 31, 2016.

<sup>2</sup>Medigap Reforms: Potential Effects of Benefit Restrictions on Medicare Spending and Beneficiary Costs.\* Kaiser Family Foundation, 20 July 2011.

<sup>3</sup>Medicare & You 2017.\* Centers for Medicare & Medicaid Services, Nov. 2016.

