What should a consumer be aware of when shopping for Medigap insurance?

The Centers for Medicare & Medicaid Services (CMS) offers the following suggestions when shopping for Medigap insurance:

(1) *Review the plans*. The benefits in each of the standardized Medigap policies are the same no matter which insurance company sells it. Review the plans and choose the benefits that you need most.

(2) *Shop carefully before purchasing*. Although each of the standardized Medigap policies is the same no matter which insurance company sells it, the costs may be very different. Companies use different ways to price Medigap policies. Companies also differ in customer service. Call different insurance companies and compare cost and service before purchasing.

(3) *Don’t buy more than one Medigap policy at a time*. It is illegal for an insurance company to sell a person a second Medigap policy unless they are told in writing that first Medigap policy will be cancelled when the second Medigap policy goes into effect. Anyone who tries to sell a Medigap policy when a person already has one should be reported.

(4) *Check for pre-existing conditions exclusions*. Before purchasing a Medigap policy, a consumer should find out whether it has a waiting period before it fully covers any pre-existing conditions. If the person has a health problem that was diagnosed or treated during the six months immediately before the Medigap policy starts, the policy might not cover the costs right away for care related to that health problem. Medigap policies must cover pre-existing conditions after the policy has been in effect for six months. Some insurance companies may have shorter waiting periods before covering a pre-existing condition. Other insurance companies may not have any waiting period. If a policy is purchased during the Medigap open-enrollment period, the insurance company must shorten the waiting period for pre-existing conditions by the amount of previous health coverage.

(5) *Be careful of switching from one Medigap policy to another*. A consumer should only switch policies to get different benefits, better service, or a better price. However, a policy that does not meet the person’s needs should not be kept simply because the person has had it for a long time. If deciding to buy a new Medigap policy, the company must count the time the person had the same benefits under the first policy towards the pre-existing conditions waiting period. However, a waiting period may be necessary for pre-existing conditions for new benefits that covered under the first policy. A statement must be signed that says that the first policy will be canceled. The first policy should not be

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canceled until the consumer is sure that he wants to keep the new policy. A person has thirty days to decide if he wants to keep the new policy. This is called the free-look period.

(6) *Make sure to get a policy within thirty days*. A consumer should get his policy within thirty days. If the person does not, he should call the company and ask them to put in writing why the policy was delayed. If sixty days go by without an answer, he should call his State Insurance Department.

(7) *Watch out for illegal marketing practices*. It is illegal for an insurance company or agent to pressure a person into buying a Medigap policy, or lie or mislead a person to get him to switch from one company or policy to another. False advertising is also illegal. Another type of illegal advertising involves mailing cards to people who may want to buy insurance. If a person fills out and returns the card enclosed in the mailing, the card may be sold to an insurance agent who will try to sell him a policy.

(8) *Neither the state nor federal government sells or services Medigap policies.* State Insurance Departments approve Medigap policies sold by private insurance companies. This means that the company and Medigap policy meet requirements of state law. Do not believe statements that Medigap insurance is a government-sponsored program. It is illegal for anyone to tell a person that they are from the government and try to sell him a Medigap policy. If this happens, that person should be reported to their State Insurance Department. It is also illegal for a company or agent to claim that a Medigap policy has been approved for sale in any state in which it has not been.

(9) *Find out if the insurance company is licensed.* An insurance company must meet certain standards in order to sell policies in a state. A person should check with his State Insurance Department to make sure that the insurance company with whom he is doing business is licensed in his state. This is for the consumer’s protection. Insurance agents must also be licensed by the state and the state may require them to carry proof that they are licensed. The proof will show their name and the name of the companies they represent. Do not buy a policy from any insurance agent that cannot prove that he is licensed. A business card is not a license.

(10)*Start looking early so as not to be rushed*. Do not be pressured into buying a Medigap policy. Good sales people will not rush a person. Keep in mind, that if a consumer is within his six-month Medigap open enrollment period or in a situation where he has a guaranteed right to buy a Medigap policy, there are time limits to follow

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. Buying the Medigap policy of choice may be harder after the Medigap open-enrollment or special-protection period ends. This will be especially true if a pre-existing health condition exists. If a consumer is not sure whether a Medigap policy is what is needed, the salesperson should be asked to explain it to him with a friend or family member present.

(11)*Keep agents’ and/or companies’ names, addresses, and telephone numbers*. Write down the agents’ and/or companies’ names, addresses, and telephone numbers, or ask for a business card with this information.

(12)*If deciding to buy, fill out the application carefully*. Do not believe an insurance agent who says that medical history on an application is not important. Some companies ask for detailed medical information. Consumers must answer the medical questions even if they are applying during a Medigap open-enrollment period or are in a situation where they have the right to buy a Medigap policy. During these two times, the company cannot use answers to turn consumers down or use this information to decide how much to charge for a Medigap policy. However, if a consumer leaves out any of the medical information they ask for, the company could refuse coverage for a period of time for any medical condition that was not reported. The company also could deny a claim or cancel a Medigap policy if a consumer sends in a bill for care of a health problem that was not reported.

(13)*Beware of nonstandardized plans*. It is illegal for anyone to sell a policy and call it a Medigap policy if it does not match the standardized Medigap policies sold in that state. A doctor may offer a “retainer agreement” that says he can provide certain non-Medicare-covered services and not charge the Medicare coinsurance and deductible amounts. This type of agreement may be illegal. If a doctor refuses to see a person as a Medicare patient unless that person pays him a yearly fee and signs a “retainer agreement,” the person should call 1-800-MEDICARE.

(14)*Look for an outline of coverage*. A clearly worded summary of a Medigap policy must be given to each consumer. Read it carefully.

(15)*Do not pay cash*. Pay by check, money order, or bank draft payable to the insurance company, not to the agent or anyone else. Get a receipt with the insurance company’s name, address, and telephone number for records.

CMS publishes a consumer-directed manual called “Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare”. The guide is updated annually and is available on the CMS website at www.medicare.gov.