

SHIC Talk

A publication of the North Dakota Insurance Department's SHIC program



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June 2010

CMS issues Aetna sanction

Centers for Medicare & Medicaid Services (CMS) issued a notice to Aetna Insurance Company of its intent to impose an intermediate sanction to ensure that Medicare beneficiaries continue to have access to prescription drugs under Medicare's requirements.

The intermediate sanction, which will prevent Aetna from marketing to and enrolling new beneficiaries, was effective April 21. It will remain in effect until Aetna demonstrates to CMS that it has corrected its deficiencies and they are not likely to recur. Medicare's actions should not impact the approximately one

million enrollees in the Aetna plans across the country. **In conclusion, those who are currently enrolled in the plan will not be affected; however, new beneficiaries cannot enroll.**





Adam Hamm
Insurance Commissioner

June 2010

A note from the Commissioner

Dear friends,

The North Dakota Insurance Department is fielding countless questions surrounding the Patient Protection and Affordable Care Act signed into law on March 23. In response, the Department has created a new section on its website, featuring frequently-asked questions aimed at helping consumers and business owners understand the new law, as well as a timeline showing the implementation scheduled to take place over the next nine years.

Understandably, consumers, business owners, Medicare recipients, students and others want to know how the new legislation will affect them. We are analyzing the details as they come in so we can provide unbiased information to North Dakota's consumers and business owners.

We're also working hard to evaluate the impact this new law will have on consumers' insurance premiums.

Many details regarding the new law are not yet available; as the Department learns more, the information on the website will change.

You can visit the health care reform website section at www.nd.gov/ndins/consumer/reform. If you have a question that is not answered on the website, contact the Insurance Department at 1-800-247-0560 or insurance@nd.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Hamm', written over a white background.

Adam Hamm



What do I need to know about health care reform in 2010 and 2011?

2010

Medicare Part A

Nursing home compare website

- Requires CMS to add certain information to its Nursing Home Compare Medicare website that includes staffing data, links to state websites regarding state nursing home survey and certification programs, the model complaint form, a summary of substantiated complaints, and information on criminal violations by a facility or its employees.

Hospital payment rates

- Reduces the rate of increase in payments to inpatient acute care hospitals, long-term care hospitals, psychiatric hospitals, and rehabilitation hospitals.

Medicare Part B

Disabled TRICARE beneficiaries

- Creates a 12-month Part B Special Enrollment Period for TRICARE beneficiaries who are entitled to Medicare Part A based on disability or ESRD, but who have declined Medicare Part B.

Monthly premiums

- Freezes the income threshold for

higher-income beneficiaries who pay a higher Part B premium. The income thresholds are frozen at the 2010 income levels—\$85,000 for an individual and \$170,000 for a married couple—through 2019.

Therapy cap exceptions

- Extends the process for allowing exceptions to the payment caps for physical, speech and occupational therapy, until Dec. 31, 2010. Providers submit modified claims when an exception is appropriate.

Medicare Part C (Medicare Advantage)

Cost contract extension

- Extends reasonable cost contracts to January 1, 2013.

In 2009, there were 22 Medicare Advantage plans nationwide operating under cost contracts.

Medicare Part D

Coverage gap

- Begins to close the coverage gap or “doughnut hole” by creating a one-time \$250 rebate for beneficiaries whose costs for Part D prescription drugs exceed the initial coverage limit and enter the coverage gap in 2010.

Miscellaneous

Revisions for Medigap Plans C and F

- Requires CMS to ask the National Association of Insurance Commissioners (NAIC) to revise Medigap policies C and F to include nominal cost-sharing for physician services.

2011

Medicare Part B

Monthly premiums

- Freezes the income threshold for higher-income beneficiaries who pay a higher Part B premium. The income thresholds are frozen at the 2010 income levels—\$85,000 for an individual and \$170,000 for a married couple—through 2019.

Physician compare website

- Requires the Secretary of HHS to develop by Jan. 1, 2011 a “Physician Compare” website with information on physicians enrolled in the Medicare program and other eligible professionals who participate in the Physician Quality Reporting Initiative (PQRI).

Preventive benefits

- Eliminates all cost-sharing amounts for certain preventive and screening services provided in all settings, effective Jan. 1, 2011.

- Provides coverage for an annual wellness visit during which beneficiaries are provided a personalized prevention plan including a health risk assessment, effective on or after Jan. 1, 2011. Beneficiaries are not required to pay any cost-sharing amounts.

continued ...

Medicare Part C (Medicare Advantage)

Cost-sharing

- Prohibits Medicare Advantage (MA) plans from imposing higher cost-sharing requirements for some Medicare covered benefits, including chemotherapy, dialysis services and skilled nursing care, than those charged under Original Medicare, effective in 2011.
- Requires MA plans that provide extra benefits to give priority to cost-sharing reductions, wellness and preventive care, and lastly, benefits not covered under Medicare.

Disenrollment

- Provides a 45-day period (at the beginning of the year) to MA enrollees during which they can return to Original Medicare and enroll in qualified prescription drug coverage.

MA-PD plan formularies

- Effective for plan year 2011 and after, codifies the current six classes of clinical concern (anticonvulsants, antidepressants, antineoplastics, antipsychotics, antiretrovirals, and immunosuppressants for treatment of transplant rejection); gives the Secretary of HHS authority to identify classes of clinical concern and exceptions to such classes through rulemaking.

Payment rates to MA plans

- Freezes payment rates to MA plans for 2011 at the 2010 payment levels.

Medicare Part D

Annual coordinated election period

- Moves and extends the Annual

Coordinated Election Period (or Annual Enrollment Period) to October 15-December 7, effective in 2011 for the 2012 plan year.

Coverage gap

- Continues to close the coverage gap, or “doughnut hole” by reducing the percentage of cost-sharing for beneficiaries in the gap. Effective January 1, 2011, drug manufacturers will provide a 50 percent discount on brand-name drugs and the government will provide a 7 percent discount on generic drugs for those who fall into the coverage gap.

This is in addition to a \$250 rebate, effective in 2010, for beneficiaries who reach the coverage gap.

Formularies

- Effective for plan year 2011 and after, codifies the current six classes of clinical concern (anticonvulsants, antidepressants, antineoplastics, antipsychotics, antiretrovirals, and immunosuppressants for treatment of transplant rejection); gives the Secretary of HHS authority to identify classes of clinical concern and exceptions to such classes through rulemaking.

Low-income subsidy (LIS)

- Improves the determination of the low-income benchmark premium by removing Medicare Advantage (MA) rebates and quality bonus payments from the calculation of the LIS benchmark to promote greater stability among the number of LIS benchmark plans available to beneficiaries each year.

- Allows Part D plans that bid a nominal amount above the regional LIS benchmark to

remain a \$0 premium LIS plan by absorbing the cost of the difference between their bid and the LIS benchmark amount, effective Jan. 1, 2011.

- Allows widows and widowers to delay redetermination for the LIS for 1-year after the death of a spouse, effective Jan. 1, 2011.
- Requires CMS, beginning in 2011, to transmit within 30 days of a LIS-eligible beneficiary being automatically reassigned to a new Part D LIS-plan information on formulary differences between the former and the new plan and information on the coverage determination, exception, appeal and grievance processes.

TrOOP

- Allows drugs provided to beneficiaries by AIDS Drug Assistance Programs or the Indian Health Service to count toward the annual out-of-pocket threshold (TrOOP), effective Jan. 1, 2011.

Miscellaneous

- Protects and improves guaranteed Medicare benefits. Provides that nothing in the Act shall result in a reduction of guaranteed benefits under Medicare. Requires that savings generated for Medicare under the Act are used to: extend the solvency of the Medicare trust funds; reduce Medicare premiums and other cost-sharing for beneficiaries; and improve or expand guaranteed Medicare benefits and protect access to Medicare providers.

- Requires CMS to create a Center for Medicare & Medicaid Innovation to research,

develop, test and expand innovative payment and delivery arrangements (models) as a means to reduce program expenditures while maintaining or

improving quality of care.

- Expands access to primary care doctors and general surgeons providing services in areas where

there are physician shortages by providing them with a 10 percent Medicare payment bonus for five years.
(HAP Network)

10 Q&As on long-term care insurance

1. What is long-term care?

Care of an individual who is unable to care for him or herself because of prolonged illness or disability

2. Where can LTC be provided?

Long-term care can be provided in a community or in a facility

Long-term care in a community may include caring for someone in their home, providing respite care for the caregiver, or adult daycare for the loved one while a caregiver works

3. Does Medicare cover LTC?

Except for very limited circumstance, Medicare (a federally funded program for older or disabled Americans) does not pay for long-term care

Medicaid (federal and state funded program for those of limited income or resources) does pay for long-term care

4. What are the costs of LTC?

Long-term care costs for skilled nursing care in ND is about \$71,000.00 per year

National averages are less for home health aides, which costs about \$21.00 per hour. Assisted living costs around \$38,000.00 per year.

5. How does LTC insurance work?

Long-term care insurance protects us from future risk of needing

someone to take care of our needs if we are unable. It is like protecting yourself from such risks as driving a car, owning a home and just living. Being prepared for these risks and their potential financial impacts protects your welfare and that of your family

With LTC insurance, you pay premiums in amounts you can reasonably predict; you can access your policy, up to its coverage limit, for the long-term care portion if you need it .

6. What types of services might my LTC insurance policy cover?

- Skilled or nursing cares
- Physical, speech, occupational, respiratory or other therapies
- Personal cares (home health aide)
- Homemaker services
- Hospice care

7. How much does LTC insurance cost?

Long-term care insurance for those ages 55-64 on average costs \$1,877 per year. Generally, the later in life you purchase long-term care insurance, the more expensive it will be.

8. Are there any benefits unique in North Dakota that I should consider when purchasing a long-term care insurance policy?

North Dakota offers a tax credit

up to \$250 for individuals paying premiums on a partnership-qualified long-term care insurance plan purchased on or after Jan. 1, 2007.

North Dakota also has a partnership program. The North Dakota Long-Term Care Partnership Program is 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.

9. What if I want a long term care insurance policy, but I don't think I can afford it?

There are multiple features you can consider in a long-term care insurance policy to minimize or enhance your policy and make it affordable to you. A good source of information for your coverage options is to contact a local Long-Term Care insurance agent.

10. Where can I find a list of companies that sell in North Dakota?

Visit www.nd.gov/ndins or call the North Dakota Insurance Department at 1.888.575.6611.

More notes on the Patient Protection and Affordability Act (PPACA)

Health care reform

- Power wheelchairs under Medicare will no longer be paid in lump sums (January 2011).
- MA plans cannot charge more than traditional Medicare A/B for services that are necessary (dialysis, chemo, etc.) (January 2011)
- The annual enrollment period for MA and Part D plans is, starting in 2011, Oct. 15 thru Dec. 7.
- The open enrollment period is from Jan. 1 through Feb. 14; MA enrollees can only go back into original Medicare at this time (January 2011)
- Medicare Supplement C and F will have nominal cost sharing (no date set)
- Part D drug discounts for those that meet the donut hole will receive a 50 % discount in 2011. CMS/plans will be telling the pharmacies who qualifies.
- Individuals hitting the doughnut hole in 2010 will receive a \$250 rebate; the HHS Secretary will provide a \$250 rebate payable by the 15th date of the third month following the end of the quarter.
- Generics in the donut hole will start to decrease in costs (2011). There will be a 7% reduction in costs starting in 2011. By 2020, this gap will be closed.
- The HHS Secretary will be sending out any formulary changes to those on LIS who will be auto-enrolled into another Part D plan (not more than 30 days after Jan. 1, 2011).
- Part D premiums will increase by income (2011).

(CCH)

Quality assurance for SHIC counselors

Q: Does Medicare cover dental checkups?

A: Unfortunately, Original Medicare will not cover dental checkups and other dental care that is primarily for the health of your teeth. Some private health plans, such as Medicare Advantage plans, will cover routine dental services. If you have a Medicare private health plan, you should check with your plan to see what, if any, dental services may be covered.

Medicare will cover some dental services if they are required to protect your general health, or you need dental care for another health service that Medicare covers to be successful. For example, Medicare will pay for dental services if you have a disease that involves the jaw, like oral cancer, and need dental services that are necessary for radiation treatment.

Medicare will also pay for some dental-related hospitalizations, for example, if you develop an infection after having a dental procedure. Even if you are in the hospital Medicare will never pay for dental services that are excluded from Medicare, such as dentures.

(medicarerights.org)

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How will the PPACA impact Medicare and Medicaid?

I'm over 65. How will the legislation affect seniors?

The Medicare prescription-drug benefit will be improved. In 2010, seniors who enter the Part D coverage gap, known as the "donut hole," will get \$250 to help pay for their medications. Beyond that, drug company discounts on brand-name drugs and federal subsidies and discounts for all drugs will gradually reduce the gap, eliminating it by 2020. That means that seniors, who now pay 100 percent of their drug costs once they hit the doughnut hole, will pay 25 percent. And, as under current law, once seniors spend a certain amount on medications, they will get "catastrophic" coverage and pay only 5 percent of the cost of their medications.

Meanwhile, government payments to Medicare Advantage, the private-plan part of Medicare, will be frozen starting in 2011, and cut in the following years. If you're one of the 10 million enrollees, you could lose extra benefits that many of the plans offer, such as free eyeglasses, hearing aids and gym memberships. Beginning in 2010, the law will make all Medicare preventive services, such as screenings for colon, prostate and breast cancer, free to beneficiaries.¹

How does the new law affect Medicaid?

The new health law includes an increase in Medicaid payment rates, bringing them up to the same level as those from Medicare. A large chunk of the

increase in insurance coverage under the law comes from expanding Medicaid, the federal-state program for low-income Americans, to cover 16 million more people, including people with incomes up to 133 percent of the federal poverty line, or about \$14,404 for an individual and \$29,326.50 for a family of four. The expansion will include childless adults, most of whom were not previously eligible.¹ For more information, contact the North Dakota Department of Health.

What changes are being made to Medicare enrollment periods?

The Medicare Part D annual enrollment period, currently spanning from Nov. 15–Dec. 31 each year, will be changed to Oct. 15–Dec. 7 starting in 2011 for plans taking effect in 2012. During this time, beneficiaries can enroll or switch Medicare Advantage plans; they can also change drug plans. Please note: the Part D annual enrollment period remains the same for 2010: Nov. 15–Dec. 31.

The Medicare Advantage open enrollment period will move to Jan. 1–Feb. 14 each year, starting in 2011. Beneficiaries can disenroll from a Medicare Advantage plan and go back to original Medicare during this time, with the option of adding a prescription drug plan. Beneficiaries cannot buy a Medicare Advantage plan or switch to another Medicare Advantage plan during this time. For those beneficiaries who choose to go back to Original

Medicare, the change will take effect the first day of the following month.

The general enrollment period for Medicare Part B is not changing.²

What if I make too much for Medicaid but still can't afford coverage?

You might be eligible for government subsidies to help you pay for private insurance that would be sold in the new state-based insurance marketplaces, called exchanges, slated to begin operation in 2014. Premium subsidies will be available for individuals and families with incomes between 133 and 400 percent of the poverty level, or \$14,404 to \$43,320 for individuals and \$29,326 to \$88,200 for a family of four. The subsidies will be on a sliding scale. For example, a family of four earning 150 percent of the poverty level, or \$33,075 a year, will have to pay 4 percent of its income, or \$1,323, on premiums. A family with income of 400 percent of the poverty level will have to pay 9.5 percent, or \$8,379. In addition, if your income is below 400 percent of the poverty level, your out-of-pocket health expenses will be limited.¹

When will the new preventive care improvements begin?

Under the PPACA, all Medicare beneficiaries will receive preventive services without cost-sharing beginning Jan. 1, 2011. In addition, an annual wellness visit to create a personalized



“Wherever there is a human being, there is an opportunity for

kindness.”

Seneca

WANTED

SHIC volunteers

State Health Insurance Counseling (SHIC) volunteers are needed to:

- Provide one-on-one counseling on all aspects of Medicare
- Assist with Medicare Part D at the end of each year
- Provide presentations to communities

Free training is provided.
For more information,
call 1-888-575-6611 or
email ndshic@nd.gov.



Did you know?

Americans who want to apply for Medicare now can do so online at www.socialsecurity.gov. Simply select the “Retirement/Medicare” link in the middle of the page. The whole process can take less than 10 minutes.

Also, the Medicare.gov website has gotten a new face. Here are some easy 4 step instructions for the Prescription Drug Plan finder: www.nd.gov/ndins/uploads/resources/580/howtopdp.pdf

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prevention plan will now be provided under Medicare.³

I have a Medicare Supplement (Medigap) plan. Must I make any changes to my plan under the new law?

No, the PPACA does not require seniors to change their Medigap coverage. However, the law will be adding cost-sharing requirements to plans C and F that are sold after Jan. 1, 2015.

For more frequently-asked questions, visit the Insurance Department website at www.nd.gov/ndins and click on the yellow “health care reform” button.³

1 Kaiser Health News

2 Centers for Medicare and Medicaid Services

3 National Association of Insurance Commissioners

2010 SHIC events

New! Long-term care insurance seminar

Tuesday, July 13
6:30–8 p.m.
Country Inn and Suites, Fargo

Turning 65 seminars

- Thursday, June 3
6:30–9 p.m.
Doublewood Inn, Bismarck
- Tuesday, June 8
6:30–9 p.m.
Days Inn, Dickinson
- Wednesday, Aug. 11
6:30–9 p.m.
Country Inn and Suites, Fargo

SHIC recertification/update training

Friday, May 14
9 a.m.–3 p.m.
Via IVN
For more information or to register, contact Jan 1-888-575-6611 or janfrank@nd.gov

2010 Medicare Part D annual enrollment events

City	Time	Date	Location and address
Bismarck	9 a.m.–4 p.m.	Monday, Nov. 15	Doublewood Inn Heritage Ballroom 1400 E. Interchange Ave.
Devils Lake	9 a.m.–4 p.m.	Wednesday, Nov. 17	Spirit Lake Casino 7889 Highway 57 <i>7 miles south of Devils Lake on Hwy 57</i>
Grand Forks	9 a.m.–4 p.m.	Thursday, Nov. 18	Guest House Parlors B and C 710 1st Ave. N.
Jamestown	9 a.m.–4 p.m.	Friday, Nov. 19	Jamestown Civic Center Exchequer Room <i>Please use the lower north entrance</i>
Minot	9 a.m.–4 p.m.	Tuesday, Nov. 23	Sleep Inn Convention Center 2400 10th St. SW
Dickinson	9 a.m.–4 p.m.	Wednesday, Nov. 24	Dickinson State University Student Center ballrooms 291 Campus Dr.
Valley City	9 a.m.–4 p.m.	Monday, Nov. 29	Senior Center 139 2 nd Ave. SE
Fargo	9 a.m.–4 p.m.	Tuesday, Nov. 30	Doublewood Inn Woodland North and South 3333 13 th Ave. S. <i>Please use the northeast entrance</i>

Medicare supplement changes

Effective June 1, 2010

Why is the model for the standard Medigap insurance policies being revised?

The Medicare Modernization Act (MMA) encouraged the National Association of Insurance Commissioners (NAIC) to modernize the Medigap insurance marketplace. The NAIC’s Senior Issues Task Force developed a revised Medigap model law and regulation. Then on July 15, 2008, Congress enacted the Medicare Improvements for Patients and Providers Act (MIPPA) that authorized the states to put the NAIC’s changes into effect. Congress saw that Medigap insurance had not kept up with some of Medicare’s changes. For more information, visit <http://bit.ly/akYa9A>.

Age chosen=65

Medigap benefits	A	B	C	D	F*	G	K	L	M	N
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.

Scammers exploit confusion over health care overhaul

In Winfield, Kan., south of Wichita, a man who claimed to be with "ObamaCare" recently visited an elderly woman to talk to her about the new health care law.

In reality, he was an insurance agent who just wanted to get in the door to try to sell her a policy.

In suburban St. Louis, a man who said he was with the government was going door to door to sell "ObamaCare" policies.

Reports out of Idaho, Illinois, Vermont, New York, Alabama and elsewhere around the country tell similar stories.

"We're always getting some kind of scam," said Darrell Elliott, a Medicare fraud specialist with the Kansas Department on Aging. "Now we're getting ones related to health reform."

Indeed, scam artists are working overtime. They're hawking fake

insurance policies by preying on the fears and confusion that surround the nearly \$1 trillion program, health care and consumer advocates said.

For the record, there is no government health insurance program called ObamaCare, and federal employees aren't out selling it door-to-door or by telephone.

Health care fraud experts say that if you hear that kind of pitch, shut the door, hang up the phone, then call your state insurance department or Better Business Bureau.

"You've got the perfect storm for people to be taken advantage of," said Kim Holland, the Oklahoma state insurance commissioner and co-chair of the Antifraud Task Force for the National Association of Insurance Commissioners.

(McClatchy Washington Bureau)



Happy birthday to these volunteers celebrating birthdays in June and July!

June

Sandy Baer
Shelly Bondy
Curt Brownlee
Dena Kemmet
June Kraft
Kerry Larsen
Dwight Mack
Robin Opsdahl
Michelle Orton

July

Lisa Fredricksen
Annette Funk
Judy Jacobson
Mavis Larsen
Leone Linseth
Linda Madsen
Tonee Matteson
Bev Natwick

Director's corner

Cindy Sheldon



Greetings!

As you see, this issue has been mostly dedicated to the changes that are forthcoming with the Patient Protection and Affordable Care Act, specifically relating to Medicare. As Commissioner Hamm stated, we will be disbursing more information as we have it available. If you have any questions related to the material, please contact the Department.

SHIC has recently sent out volunteer brochures to entities throughout North Dakota. We are specifically looking for help in the Fargo area. If you know someone

that would be an asset to SHIC, please contact our office and we would be happy to follow up with them.

Also, please note the Part D enrollment event schedule and calendar on page 9. If you know beneficiaries that would benefit from these community events, please encourage them to attend. The more we can empower beneficiaries new to Medicare, the more successful they will be in choosing their health plans in the future.

Thank you for all you do in your community. No good deed goes unnoticed!

Have a great summer.

Sincerely,

Cindy Sheldon

For more information

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If you have questions about any content or have suggestions for content for our next publication,

please contact SHIC Director Cindy Sheldon at 701.328.9604 or csheldon@nd.gov.

For Medicare-related resources, please visit www.medicarerights.org.