

Agent Q&A

July 15, 2016

BCBSM Medigap Product and Rates

Will Legacy Medigap Plans remain Community Rated?

No, Legacy rates will vary by age, gender and geography.

As seniors age, will their premium go up?

Yes. As people age, their health care costs tend to increase. Unlike some competitors, BCBSM has elected to cap the increases due to age rating at age 80 to protect the most vulnerable members.

Will Guarantee Issue extend to younger disabled as well as seniors?

All current Legacy Medigap members can stay in the plan they have as long as they continue to pay their premiums. Moving forward:

- Legacy Plan C will be closed to new enrollment.
- Legacy Plan A will remain open to new enrollment and will be guaranteed acceptance for seniors 65 and older.
- BCBSM filed new Medicare Supplement products that will be guaranteed acceptance for seniors and the disabled.

Seniors and the younger disabled who enroll in one of BCBSM's new Medicare Supplement plans with a 1/1/17 effective date or later, will be guaranteed acceptance.

However, BCBSM is making revisions to Legacy Plan A. Effective 1/1/17, it will be called Blue Cross Medicare Supplement Plan A. This plan will be guaranteed acceptance for seniors 65 years and older.

Will you health rate new members?

If a member applies during their guarantee issue period or open enrollment period, they won't be rated on health status. However, if an individual applies for coverage outside of their guarantee issue period or open enrollment period, they will be subject to underwriting factors that include age, gender, geography, smoker and health status.

Can you explain why the disabled have a higher rate?

The disabled tend to have higher health care needs, which is reflected in the premium.

In the marketplace, many other insurers do not offer coverage for the disabled. As offering coverage to all Michigan citizens is a core part of our social mission, we felt it was important to make this coverage available for the disabled and decided to offer it at one rate. We also decided to offer this coverage at lower than market rates to ease this transition for the disabled.

What determines gender?

Gender is self-reported on the Medigap application.

Will BCBS still deny applicants who are eligible for group coverage through an employer or who have retiree benefits?

Members are not eligible for Medigap if they are eligible for coverage through an employer.

Will Legacy Plan C be a guaranteed issue plan for those turning 65?

Plan C will be closed to new enrollment on Nov. 14, 2016. We will offer Plan F which is nearly identical – the only difference being that Plan F pays for Part B excess charges. Our new Medigap Plans (F, HDF and N) will be available to new enrollment for 1/1/2017 effective dates and will be guaranteed acceptance for all members.

Plan C will close on 11/14/16 to new enrollees. Does this mean BCBSM must have enrollment in-house on 11/14?

That is correct. After that point, a beneficiary could enroll in our new Blue Cross Medicare Supplement Plans.

Are the 2017 premiums guaranteed for 12 months from date of purchase? Or is it an annual increase?

All Medicare Supplement plan rates could be adjusted annually, not on a member's specific renewal date.

Are you expecting Blue Cross Legacy Medigap to end any time in the future?

We do not have any plans to close Legacy Medigap plans for the members that are currently enrolled. As stated early, Plan C will be closed to new enrollment.

Is the closed Medigap plan B part of MG Blue Low High?

The current BCBSM products that continue to have members but are closed to new enrollees are Medigap Blue, Legacy High, and Legacy Low – there is no Medigap plan B.

Will New Clients that enroll before November 14, 2016 continue to pay the \$122.86 until January first or will they have a new rate?

The new rates will not take effect until January 1st for new or current members.

Is the application process the same?

Applications submitted by agents or their Managing Agents or General Agents must be submitted online.

Why are the rates in southeast MI higher than the rest of the state?

Medical costs are higher in southeast Michigan.

What are the zip codes for southeast MI and the rest of the state?

Southeast Michigan is identified by zip codes 480- 485. The rest of Michigan is identified by zip codes 486-499.

What changes will go into effect regarding co-pays and deductibles?

No changes to benefits will be made as a result of the 2017 rating changes. Cost sharing for Medigap plans is standardized. Every year, CMS may adjust Original Medicare cost sharing which can impact the cost sharing for Medigap plans. These changes apply to all Medigap plans in the market.

Will pre-existing conditions be factored in to the cost?

Pre-existing conditions will not be factored into the rates for Legacy members or new members enrolling in a guaranteed issue period. The vast majority of seniors enroll during the guarantee issue period or open enrollment period. Beginning 1/1/2017, members applying for our new Medicare Supplement products outside of a guaranteed issue period will be subject to medical underwriting, which means that certain pre-existing conditions may result in higher premiums. No member will be denied coverage due to pre-existing conditions.

Will clients receiving HRA reimbursements still be excluded from Legacy policies?

Clients receiving HRA reimbursements are not eligible for Legacy policies.

How are we assured that the benefits under closed Medicare supplemental plans have not changed?

No changes to benefits will be made as a result of these 2017 rating changes.

BCBSM has been using the number of 200,000 Legacy customers for 3 years. What is the actual number who are currently enrolled?

The number is approximate. While the exact number fluctuates regularly, it has remained pretty consistently around 200,000 members.

If someone has Plan C and wants to switch to Plan F, will this person be accepted without problems?

Someone who is outside of their guarantee Issue period or open enrollment period and wishes to move from Legacy Plan C to the new Medicare Supplement Plan F will need to go through underwriting.

Will <65 individuals have guaranteed issue if they wish to move to the new plans when they are available?

Our new Medigap Plans (F, HDF and N) will be available to new enrollment for 1/1/2017 effective dates and will be guaranteed acceptance for all members, including those under 65.

How should spouses determine the total amount they will pay?

Members who are on the same contract receive one invoice the total household premium that is due. We made the decision to communicate the rate changes to each member since we believed we would get many questions about how much each individual's premium went up.

Can beneficiaries see the Medicare Advantage provider networks prior to purchasing the plan?

Yes. The provider networks for each Medicare Advantage plan offered by Blue Cross Blue Shield of Michigan and Blue Care Network can be accessed on the bcbsm.com/medicare website. In addition, the benefit advisor phone number on the rate increase letter will put beneficiaries in touch with a benefit advisor that can help beneficiaries look up participating providers. Updated provider directories for our Medicare Advantage products will be published for AEP, available October 1, 2016.

We also recommend that beneficiaries check directly with their physicians' offices to confirm participation, since we rely on providers to provide updates to keep the provider directories current and accurate.

Do you consider the rate table to be protected?

The rates are publicly available through the rate filing process with DIFS.

Would you provide Legacy membership data in all 83 counties?

Yes. We will make available counts of Legacy members in all 83 counties. Please see the attached table.

Some news reports suggest that current Legacy Medigap members will have until November 14 to re-enroll in Plan C. But all the information from BCBSM says you just have to keep paying premium to stay enrolled. Which is true?

If a member wishes to stay in Plan C all they have to is keep paying their premium. We timed our filing so that our members would have time to consider their options – including Medicare Advantage during the annual enrollment period -- should they choose to do so. The November 14 date reported to some news reports is the deadline for new enrollment into Legacy Medigap. It does not affect the current members.

What is the process and time frame for the Department of Insurance and Financial Services to review these proposed rates?

We anticipate the review process will be completed within 60 days. DIFS will conduct its review in accordance with the provisions of the Insurance Code.

We believe our proposed rates clearly meet the requirements spelled out in state law. With this rate increase, we still expect to lose money while many of our competitors make significant profits on their Medigap plans.

Will individuals leaving a Legacy Plan be guaranteed issue when enrolling in a new Blue Cross Medicare Supplement Plan?

Legacy members will be guaranteed issue if they enroll in the Blue Cross Medicare Supplement Plan A, N or High Deductible F. Plans F will be non-guarantee issue (medically underwritten).

Please provide more details specific to the new Blue Cross Medicare Supplement Plans and GI/ NGI

Some definitions regarding eligibility:

- **Guarantee acceptance** = We will accept everyone, deny no one, GI or NGI
- **Guarantee renewable** = we will guarantee renewal as long as premium is paid

Guaranteed Issue (no medical underwriting)

Certain times or situations that allow Medicare Beneficiary to enroll in Medigap/Medicare Supplemental Plans when it is guaranteed issue, NO medical underwriting. Age, gender and zip code are used to determine a preferred rate:

- Enrolled in Medicare Part B less than 6 months and is 65 or older (also called Medigap Open Enrollment Period)
- Enrolled in a Medicare Advantage plan and the plan leaves the area the person lives in, or the person moves out of the plans service area
- Enrolled in an employer group plan or COBRA and the plan is ending
- Enrolled in original Medicare and Medicare Select policy and they move out of the Medicare Select service area
- Joined a Medicare Advantage plan when they were first eligible for Part A at age 65 and within the first year they decide they want to switch back to original Medicare
- Dropped a Medigap policy to join a Medicare Advantage plan (or switch to Medicare SELECT) for the first time, been in plan less than a year, and wants to switch back

Non-Guaranteed Issue (medically underwritten)

When a member does not fall into any of the guaranteed issue criteria they will be medically underwritten. This is the process where BCBSM will look at not only age, gender and zip code but will look at tobacco usage, and health status to determine a rating tier (Preferred, Tier 1, Tier 2, and Tier 3) for that member. Health status will be used to determine the member's premium and agent's commission tier.

Will individuals leaving a Legacy Plan be guaranteed issue when enrolling in a new Blue Cross Medicare Supplement Plan?

Legacy members will be guaranteed issue if they enroll in the Blue Cross Medicare Supplement Plan A, N or High Deductible F. Plans F will be non-guarantee issue (medically underwritten).

Legacy Medigap accepted all individuals that applied. Is this the case for the new Blue Cross Medicare Supplement Plans?

Seniors and the younger disabled who enroll in one of BCBSM's new Medicare Supplement plans will be **guaranteed acceptance**.

However, Blue Cross Medicare Supplement Plan A will be **guaranteed acceptance** for seniors 65 years and older.

When will rates for new F, High Deductible F and N be available?

We have filed rates for our new Blue Cross Medicare Supplement plans with DIFS and are awaiting approval of the rates. We will begin selling these new plans October 1, 2016 for January 1, 2017 effective dates.

Will the new BCBSM Medicare Supplement plans F, HD-F, and N be commissionable? Will agents be able to obtain Agent of Record for these products?

Yes they will be commissionable. Plan A with effective dates of 2017 would also be as well.

"Obtain agent of record" is a term that is used with our commercial group business to add or change the agent on a group. For individual business, if an agent enrolls an individual into a new BCBSM Medicare Supplement plan, the agent would be the agent of record and we would pay the agent commission.

What is the agent compensation rate for Legacy?

There is no agent compensation rate for Legacy Medigap.

Health Endowment Fund Questions

While we are happy to assist when possible, the Health Endowment Fund is separate from Blue Cross and oversees the subsidy. They have established a website and a call center to provide information about the subsidy:

michiganmedigapsubsidy.com

1-866-824-9772

Do you know when the endowment fund applications will be available?

Applications will be available starting October 1st, 2016.

Will the subsidy be paid by the state to the carrier so it is transparent to the member?

The subsidy will be listed on our member's bill as a discount. They will pay the premium minus the subsidy. The Health Endowment Fund has stated that their goal in designing the subsidy process was to make it as simple as possible for those receiving it. They wanted to make sure that seniors didn't have to pay their bill first and then wait for their reimbursement. Additionally, they wanted to make sure that the subsidy did not cause complications with taxes or other benefits seniors and disabled individuals may receive.

Will there be a way to apply online once the site is updated or only via paper or over the phone?

Yes.

Do assets count when applying for a subsidy?

No.

Can someone apply after 12/15/16? Would their subsidy just start later than 1/1/17?

Yes. If someone applies after December 15, the subsidy will begin once they are approved.

How will income be calculated or verified?

The Health Endowment Fund says applicants will need proof of income, such as a copy of 2015 tax return or Social Security benefit statement. For more information, please contact the Health Endowment Fund.

BCN Medigap Products

Is there a benefit difference between Legacy and BCN Medigap plans?

All benefits are standard for Medigap Plan types. For example, a Plan A for one carrier will have the same benefits as the Plan A for another. <https://www.medicare.gov/supplement-other-insurance/compare-medigap/compare-medigap.html>

Will the BCN Medigap plans still be offered in 2017?

Yes, BCN Medigap products will still be offered in 2017.

Is BCN Medigap available to everyone?

No, MyBlue Medigap is not a guaranteed acceptance product.

What are the rating factors used for BCN Medigap?

BCN Medigap rates vary by age, gender and geography for members applying in a guaranteed issue period or open enrollment period. Members applying outside of a guaranteed issue period are also subject to health status (BMI) and smoker status rating factors. Rates increases due to age occur up to age 90.

MA Plans are "never medically underwritten". Will those with ESRD be allowed to enroll in a MA plan?

While it is currently being debated in Congress, those with ESRD are not currently allowed to enroll in a Medicare Advantage plan, except under specific circumstances outlined in Medicare & You (page 88). Some examples include: if you're enrolled in a Medicare Advantage Plan when diagnosed with ESRD, the Medicare Advantage plan you're in no longer provides coverage, you've had a successful kidney transplant, your employer or union offers one or more Medicare Advantage plans or if there is a Medicare Special Needs plan covering ESRD in your area.

Can a client switch to MyBlue Medigap without underwriting?

No. Any Legacy member who switches to MyBlue Medigap will be underwritten and will not be extended guaranteed issue.

Would you provide Legacy Medigap membership data in all 83 counties?

Yes. We will make available counts of Legacy members in all 83 counties. Please see below.

COUNTY	Count
OAKLAND	29849
WAYNE	26782
MACOMB	20704
GENESEE	5055
SAGINAW	3880
KENT	3775
WASHTENAW	3730
JACKSON	3560
SAINT CLAIR	3490
BERRIEN	3379
LENAWEE	3344
OCEANA	3037
INGHAM	3017
LIVINGSTON	2972
MONROE	2951
BAY	2674
KALAMAZOO	2568
HURON	2463
GRAND TRAVERSE	2462
MUSKEGON	2369
CALHOUN	2329
ALPENA	2099
SANILAC	2080
LAPEER	1876

OTTAWA	1813
TUSCOLA	1769
DELTA	1678
GRATIOT	1486
MARQUETTE	1481
SHIAWASSEE	1420
ISABELLA	1360
HILLSDALE	1277
MASON	1185
CLARE	1167
OTSEGO	1148
BRANCH	1118
VAN BUREN	1117
ROSCOMMON	1113
EATON	1081
MIDLAND	1080
IOSCO	1074
WEXFORD	1027
EMMET	1020
CHEBOYGAN	1005
OSCEOLA	967
HOUGHTON	954
MONTCALM	937
GLADWIN	926
DICKINSON	913
CLINTON	886
MANISTEE	877
SAINT JOSEPH	874
CHARLEVOIX	865
ANTRIM	801
PRESQUE ISLE	789
OGEMAW	786
CASS	752
ALLEGAN	751
MECOSTA	740
CHIPPEWA	717
LEELANAU	706
MONTMORENCY	652
ALCONA	649
ARENAC	648
MENOMINEE	594

BARRY	579
ONTONAGON	546
KALKASKA	531
BENZIE	524
IONIA	520
MISSAUKEE	491
SCHOOLCRAFT	434
ALGER	428
IRON	406
NEWAYGO	396
GOGEBIC	354
OSCODA	328
CRAWFORD	301
MACKINAC	277
LAKE	266
BARAGA	244
LUCE	152
KEWEENAW	69