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Little-Noticed Medicare Cut Will Cause Medigap Premium Sticker Shock *Wildly Unpopular, Says Recent Survey By The Senior Citizens League*

(Washington, DC) – A little-noticed Medicare cut is likely to subject roughly 10 percent of beneficiaries to sharply rising Medigap supplement premiums, warns The Senior Citizens League. The provision prohibits beneficiaries from purchasing “first dollar coverage” — popular Medigap policies which cover the Part B deductible — a move that is overwhelmingly disliked by 96 percent of older voters, according to a recent survey by the League.

The legislation closes the two most comprehensive and popular Medicare supplement policies — Medigap plans “F” and “C” — which provide first dollar coverage, to new customers starting in January 1, 2020. “The effect of that change may make itself felt soon,” says The Senior Citizens League’s Medicare policy analyst Mary Johnson.

“Beneficiaries currently enrolled in Medigap plans F or C will be able to keep their policies,” Johnson explains. “However, premiums are likely to undergo sharp increases because the plans won’t be taking in any more younger, healthier people to spread the risk,” she says. “As people remaining in the plans get sicker and older, they use more medical services, and Medigap Plan F and C premiums are likely to increase sharply — something that Medigap customers need to consider,” Johnson notes.

Medigap policyholders cannot easily compare plans and switch to less expensive supplements annually, like younger people shopping on the federal health exchange, or even other retirees shopping for Medicare Advantage plans. “Universal coverage guarantees for pre-existing conditions don’t apply to Medigap supplements like they do for Medicare Medicare Advantage plans,” Johnson explains.

Most Medigap supplements are purchased when the consumer first becomes eligible for Medicare at age 65. During the 7 - month Medicare initial enrollment period, Medigap insurers must accept applicants regardless of health. Later on, if policyholders want to switch from Medigap F or C to another Medigap plan, the insurance company will check health records, and consumers could face lengthy coverage exclusions, or be turned down altogether based on pre-existing conditions.

Currently, more than half of all people shopping for a Medigap policy purchase either plan F or plan C, which provide for the most comprehensive coverage, including coverage of the Part B deductible. The Part B deductible is \$183 in 2018 and rises in tandem with Part B premiums — making it one of the fastest growing costs that retirees must cope with.

“People turning 65 and enrolling in Medicare need to know about the change in order to make better decisions, but the decision making process is daunting enough as it is,” says Johnson. The Senior Citizens League strongly recommends that people approaching age 65 get unbiased advice when enrolling in Medicare for the first time. Medigap policies still offer important benefits like covering most or all of your out-of-pocket costs after the deductible, and freedom to choose any healthcare provider that participates in Medicare. “We recommend checking with your area agency on aging, senior center or senior services department for free one-on-one counseling from your [State Health Insurance Program \(SHIP\)](#),” Johnson says.

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With 1.2 million supporters, The Senior Citizens League is one of the nation's largest nonpartisan seniors groups. Its mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. Citizens, and to protect and defend the benefits senior citizens have earned and paid for. The Senior Citizens League is a proud affiliate of The Retired Enlisted Association. Visit www.SeniorsLeague.org for more information.