



## COMPLIANCE BULLETIN

CB0001-2020

January 3, 2020

### **MACRA 2020**

**Q. What does MACRA require?**

**A.** As of January 1, 2020, MACRA does the following:

1. Prohibits first dollar Part B coverage on Medicare Supplement Plans (Plans C and F) to "newly eligible" Medicare beneficiaries; so Plans C and F cannot be sold to those "newly eligible for Medicare. Those enrolled in Plans C and F prior to January 1, 2020 may keep their plan.
2. Makes Plans D and G the guarantee issue plans for "newly eligible" Medicare beneficiaries for the specified periods under current law that name C or F for current Medicare beneficiaries.

**Q. Who is considered a "newly eligible" Medicare beneficiary under MACRA?**

**A.** MACRA defines "newly eligible" as anyone who: (a) attains age 65 on or after January 1, 2020, or (b) who first becomes eligible for Medicare benefits due to age, disability or end-stage renal disease on or after January 1, 2020.

**Q. Do the MACRA changes impact waived states?**

**A.** Three states (MA, MN, and WI) obtained waivers from implementing the standardized Medicare Supplement plans because these states already had statewide standardized plans prior to 1990. Yes, these waived states must comply with eliminating coverage for the Part B deductible.

**Q. How much is the Part B deductible?**

**A.** For 2020, the Medicare Part B deductible is \$198.00. This dollar amount is subject to change annually; contact Medicare or Social Security for updates.

**Q. How does this relate to efforts to eliminate Medigap "first dollar coverage"?**

**A.** This accomplishes the efforts to eliminate Medigap "first dollar coverage" (coverage of all claims without paying any out of pocket cost) by discontinuing sale of Plan C and F only for "newly eligible" Medicare beneficiaries.

**Q. Why must states adopt these changes?**

**A.** States that want to retain regulatory authority over Medicare Supplement products in their state must implement any changes to federal laws impacting Medicare Supplement policies. Failure to adopt the current laws could result in a state losing regulatory authority over these products. Authority to regulate these products would revert back to the Federal Government.

**Q. What are the penalties for entities that sell Plans C and F policies to the "newly eligible" on or after January 1, 2020?**

**A.** Any person or company who sells or issues such policies to "newly eligible" Medicare beneficiaries after that date would be subject to fines, and/or imprisonment of not more than five years, and/or civil monetary penalties of not more than \$25,000 for each prohibited act.

**Q. How are people eligible for Medicare on the basis of disability impacted by these changes?**

**A.** Current beneficiaries are not impacted. The restrictions under MACRA apply to persons who qualify for Medicare as a result of a disability on or after January 1, 2020.

**Q. Why are plans "re-designated" for only "newly eligible" Medicare beneficiaries?**

**A.** The Federal Government wanted to eliminate coverage for the Part B deductible making consumers responsible for that first dollar coverage. The only difference between Plans C and F, and Plans D and G is the coverage of the Part B deductible under Plans C and F. All other benefits are exactly the same for D and G. Since Plans C and F will no longer be available for "newly eligible" beneficiaries, it was necessary to designate Plans C and F as Plans D and G for these individuals.

**Q. How are enrollees in current Plans C and F affected by these changes?**

**A.** Current enrollees (those eligible for Medicare PRIOR to January 1, 2020) can continue with their Plan C or F, including High deductible plan, and may continue to buy Plans C and F beyond January 1, 2020. Current enrollees will also be able to buy the new Plan G High deductible plan on or after January 1, 2020.

**Q. What changes are made to high deductible Plan options?**

**A.** Since Plan F high deductible cannot be sold to those "newly eligible" Medicare beneficiaries, a new Plan G high deductible is created for those "newly eligible" Medicare beneficiaries as of January 1, 2020. The effective date of coverage for Plan G high deductible must be on or after January 1, 2020. If you are not a "newly eligible" beneficiary and are enrolled in a Plan F high deductible prior to January 1, 2020, you are able to continue this coverage beyond January 1, 2020 and to purchase this coverage on or after January 1, 2020.

**Q. When can the new high deductible Plan G be sold and who can buy it?**

**A.** Plan G high deductible can be made available beginning on January 1, 2020; "newly eligible" Medicare beneficiaries and current beneficiaries would be able to buy the new Plan G high deductible.

**Q. For high deductible plans, does payment of the Part B deductible count towards the plan deductible?**

**A.** For Plan G high deductible; while the Part B deductible is not covered (reimbursed), it does count towards the high deductible plan's deductible. If, in the rare circumstance the Plan G's high deductible is met with all Part A expenses and Part B deductible expenses are then incurred, these expenses will not be covered expenses until the beneficiary meets the Medicare Part B deductible.

**Q. What changes are made to Guarantee Issue Requirements?**

**A.** Since two of the current guaranteed issue plans, Plans C and F will no longer be available for "newly eligible" Medicare beneficiaries on or after January 1, 2020, Plans D and G will become two of the guaranteed issue plans for these individuals. Current enrollees can remain with or buy Plans C and F and individuals who do not fall within the definition of "newly eligible" Medicare beneficiary will still be able to purchase Plans C and F.

**Q. How does this change the way Plans C or F, and D or G, may be sold in the state?**

**A.** Insurers can continue to sell Plans C or F to current Medicare beneficiaries. However, "newly eligible" Medicare beneficiaries cannot apply for or purchase Plan C or F. The "newly eligible" would be offered Plans D or G on a guaranteed issue basis instead. All other currently available plans may continue to be offered to all Medicare beneficiaries regardless of their date of eligibility for Medicare.

**Q. Under section 9.2b, if an individual turns 65 before January 1, 2020, but does not become eligible for Medicare (retroactively or otherwise) before that date, would the individual be eligible to purchase a Medigap Plan C or F at such time as he or she becomes entitled to Medicare Part A and enrolled in Part B, regardless of when that happens?**

**A.** Yes, to be considered a "newly eligible" Medicare beneficiary who is ineligible to purchase a Plan C or F, an individual must BOTH have turned 65 on or after January 1, 2020 AND first become Medicare eligible on or after that date. If an individual becomes Medicare eligible before January 1, 2020 based on disability or ESRD status, OR turns 65 before January 1, 2020, whether eligible for Medicare on that date or not, they would be eligible to buy a Plan C or F when they are entitled to Medicare Part A and enrolled in Part B.