



Gerber Life
Insurance Company

MEDICARE SUPPLEMENT GROUP TERMINATIONS

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October 6, 2011

**INVOLUNTARY
TERMINATIONS:**

Termination of health group coverage may qualify your client for a Guarantee Issue right. This will depend on whether the termination is voluntary or involuntary and the applicant's state of residence. Adequate documentation is required to qualify for guarantee issue.

Under the following scenario, as defined by the Center for Medicare and Medicaid Services (CMS) coverage is guarantee issue in all states when coverage is **involuntarily** terminated.

Guarantee Issue Situation	Client has the right to buy...
An individual is in Original Medicare Plan and has an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays. The coverage is ending. <i>Note: In this situation, state law may vary</i>	Medigap Plan A, B, C, F, K or L that is sold in the client's state by any insurance company. If the client has COBRA coverage, client can either buy a Medigap policy right away or wait until the COBRA coverage ends.

PROOF OF INVOLUNTARY DISENROLLMENT: If applying for Medicare supplement, Underwriting cannot issue coverage as Guarantee Issue without proof that an individual's employer coverage is no longer offered. Under the above scenario (**involuntary termination**), the following is required:

- Complete the Other Health Insurance section on the Medicare supplement application; and
- Provide a copy of the termination letter, **showing date of and reason for termination**, from the employer or group carrier

**VOLUNTARY
TERMINATIONS:**

There are specific state regulations that also require coverage be guarantee issue when an individual **voluntarily** terminates their group coverage. The following table indicates those states and the qualification for guarantee issue.

Guarantee Issue Rights for Voluntary Termination of Group Health Plan

State	Qualifies for Guarantee Issue...
CO, ID, IL, IN, KS, MT, NJ, OH, PA, TX	if the employer sponsored plan is primary to Medicare.
AR, FL, LA, MO	no conditions – always qualifies.

CA	if employer sponsored plan's benefits are reduced, with Part B coinsurance no longer being covered
IA*	if employer sponsored plan's benefits are reduced, but does not include a defined threshold
NM, OK, VA, WV*	if the employer sponsored plan's benefits are reduced substantially.
WI	if annualized premium for the employer sponsored plan would be greater than 125% of the Basic Annual Premium for the applicant's age, gender and tobacco, then the applicant would qualify for GI eligibility.

**For purposes of determining GI eligibility due to a Voluntary Termination of an employer sponsored group welfare plan, a reduction in benefits will be defined as any increase in the insured's deductible amount or their coinsurance requirements (flat dollar co-pays or coinsurance %). A premium increase without an increase in the deductible or coinsurance requirement will not qualify for GI eligibility. This definition will be used to satisfy IA, OK, VA and WV requirements.*

PROOF OF VOLUNTARY DISENROLLMENT: Under the state specific **voluntary** terminations scenarios, the following proof of disenrollment is required along with completing the Other Health Insurance section on the Medicare supplement application:

1. In CO, AR, CA, FL, ID, IL, IN, KS, LA, MO, MT, NJ, OH, PA, TX and WI, provide the Certificate of Group Health Plan Coverage (sample attached)
2. In IA, NM, OK, VA and WV, provide proof of change in benefits from employer or group carrier.

If needed, have your clients contact their employer's Benefits department to assist them in providing the necessary documentation.

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QUESTIONS:

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