



PRODUCERS AND ADJUSTERS BULLETIN NO. 31

TO: ALL INSURERS, PRODUCERS, ADJUSTERS, AND AGENTS

**RE: MEDICARE SUPPLEMENT ENFORCEMENT –
IMPLEMENTING MACRA AMENDMENTS**

DATED: May 15, 2019

The purpose of this Bulletin is to explain **what is true** about the upcoming MACRA changes and to dispel **myths and falsehoods** being disseminated by some persons and entities.

WHAT IS TRUE

The Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”) was signed into law on April 16, 2015. MACRA is the most recent modification to the Medicare Supplement law.

Here’s what MACRA does and does not do:

- MACRA prohibits the sale of Medigap policies that cover Part B deductibles ONLY to “newly eligible” Medicare beneficiaries. “Newly eligible” means those individuals who: (a) have attained age 65 on or after January 1, 2020; or (b) first become eligible for Medicare due to age, disability or end-stage renal disease, on or after January 1, 2020.
- Unlike previous modifications to the Medicare Supplement law, MACRA does NOT close the previous blocks of business. MACRA states that for ‘newly eligible’ individuals ONLY, plans “C or F shall be deemed, as of January 1, 2020, to be a reference to a Medicare Supplemental policy which has a benefit package classified as D or G, respectively.”
- MACRA does not state that all plans will have a new effective date as of January 1, 2020. Therefore, MACRA does not close any blocks of plans. Those individuals who become eligible for Medicare prior to January 1, 2020, and who have coverage as defined in Plans C or F and F High Deductible, may keep the coverage under those plans.
- Medicare supplement coverage is guaranteed renewable and coverage cannot be cancelled, so long as the policyholder pays the premium.
- Those individuals who become eligible for Medicare prior to January 1, 2020, may purchase Plans C or F and F High Deductible after December 31, 2019.
- Those individuals who become eligible for Medicare prior to January 1, 2020, are also able to purchase Plans D or G or G High Deductible on or after January 1, 2020.
- If an issuer offers a Medigap plan other than the Plan A core benefits then the issuer must also offer Plans C or F. Said differently, an issuer is required to make available the Medigap core benefits and, if any other plans, at least either Plans C or F.

The Department is updating its Regulation 1501 to incorporate the MACRA amendments. A copy of the notice of the proposed amendments was published in the March 1, 2019 *Delaware Register of Regulations* and the final order adopting those amendments is scheduled to appear in the June 1 *Register of Regulations*. See <https://insurance.delaware.gov/information/proposedregs/> for more information.

SOME FALSE STATEMENTS OF WHICH TO BE AWARE

False Statement #1. Standardized Plans C and F are discontinued or may be discontinued by a company. FALSE. MACRA did not change federal law regarding the required offer of Plans C or F for individuals who are Medicare eligible before January 1, 2020. As noted, for the “newly eligible,” those who became eligible for Medicare on or after January 1, 2020, the required offer is Plans D or G and cannot be Plans C or F because they provide coverage for the Part B deductible which is prohibited for the “newly eligible.”

False Statement #2. Plans C and F will no longer be available after December 31, 2019 and policyholders must therefore purchase new coverage in order to not lose their Medicare supplement coverage. FALSE. As noted, MACRA did NOT close any existing lines of business.

False Statement #3. Premiums for coverage under Plans C or F will be increasing to such an extent that individuals should purchase other coverage. FALSE. This is a misleading statement designed to induce policyholders to improperly switch coverage using marketing and sales techniques that are in clear violation of the Medicare supplement insurance laws and Delaware’s unfair trade practices laws. If Delaware finds such activity, the Department will take appropriate administrative action.

For more detailed information and references, please refer to the MACRA FAQ at https://www.naic.org/documents/cmte_b_senior_issues_2019_macra_faq.pdf.

Any questions concerning this Bulletin may be directed to the Delaware Department of Insurance, Delaware Medicare Assistance Bureau (DMAB) at DOI_Elder@delaware.gov or (302) 674-7364.

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.



Trinidad Navarro
Delaware Insurance Commissioner

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Delaware Department of Insurance if additional information is needed.