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Seniors get new health options

After Blue Cross complaints, more insurers offer policies to supplement Medicare

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Seniors looking to buy supplemental Medicare policies may have to do more work to learn about them. They often aren't widely advertised by leading insurers.

But several companies new to the business hope to capitalize on complaints that the state's leading insurer, Blue Cross Blue Shield of Michigan, doesn't widely advertise its money-losing Medigap policies.

"We have real customer service with low wait times," said Joan Budden, chief marketing officer for Priority Health, which has new supplemental Medicare, or Medigap, plans.

Aetna and Blue Care Network, a Blue Cross subsidiary, also have new Medigap plans for 2010.

Medicare supplemental plans are policies that help pay for doctor visits and medical services not typically covered by basic Medicare Part A and B coverage.

Their appeal is that they usually have no co-pays, and they pay for care in broader areas of a state or in another state where a person may live part of the year.

Medigap policies "are good for people who are frail and who have high medical needs," said Jennifer Houghton, a Medicare specialist with the Area Agency on Aging 1B in Southfield.

Insurers take on Blue Cross

George Williston considered buying a Blue Cross Blue Shield of Michigan supplemental Medicare policy. But he had such trouble finding information about the plans on the company's Web site that he decided to keep looking.

"I consider it a disgrace for a nonprofit organization," said Williston, 82, of Hastings, a retired nonprofit executive.

This year, Williston and other seniors will have more choices as insurers introduce new Medigap products to compete with Blue Cross, which is seeking a 36.7% rate hike to offset mounting losses selling the Medicare product.

Other insurers

Priority Health, Blue Care Network and Aetna are new to the field this year.

Medigap policies help pay for medical and hospital care not covered by basic Medicare. Health Alliance Plan began selling them last year. In all, about a dozen companies sell them.

Administrative law Judge Musette Michael ruled Friday, in a challenge to the Medigap rate hikes by Attorney General Mike Cox, that Blue Cross had not made the case for the increase it sought, saying only 3.8% was justified.

Ken Ross, commissioner of the Michigan Office of Insurance and Financial Regulation, is to make the final decision on the rate hikes by Dec. 6.

Dave Eberhart, director of sales for Aetna's Michigan and northern Ohio individual and Medicare business, called Medigap a "core strategy" for Aetna that is expected to be profitable as more seniors leave possibly costlier but more comprehensive Medicare Advantage plans. "We are committed to the successful growth of this business," Eberhart said.

Blue Cross Blue Shield of Michigan is the state's leading Medigap provider, with 207,067 customers, or 58% of the Medigap market, according to the Michigan Office of Financial and Insurance Regulation. It regulates Blue Cross because the insurer is Michigan's nonprofit insurer of last resort.

United Healthcare Insurance Co. is Michigan's second-largest Medigap insurer, with 67,804 customers, or 19% of the market.

Other insurers offer Medigap policies, but many have policies that cover as little as 1% or 2% of the Medigap market.

Availability question

Attorney General Mike Cox has gotten involved in the Medigap field, both in trying to stop a pending Blue Cross rate hike and by raising issues that the insurer has not done enough to make Medigap applications widely available.

Cox said letters Blue Cross sent to 40,000 seniors in two Medicare Advantage programs that it is eliminating did not provide helpful information about Medigap policies.

Cox spokesman John Selleck said that Blue Cross promised last year to place more information about Medigap on its Web site, but the information still is not easy to find. Senior citizens have complained to the office about difficulties in finding out about Blue Cross' Medigap policies, he said.

Mark Giroux, director of senior markets for Blue Cross, and spokeswoman Helen Stojic, said the insurer gives out thousands of Medigap applications a month.

"We have more than 200,000 members" with Medigap coverage, Stojic said. "If that's not well-known, we don't know how that many people got into it. It's a well-used product in Michigan."

She said customers could call 877-469-2583 for information.

Blue Cross has said its Medigap policies are big money-losers, and it needs the state to approve the rate hike to cut losses. But Cox and others want the company to charge other businesses a 1% subsidy, as it now does for some customers, to help keep the Medigap program financially healthy.

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