

INDUSTRY UPDATE

Expect Added HMO Casualties In 2000

At the start of this year, 450,000 seniors were forced to look for new health insurance when several HMOs abandoned the Medicare market. HMOs still blame low reimbursement rates for the pullout. Studies, however, indicate HMOs are still being overpaid, making additional withdrawals more likely. Managed care companies had until July 1 to notify the federal government of plans for the year 2000. By January 1, 2000 it is

estimated that at least another 250,000 people will be dropped. Nationally, most HMOs plan to increase premiums and decrease services. The American Association of Health Plans found: 40% of Medicare HMO members will pay higher premiums; 60% will have lower prescription drug allowances; 71% will pay higher copayments for medications; and 72% will pay more for hospital stays.

If their HMO is exiting the market on December 31, beneficiaries should be aware of the following:

- HMOs have until September 15 to notify policyholders if they are leaving the program.
- Beneficiaries who take no action will be enrolled in traditional Medicare January 1.
- *To switch to another HMO, customers can start gathering information and enroll at any time.*
- Individuals who want to purchase a Medigap policy have five months to choose insurance coverage.
- If seniors have questions about their options they can call the Medicare hotline at 1-800-633-4227 or visit the Medicare Internet site at www.medicare.gov

Source: *The Dallas Morning News*, July 1, 1999 and July 2, 1999

United American ProCare plans can be the solution to seniors' healthcare plight. We offer quality, reliable coverage and a financially stable company guaranteed to be in the market for the long haul. Medicare beneficiaries who have been dropped from their HMO can purchase guarantee issue Med-Supp Plans A, B, C or F from UA (or any insurer) as long as they apply for coverage within 63 days of losing their other health plan. When submitting an HMO replacement policy application to UA, remember:



1. Attach a copy of their HMO ID card and a copy of their HMO disenrollment to the application.
2. Request an effective date commensurate with the disenrollment rate.
3. Under the replacement section, indicate that the Med-Supp policy replaces HMO Medicare coverage.
4. Health questions should not be answered — mark "guarantee issue" across health questions section on the application.