

# NEW LOCK-IN PROCEDURES

Industry Update:

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As we announced on the Editor's Page last fall, over the next two years the rules for when and how often Seniors can switch HMO plans will change. Traditionally, Medicare beneficiaries could voluntarily enroll in and voluntarily disenroll from HMOs (Medicare+Choice plans) at any time. However, the Balanced Budget Act of 1997 required that election periods for voluntary enrollments and disenrollments be limited beginning January 2002. These limitations are referred to as "Lock-In" periods. The new rules make Medicare HMOs like most other health insurance programs, which allow people to change health plans only during certain times of the year. Below is an overview of the new rules; however, these rules do not apply to "involuntary" disenrollees who comprise the majority of UA's HMO business. Involuntary disenrollments will remain unaffected, and the Centers for Medicare & Medicaid Services (CMS) has announced HMOs must declare their intention to remain or withdraw from the marketplace by July 1 of this year.

## VOLUNTARY DISENROLLMENTS: 2002

Starting Jan. 1, 2002, beneficiaries can leave an HMO and join another plan **only one time** from **Jan. 1** through **June 30, 2002**. The Annual Election Period (AEP) period will begin in **November 2002**, at which time all Medicare beneficiaries may make a new choice for 2003. Under these new rules, beneficiaries are "locked-in" to their selected HMO plan from July to November 2002. They can again voluntarily switch to or from HMO plans in November, and the change will be effective Jan. 1, 2003.

### Lock-In Periods for **2002**

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Switch plans once						Lock-in			AEP		Lock-in

## 2003

Starting **Jan. 1, 2003** the rules will change again for voluntary disenrollments only. Beneficiaries can leave a Medicare HMO health plan, including an HMO, and join another plan **only one time** from **Jan. 1** through **March 31, 2003**. Beneficiaries will then be "locked-in" to their selected HMO plan from March to November 2003. They can voluntarily switch to or from HMO plans in November, and the change will be effective Jan. 1, 2004. Once again, these rules do not affect "involuntary" disenrollments, which occur when HMOs leave the Medicare market in specific areas.

### Lock-In Periods for **2003**

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Switch plans once			Lock-in						AEP		Lock-in

For more information regarding these new "lock-in" procedures log onto [www.medicare.gov](http://www.medicare.gov) and select "publications," or call (800) 633-4227.

# ES For “Voluntary” HMO Disenrollees only

## Frequently Asked

### QUESTIONS

#### **When will HMOs have to announce their intentions for renewals or withdrawals (involuntary disenrollments)?**

According to the CMS, Medicare+Choice plans will be required to file renewal information by July 1, 2002. Involuntary withdrawals are unaffected by the Lock-in.

#### **If I voluntarily switch plans between January and June of 2002, when will my change be effective?**

According to the CMS, between January and June of 2002 if beneficiaries are changing from one HMO to another HMO, the change will be effective typically on the first day of the following month. As soon as the new plan is effective the old plan will be dropped. If beneficiaries are switching from an HMO to traditional Medicare, the beneficiary will have to be put back on traditional Medicare, therefore the change will be effective in about 30 days. Usually, the HMO handles the paperwork involved in switching the Senior back to traditional Medicare.

#### **I have a Medicare Supplement plan. How will these new rules affect me?**

The new rules will affect you if you want to drop your Medigap policy and switch from the traditional Medicare Plan to a Medicare Managed Care Plan (HMO). Since there are certain times of the year when you can enroll in a plan, you would have to make sure to make your switch during these times of the year. Medicare Supplement to Medicare Supplement remains unaffected, just as involuntary HMO disenrollments remain unaffected.

#### **Once I am in a plan, how do I know the plan will not increase my costs?**

According to the CMS, once you join an HMO plan, your premium and copayments will not increase for the year you are enrolled. If your plan increases premiums or copayments for the following year, you will get a notice by late October. You then have the option in November to switch HMO plans or return to traditional Medicare; if you miss this date, then you are again locked into your HMO for December.

#### **I have a Medicare health plan through my former employer/union. How will these new rules affect me?**

If you have employer or union health coverage, these rules will probably not apply to you. Talk to your employer or union benefits administrator to find out if they apply to you.

#### **Are there any times when the new rules don't apply?**

There are exceptions to the new rules that allow you to leave or join an HMO plan at any time if:

- Your health plan leaves Medicare, i.e. you are “involuntarily” disenrolled.
- You move out of your plan's service area — beneficiaries must disenroll and apply for new coverage within 63 days after disenrolling.
- You enroll in an HMO through your former employer/union.
- You are 65 years old and new to Medicare.
- You just became eligible to join a Medicare Managed Care Plan.
- You live in an area where there are no plans and a new M+C plan is entering mid-year.
- You are in a M+C trial period and have Medigap guaranteed issue rights.
- You are eligible for both Medicare and Medicaid.
- You enroll in or disenroll from a program for all inclusive care for the elderly (PACE).
- Remember: Switching from Med-Supp to Med-Supp is unaffected, as are involuntary disenrollments.

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