



Medicare 101

...a quick review

An education that begins with a solid foundation stays with you. As the largest Agent-sold provider of Medicare Supplements in the United States, United American knows you need a solid foundation in the basics of Medicare and Medicare Supplements to successfully fulfill your customers needs. A few areas which sometimes cause confusion are:

1. Issue Age vs. Attained Age Pricing:

- Pricing based on your customer's age

when he or she first buys the policy is called **issue-age pricing**. Premiums will not increase each year as your customer ages. Buyers will, however, receive premium increases based on inflation.

- Pricing based on your customer's current age is **attained-age pricing**. Generally, premiums are lowest for younger buyers, but premiums go up each year as your customer ages. With attained-age pricing, customers will also receive premium increases due to inflation. Attained-age pricing may start out lower than issue-age, but may eventually be more expensive.

2. Claims Loss Ratio:

- **Claims loss ratio** is the percentage of each dollar of premium a company takes in that is paid out in claims. A company with a high claims loss ratio may be paying out so much for claims, it has inadequate funds to pay its employees and efficiently operate the business. A company with a low ratio may be paying so little in claims that it is not properly caring for its customers. Based on industry standards, the ideal claims loss ratio is 65 percent. United American is very proud that it has one of the very best claims loss ratios in the entire insurance industry at 65.2 percent (see page 6).

A company's claims loss ratio is an important consideration for a prospect because it is an excellent indicator of a company's financial stability and the quality of the company's claims service. When prospects become customers, they want to feel confident the company will be there when they have a claim!

3. Regular Electronic Filing vs "Automatic" Claims Filing® (ACF):

- **Regular Electronic Filing:** According to the Centers for Medicare and Medicaid Services (CMS), as of October 16, 2003, all initial claims for Medicare reimbursement (except from small providers) must be submitted electronically. This required electronic filing, however, only refers to the Medicare portion of the bill, not to the portion of the bill for which Medicare is not responsible. In some cases, Medicare does forward the remaining charges to the supplemental carrier, but not always. Without UA's ACF service, your customer may need to file for reimbursement from their supplemental carrier themselves. In addition, providers have up to a full year following the year in which the service was provided to file a claim. This potentially can leave your customer waiting for years for a claim to be completely settled.

- **"Automatic" Claims Filing®** is an important feature of the UA Partners® Program for our Med-Supp policyholders. Over 92 percent of all UA Medicare Supplement claims are Medicare Part B claims and come to us automatically with ACF, virtually eliminating paperwork and lost, misfiled, or delayed claims for the insured. UA makes payments directly to providers who accept Medicare assignment. In most instances, the check for the provider is in process before the EOMB arrives at the insured's home. One of the best features of ACF is that UA provides monthly statements to policyholders showing what claims were paid, to whom they were paid and when. This valuable information eliminates questions and confusion for policyholders and is one more way you provide outstanding customer service.