Pre-existing conditions

Choose insurance carefully at 65,
Sign-up period is critical for coverage

People under age 65 are protected (as of 2014) from being denied/disqualified from health insurance because of pre-existing conditions by the Affordable Care Act (ACA). This is one of the most popular aspects of the comprehensive healthcare reform law.

However, people OVER 65 can be denied/disqualified by supplemental health insurance policies for pre-existing conditions. Supplemental health policies are also known as Medigap policies because they cover the “gap” of Medicare’s payment of 80% of reasonable/usual costs.

Confirmation comes via Humboldt County HICAP Program Manager, Nancy Cloward. She says that pre-existing conditions can be excluded and/or supplemental insurance coverage can be denied because the rules of the ACA do not apply to those over 65.

Medicare is completely separate. One has 6 months after turning 65 to get a supplemental insurance plan without being “penalized” for pre-existing conditions. Right now, these 6 months are the only “guaranteed issue” period.

Birthday Rule

After that, the insurance companies offering supplementals can and do deny coverage based on pre-existing conditions. California does have a law, which Cloward called the Birthday Rule that allows a person 30 days after each birthday to “shop” for a new plan.

However, one can only go “down” in coverage or plan, not “up.” An individual cannot opt for a cheap plan with minimal coverage when he/she turns 65, perhaps because he or she feels healthy, does not need a better policy, and then later intends to improve the supplemental policy.

If you chose not to buy a supplemental/Medigap plan when you were 65 during the open enrollment period, or if you are in Medicare and wish to change your supplemental coverage, or if you are in Medicare Advantage HMO (Kaiser, etc.) and wish to change to original Medicare with a Medigap policy, You can be denied if you have a pre-existing medical condition.

For some reason, Medicare was not part of the ACA – it was kept separate, and all healthcare supplemental policies are subject to medical underwriting, as they are private insurers, not part of Medicare.

No answers

Some plans might accept a person with pre-existing health issues but exclude a specific condition for the entire coverage or exclude the condition for a specific time, i.e. – 3 or 6 months. It is important to note that the only time that a senior has a guaranteed issue of a plan is when he/she turns 65.

When folks turning 65 are making their decisions on supplemental plans, they must make them carefully as positive change later is not possible – the plan chosen can only be changed to one of lesser coverage. During the open enrollment period, one should choose the best policy one can afford.

We have no answers as to why Medigap policies were not included in the ACA reforms. What now exists is a real example of age discrimination. We should all let our CalRTA leadership know how we feel and encourage them to work for a change.

NOTE: This material aims only to create awareness, and is not intended as expert or professional advice, nor “endorsed” by CalRTA. Please carefully review with qualified resources and legal advisors prior to acting.

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