



## Medicare Supplement Plans (Open)

July 1, 2022, Rate Action

Frequently Asked Questions

April 2022

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THIS DOCUMENT IS TO BE USED AS A TOOL ONLY TO VERBALLY ANSWER QUESTIONS FROM PROSPECTIVE ENROLLEES OR CURRENT MEMBERS. THIS DOCUMENT CANNOT BE GIVEN TO EITHER PROSPECTIVE ENROLLEES OR CURRENT MEMBERS.

### Value of Blue Shield as an organization:

- Blue Shield of California has been committed to creating a healthcare system that is worthy of our family and friends for over 80 years. Our health plans are designed with your care and lifestyle in mind.
- Blue Shield of California always strives to offer competitive benefits while remaining sustainably and responsibly affordable.
- Blue Shield of California 2% Pledge reflects our commitment to our not-for-profit mission. We pledge to limit our annual net income to 2% of revenue and we will return the difference to our customers and community, with the approval of the board of directors.
- Blue Shield of California offers variety of Medicare Supplement plans with **extra** benefits that focus on member healthy lifestyle coverage – (i.e., G Extra and G Inspire plans with **extra** benefits embedded in these options).

### **Rate Action:**

- Blue Shield of California has minimized number of members affected by this rate action.
- We intend not to have rate increases but when they are needed, we make every attempt to be one of the lowest priced plans in the marketplace to select.
- Blue Shield of California has implemented changes that support members – such as:

- o Moved to a 12-month rate guarantee rather than a 6-month when enrolling in our Medicare Supplement plans.
- o Aligned Plan G Inspire with the rest of the portfolio by moving to a once-a-year rate action and age smoothing so the member see's one increase per year rather than 2 increases. This will also create more stability in billing and member experience.
- o Blue Shield of California, together with AAA, is pleased to offer our Medicare Supplement Plan G Inspire<sup>1</sup> with a benefit designed to help promote continued independence and safe mobility.

## **Medicare Supplement Plan G Inspire July 1, 2022, Rate Alignment**

### **1. What's included in the Plan G Inspire July 1, 2022, Rate Alignment?**

- Plan G Inspire rates will be aligned with the rest of the Open Medicare Supplement portfolio ensuring the membership in all Open Medicare Supplement plans only have a possible rate change once per year. Plans A, F Extra, G, G Extra, and N experienced the following changes last year, effective 7/1/2021.
- Rate Action will only occur one time per year. It will be reflective of both an annual rate action and the age of the member as of 7/1/22, if applicable.
- Age bands will also change. Prior to 7/1/22 rates changed on the member's birthday month, every two years (two-year age bands); after 7/1/22, Plan G Inspire will have one-year age bands. Blue Shield also aligned the age bands to ensure that there is a set expectation with the members for an annual change whether it may be related to age or annual cycle changes.
- To understand the new age band structure and see the rate a member will pay, locate the plan, region, and age in the 2022 Rate Schedule.

### **2. Why is there a decrease in rates for members ages under 65 for Plan G Inspire?**

- Blue Shield lowered these rates to better align with the direction of the rate alignment changes made as described above and to ensure our members have the lowest possible premium based upon their age, plan, and location.

## **Medicare Supplement plans July 1, 2022, Rate Action**

### **1. Which **medical** plans are affected by this Medicare Supplement plan premium increase?**

- Open Plan F Extra, G, G Extra, G Inspire and N

2. Which **medical** plans are NOT affected by this Medicare Supplement plan premium increase?
  - Open Plan A
  - All Closed Plans
  
3. What is the average annual premium increase?
  - The average annual premium increase for impacted Medicare Supplement plans is 4%. This average applies to all affected plan types; however, the impacted percentages range based on age and region. (Please assess member rates on an individual basis.)
  - Members will see only one premium increase per year that takes into account their age on July 1<sup>st</sup> annually.
  - **Plan G Inspire members** (even-ages, e.g., 66, 68, 70, 72, etc.), will see a higher rate increase than the 4% average as part of the July 2022 rate action. This higher level of rate increase should be a one-time event in 2022. For future rate actions, these members will see increases level out and stabilize. Like all members, they will see only one rate action a year that takes into account, their age on July 1<sup>st</sup> annually.
  
4. Which Open Buy-up or Optional Supplemental plans are also affected by an annual plan premium increase?
  - Dental PPO 1000 – from \$35.00 to \$36.10
  - Dental PPO 1500 – from \$51.30 to \$52.80
  
5. Will these plans receive another premium increase this year?

No, there will not be another premium increase for the impacted plans for the year; however, other changes that can affect a member's premium at any time include:

  - Moving to a different region
  - Changing to a different plan
  - Disenrollment from one of our savings programs, (AutoPay, Household Savings, etc.)
  - Other plans that the member has may also receive a rate change (including PDP)
  
6. Why are Medicare Supplement premiums being increased?

Similar to other carriers that offer Medicare Supplement plans, Blue Shield is increasing premiums because:

  - Member's birthday, which moved them into a new age band
  - The overall cost of health care continues to rise due to various reasons including new technologies (i.e., diagnostic radiology, etc.), higher costs for physician services, and higher inpatient and outpatient care costs.

## **7. How are premium increases calculated?**

- The premium increase is calculated by taking into consideration the above reasons, in addition to:
  - The benefits covered in the member's plan
  - Where a member lives
  - Current average medical costs
  - Projections on the level of utilization anticipated for the upcoming year
- Members' health status has no impact on their premiums
- Members living in the same region, who are the same age and on the same plan, will have the same premiums

## **8. What can a member expect when their Welcome to Medicare Rate Savings end on June 1<sup>st</sup>, 2022, and they receive a rate increase the following month, effective July 1<sup>st</sup>?**

- If the member's Welcome to Medicare rate savings end on June 1<sup>st</sup>, 2022, they can expect to receive a Welcome to Medicare Expiration Letter in April and will see the loss of their savings reflected on their May statement, due for June coverage.
- With an upcoming rate increase effective July 1<sup>st</sup>, 2022, the member can expect to receive the Rate Action Letter in May and will see the rate increase reflected on their June statement, due for July coverage.

## **9. My birthday is on August 1<sup>st</sup>, when will I see an age band increase?**

- You will not receive a rate increase until the following July 1<sup>st</sup> based on your age at the time of the rate increase.

## **10. How can members get help to pay these premiums when they are on a budget and can't afford these higher premiums?**

Blue Shield has savings programs that may help members save money on rates such as:

- Household Savings<sup>1,2</sup> – If two members from the same household are 65 years old or older and are accepted in the same Medicare Supplement benefit plan type (including any dental plans), they may be eligible for a 7% monthly savings on their combined medical dues when coverage is issued under one agreement. Both members must share the same home, mailing, and billing address.
- AutoPay Savings<sup>1</sup> – Members may save \$3 per month on their plan dues if they choose to authorize Blue Shield to automatically withdraw the monthly dues from their personal checking or savings account each month.

## 11. Can members switch to another, more affordable Blue Shield plan?

### **Medicare Supplement**

- Yes. Blue Shield offers other Medicare Supplement plans that may have lower monthly premiums and are available throughout the State of California. A member may switch to another Medicare Supplement plan during the Medicare Supplement Open Enrollment Period (OEP) which begins the 1<sup>st</sup> day of their birthday month and ends 60 days after their birthday.
- During this time, they may transfer to an equal or lesser plan without going through underwriting or with underwriting outside of the OEP. They may choose to transfer to a richer plan any time during the year or to a lesser plan outside of their OEP by going through underwriting.

### **Medicare Advantage**

- Yes. Depending on the county the member resides in, Blue Shield has Medicare Advantage Prescription Drug plans (MA-PD) available which have monthly premiums beginning at \$0. These plans cover both medical and prescription drugs.
- A member may enroll in or switch to a Medicare Advantage Plan (MA-PD) during the Annual Enrollment Period (AEP) from October 15 through December 7. The member's plan coverage will start January 1 of the following year.
- For more information, please refer members to the Blue Shield Direct Sales team or their broker to discuss other plan options. Blue Shield Direct Sales can be reached at (888) 534-4263 (TTY: 711).

<sup>1</sup> Available in select counties in northern California.

<sup>2</sup> Savings due to increased efficiencies from administering Medicare Supplement plans under this program/service are passed on to the member.

<sup>3</sup> Welcome to Medicare Rate Savings does not apply to Plan N. Household Savings Program does not apply to High Deductible Plan F, Plan K, Pre-Standardized Plans, or tobacco users.