



MAKING MEDICARE MAKE SENSE

Answers To Some of The Most Commonly Asked Medicare Questions

Q: Since marketing for the 2009 annual enrollment period for people with Medicare to change or enroll in Medicare health or prescription drug plans begins October 1, what information should Medicare beneficiaries know about acceptable and non- acceptable marketing activities by these private insurance companies that contract with Medicare?

A: This fall, before Medicare's annual open enrollment period begins November 15, beneficiaries will need to compare their current Medicare prescription drug plan (PDP) or health plan's offerings for 2009 against those of other plans. This is important, because as Medicare announced earlier this summer, some beneficiaries are going to find significant changes to the premiums and benefits offered by their current prescription drug plans for next year. That means they are going to need to take a good look at their plan options and make decisions about their current and future drug needs. And the Centers for Medicare & Medicaid Services (CMS) wants them to have complete confidence in the information they get from insurers about the benefits and costs of all the available plans.

While the vast majority of beneficiaries are extremely pleased with their prescription drug and Medicare Advantage plans (MA) and have not encountered heavy-handed sales tactics, Medicare is taking aggressive steps to ensure that beneficiaries are protected from deceptive or high-pressure marketing tactics.

Medicare recently issued new rules establishing tighter performance standards and tougher penalties for insurers and their agents and brokers who don't follow the rules.

These efforts build upon the success of Medicare's past efforts of monitoring the plans' marketing activities by

- tripling the number of "secret shopper" activities in which a Medicare official poses as a prospective enrollee and monitors sales agents' presentations for inaccurate information and prohibited sales tactics;
- reviewing plans' local print and broadcast advertisements;
- reviewing recordings of enrollment calls to ensure compliance with the new regulations; and
- ensuring that health and drug plans detect, report, and respond to agent/broker marketing misrepresentation and other issues.

Furthermore, it's important to remember that in addition to the new rules being issued by Medicare, Congress passed a new law that prohibits insurers and their agents and brokers from:

- Providing meals as part of marketing activities;
- Telemarketing, door-to-door solicitation, and other sales contacts made without a beneficiary's express invitation;
- Cross-selling of non-health care related products during any sales, marketing, or presentation for an MA plan or PDP;
- Conducting sales presentations or distributing and accepting plan applications in provider offices or other places where health care is delivered; and
- Conducting sales activities, distributing, or collecting applications at education events.

In addition, the new rule requires that agents and brokers be state licensed and appointed in accordance with state laws.

As importantly, CMS is placing restrictions on how agents and brokers are paid for signing a beneficiary in a plan. The new rule will eliminate incentives for agents or brokers to move beneficiaries from plan to plan, a practice known as churning. These guidelines, designed to protect beneficiaries from agents and brokers who may have been acting in their own financial interest rather than meeting the needs of the beneficiary, are based on existing industry standards for agent and broker compensation structure.

CMS takes its enforcement role very seriously, however, and will monitor activities throughout this year's enrollment period to ensure that beneficiaries are protected from aggressive marketing behavior from agents and brokers.

During last year's open enrollment period, CMS' marketplace surveillance activities included secret-shopping 300 sales and marketing events. As a result, three organizations were required to develop corrective action plans and one organization's marketing activities were suspended. Other plans with lesser deficiencies received warning letters from CMS.

Medicare beneficiaries can be assured that we will monitor marketing activities and move aggressively with enforcement measures or other actions if these rules are violated.

As always, if you have a Medicare question you can call 1-800-Medicare, which is 1-800-633-4227, 24 hours a day, seven days a week.