

# Is Plan F Going Away?

Is Medicare Plan F going away? Yes, it is – but not for a while yet, so don't panic.

The Medicare Supplement Plan F has been probably THE most popular supplement plan available for decades. Millions of people will be affected, so Congress is allowing plenty of time to prepare for this – until 2020, in fact. Before you say *WHY ME?* let's take a look at the facts involved:

## When is Plan F Going Away?

Both Plan F and Plan C are going away in 2020. However, these changes won't affect everyone. Most people already on Medicare Plan F will be able to keep it.

Every so often, Congress decides to change the landscape on Medicare supplement plans. In 1990, they first standardized plan options. In 2010, they eliminated some plan options like E, H, I and J. Now, in 2020, we will have Plan C and Plan F go away for good.

This may make you want to run out and buy Plan F right away, but keep reading. It's possible rates for Plan F may be affected long-term. To explain why, we need to examine why these changes are taking place.

## Why is Plan F Going Away?

The changes coming are a result of the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015. You may have heard it referred to as the "doc fix" law.

Congress passed this legislation to ensure that doctors would be paid better for providing Medicare services. Some earlier laws in place would have actually decreased pay for doctors over the next few years. Doctors, of course, didn't like this. Many threatened to leave the Medicare program for good if the cuts continued. Every year, Congress has been voting to stall the cuts, but this methodology doesn't work forever.

They needed a solution to fix the payments for Physicians so they would not have to bail out of the Medicare program. And that costs money... around \$200 a 10 year period. Congress had to come up with that money somewhere. So, they decided to reform existing Medigap policies, among other measures.



Office: 727-623-4645 Email: [Lamont@LMTInsurance.com](mailto:Lamont@LMTInsurance.com)  
Toll Free: 866-643-6363 Web: [www.LMTInsurance.com](http://www.LMTInsurance.com)

## All Medicare Beneficiaries WILL Be Subject to a Deductible

Currently Medicare Parts A & B both have deductibles. Deductibles are the money you pay out of pocket before your benefits begin. Medigap plans can still cover the Part A Hospital deductible, but as of 2020, the plans can no longer cover the Part B deductible for new enrollees. Currently this deductible is \$183 per year in 2017.

Since Plan F covers that deductible, it will be phased out for new enrollees. The goal of this measure, in the view of Congress, is to make Medicare beneficiaries put a little more “skin in the game.”

You see, people with Plan F have what we call “first dollar” coverage. Right from the first day, Medicare covers 80% and their Medigap Plan F covers the deductibles and the other 20%. So at the time of service, people currently on Plan F pay no copay for their Medicare-related doctor visits. No deductible either. Lawmakers fear that this lack of cost-sharing results in people running to the doctor for minor issues that may not really require medical care.

These changes mean that all Medicare beneficiaries will have least \$183 in deductible spending out of your own pocket each year. In light of this, they hope you might think twice before seeing a doctor thus causing the Medicare Trust Fund unnecessary spending.

Basically.... they want you to think about whether you really need to see a doctor for every little snuffle. Will this really work to reduce Medicare’s overall annual expenditures? The jury is still out on that. Opponents have argued that people may end up waiting to seek medical care for serious issues. This would ultimately cost the Medicare program MORE money down the road. The end result is something we’ll all be discovering together after 2020.

## Medicare Plan F 2020 Changes

So technically, Plan F IS going away, BUT only for new people starting in 2020. Here’s how:

If you are on Plan F already when 2020 rolls around, you won’t be kicked off your coverage. In fact, you will continue to be able to purchase Plan F policies from other carriers after 2020 as well. (Again, the MACRA act only prohibits the sale of Medigap Plans C & F to **newly eligible** Medicare beneficiaries.



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Toll Free: 866-643-6363 Web: [www.LMTInsurance.com](http://www.LMTInsurance.com)

If you are eligible for Medicare before 2020 but have delayed it because you are still working and have employer insurance, don't worry. When you leave that insurance and switch to Medicare, you will still have the right to enroll in Medigap Plans C or F because you WOULD have been eligible.

People eligible for Medicare AFTER 2020 will not have this same right, but they will have a similar right to enroll in Medigap Plans D or G going forward.

Other popular Medigap plans like Plan G and Plan N will continue to be available for everyone in their current format. A New High-Deductible Plan G will be created and made available for both newly eligible and previously eligible applicants.

## Will Plan F Rates Go Up Faster After 2020?

Some people are worried about this, but it's hard to say. In 2010, when Medicare discontinued Plans H, I and J, there was some price inflation with some carriers, but not all carriers and not in all states. Also, the discontinuation of Plan F will be different because people who are grandfathered will still be able to change to other Plan F carriers in the future.

Some states also have a birthday rule or similar rule which lets them change Medigap companies during certain times of year without any underwriting. This is the case in California, Oregon, Missouri, Connecticut and New York.



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Toll Free: 866-643-6363 Web: [www.LMTInsurance.com](http://www.LMTInsurance.com)