

A close-up photograph of a person in a dark blue suit and a red tie. The person's right hand is held out, palm up, in a gesture of offering or presentation. The background is slightly blurred, focusing attention on the hand and the text.

SAVERS MARKETING
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The **COMPLETE** Guide to Selling Med Supp

Insurance agents searching for new income opportunities should consider selling Medicare Supplements (also called Med Supp or MediGap). The Senior Market continues to grow as Baby Boomers age into Medicare and Med Supp insurance is a great way to help them cover medical expenses not paid by Medicare. It also provides agents a virtually unlimited pool of prospects and one of the best renewal commission opportunities available.

In this eBook, we'll explore the aspects of selling Med Supp and how you and your clients can benefit from these plans. **The following topics will be covered to ensure you're ready to start selling Med Supp:**

- 1 Understanding Medicare & Med Supps
- 2 The Benefits of Selling Med Supps
- 3 A Quick Look at Med Supp Plans
- 4 Med Supp Clients: The Ideal Demographic
- 5 Acquiring Leads
- 6 Enrollment
- 7 Cross-Selling
- 8 Compliance
- 9 Closing Thoughts

PART 1: Understanding Medicare Supplements

Before you start selling Med Supps, you need to understand how they work and how they benefit your clients. Medicare Supplements are insurance plans offered by private insurance companies that help cover a Medicare beneficiary's deductibles, copayments and coinsurance. The amount covered will vary by plan.

How Does Medicare Work?

Medicare is a federal insurance program that's in place for citizens who are 65 and older and people under 65 with qualifying disabilities. Medicare has four parts known simply as Parts A, B, C, and D. Medicare alone doesn't cover all expenses or medical care needed and requires some cost share from beneficiaries in the form of deductibles, coinsurance and copayments.

Medicare Part A and B, also known as "Original Medicare"

Medicare part A generally covers hospital-related expenses such as:

- Hospice care
- Inpatient hospital care
- Blood
- Nursing facility care
- Home health services

Most beneficiaries have the premium funded for Part A through taxes collected while they are working and don't need to pay additional monthly premium. Part A can be purchased if the working requirement has not been met.

Medicare Part B covers medical-related expenses such as:

- Ambulatory care
- Cardiac rehabilitation
- Doctor's visits
- Cervical screenings
- Blood
- Cardiovascular disease
- CPAP
- Diabetes screening
- Breast cancer screening
- Chronic care
- Bone density tests
- Colorectal cancer screenings

Medicare Part B requires a monthly premium that is usually deducted from the beneficiary's social security monthly payment. The base premium for 2021 is \$148.50 but beneficiaries who have higher incomes may need to pay more.

Medicare Part C, also known as Medicare Advantage

Medicare Advantage plans are administered by private insurance companies. They must provide benefits comparable to Medicare but may differ in design. Medicare beneficiaries who have a Medicare Advantage plan cannot also have insurance through a Medicare Supplement.

Medicare Part D, also known as Prescription Drug Coverage

Part D plans are also administered by private insurance companies. They must adhere to a basic template provided by Medicare but can vary in benefits offered and monthly premium. Enrollment in a Part D plan is voluntary but those who delay enrollment in a plan without creditable coverage will pay a premium penalty if they enroll later. Many people who have a Medicare Supplement will also need a Part D plan.

Qualifying for Medicare Supplements

Clients must meet the following criteria to qualify for Medicare Supplemental coverage:

- Must be enrolled in both Medicare Parts A & B
- They cannot be currently enrolled in a Medicare Advantage plan.
- Unless enrolling during specified guaranteed issue periods, Medical Underwriting will apply.

Medicare Supplements do not cover all medical expenses

Med Supps don't cover some services, including:

- Most Prescription drugs
- Most Dental, Vision, & Hearing
- Custodial Nursing Home Care

Med Supps Offer Some Guaranteed Issue Rights

For most people, the best time to get a plan is during the Medicare Supplement Open Enrollment Period. This begins on the first of the month that a beneficiary is both 65 or older and enrolled in Part B. The period lasts for six months. During this time, you cannot be declined for health reasons or have pre-existing conditions limitations placed on your coverage. Some states have additional open enrollment periods to include those for people under 65 with qualifying disabilities. Check with your Department of insurance to learn about enrollment periods. **There are other situations where a Medicare Supplement can be written under guaranteed issue. These include:**

- Leaving a Medicare Advantage plan after joining when first eligible for Part A and choosing to return to Original Medicare (Trial Right).
- After leaving Original Medicare and dropping a Med Supp policy to join a Medicare Advantage plan for the first time and you decide to leave the Medicare Advantage plan after less than a year (Trial Right).
- The current Med Supp carrier goes bankrupt or coverage ends due to no fault of the insured.
- You have Original Medicare and employer coverage (including retiree or COBRA) or union coverage that pays after Medicare and that coverage will be terminating.
- You have a Medicare Advantage plan that is terminating or leaving your service area or you move out of your Medicare Advantage service area.

Medicare Supplement Insurance Premiums

The cost of a plan's premium depends on several factors including the plan type, the state where issued, age of the insured and the type of policy rating used:

- Attained-age rated policies where the enrollee's age on their start date will set the premium, and may increase as they get older. *These are the most common.*
- Community-rated policies where every plan member pays the same price.
- Issue-age rated policies where a start date age will determine the amount.

PART 2: The Benefits of Selling Med Supps

Med Supp insurance provides peace of mind to individuals who are concerned about the costs of health care. For many, paying a predictable monthly premium for additional coverage is preferable to paying hundreds or thousands of dollars for unexpected medical expenses.

Medicare Supplement is a great option for your clients:

- It supplements the coverage provided by Medicare.
- They are accepted by any doctor who takes Medicare.
- The plans are standardized and easy to understand.
- Available in areas where Medicare Advantage plans may not be.
- Many carriers provide discounts & other benefits with their plans.
- Med Supps can be sold year-round...No annual enrollment restriction!
- E-Applications can provide instant coverage for many applicants.

Agents will benefit by making Med Supp part of their portfolio:

- An important product for a large and growing market.
- Competitive commissions with long renewal stream.
- Great bonus opportunities.
- Cross-sell other senior products to clients.
- No underwriting if sold during certain periods.
- E-apps get policies issued and commissions paid quickly!
- Great tools available to agents to select the best plan for clients.
- Client persistency increases with more policies issued.

Licensing & Certification

Most states only require a health license to sell Medicare Supplements although some, such as North Carolina, do require additional licensing. Also, most carriers do require that you carry Errors & Omissions insurance. There is no annual certification to sell Medicare Supplement like there is with Medicare Advantage although some carriers may require periodic training and education.

Contracting

Once you've chosen the carriers that you want to work with, you'll need to contract with them. You may benefit from not having to complete additional paperwork if you already sell another product with a company. It is recommended to get contracted well in advance of the Annual Enrollment period as many carriers are backlogged during this time frame.

PART 3: A Quick Look at Med Supp Plans

Ten standardized Med Supp plans are currently available to eligible Medicare beneficiaries. With the exceptions of Massachusetts, Minnesota & Wisconsin, these plans will be identical in design regardless of the carrier offering the plans or the state in which they are sold.

See the next page for our quick guide outlines coverage provided by each plan!

It is important to note that, as a result of the Medicare Access and CHIP Re-authorization Act of 2015 (known as MACRA), there are restrictions on who is eligible to purchase certain plans. **If a Medicare beneficiary was eligible for Medicare on or after January 1, 2020, they cannot purchase a plan that covers the Part B deductible. This means that they cannot purchase a Plan C or a Plan F.**

For Medicare beneficiaries who were eligible for Medicare prior to January 1, 2020, they can keep the Plan C or Plan F if they were already insured. They can also purchase a new Plan C or Plan F if they meet the underwriting requirements or are eligible under a guaranteed issue situation explained previously.

It is important to become familiar with the benefits provided by each plan as they are tailored to meet the unique needs of different types of people. Some will be attracted to the lower premium provided by a Plan N while others will find the more inclusive coverage provided by a Plan G a better fit.

Medicare Supplement Insurance Plans

Benefits	A	B	C	D	F*	G*	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	100%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
							Out-of-pocket limits 2021**			
							\$6,220	\$3,110		

* Plans F and G also offer a high-deductible plan in some states (Plan F isn't available to people new to Medicare on or after January 1, 2020.) If you get the high-deductible option, you must pay for Medicare-covered costs (coinsurance, copayments, and deductibles) up to the deductible amount of \$2,370 in 2021 before your policy pays anything, and you must also pay a separate deductible (\$250 per year) for foreign travel emergency services.

**Plans K and L show how much they'll pay for approved services before you meet your out-of-pocket yearly limit and your Part B deductible (\$203 in 2021). After you meet these amounts, the plan will pay 100% of your costs for approved services for the rest of the calendar year.

*** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.

PART 4: Med Supp Clients: The Ideal Demographic

Anyone turning 65 in the next 6 months or currently on Medicare is a prospect for Medicare Supplement. However, there are certain populations that will be a better fit for a Medicare Supplement and it is better to target your marketing and prospecting toward those people.

Characteristics of good Med Supp prospects:

- They can afford the monthly premium (look for homeowners, higher incomes, etc).
- They don't want their choice of health provider to be limited by networks.
- They live in more rural areas where a MAPD plan is not available.
- They are married or live with someone (Household Discounts can save on premium)
- They travel or are "snowbirds" (have another residence for part of the year).
- They want to limit their responsibility for copays or coinsurance.
- They have limited health issues (if enrolling after a guaranteed issue period)

Before you start planning your marketing campaign, ask the following questions to consider the ideal client in your area:

- How many people are turning 65 within the next year?
- How many married households are there?
- What is the average household income?
- What percent of the population are homeowners?
- How many Medicare Advantage options are available in the area?

These statistics will help you know how many households you have the possibility of selling two policies and what the average budget is—helping you determine what plans you should advertise and how you should approach clients.

PART 5: Acquiring Leads

Once you have contracted with an insurance company, you're finally ready to make some sales. But, how do you get there? It all starts with generating leads that will turn into sales. There are many strategies to gain leads, and you should use as many as you're able to make your time worthwhile.

Existing Clients

Your best source of prospects are your existing clients. This should be an easy source to tap into particularly if you are already selling in the Senior market with products like Final Expense or Annuities. Existing clients already know you and will be willing to trust your expertise. Even if you don't sell in the Senior market, you can let your existing clients know that you offer this line of insurance so that the people that they know who are Seniors can be a new source of prospects.

Referrals

As you build your business, the best lead you will find is the warm referral from your existing clients. Be sure to routinely ask your existing clients if they have friends, relatives or colleagues that could benefit from your services. New prospects that are referred by existing clients come with an existing sense trust and goodwill that makes it easier to create a new relationship.

Agency Tools

There is fantastic technology available to agents now to find prospects in real time such as the Turning-65 app available to agents who partner with us. Ask one of our Agent Advisors about how to get access to these invaluable tools.

Direct Mailing & Telemarketed Leads

Direct mail advertising is still an effective way of finding new leads, particularly if it is targeted to the right audience at the right time. Discuss your marketing plans with one of our Advisors so that they can help you create a targeted mailing list and select a reputable lead provider. Some lead companies will provide tele-marketed leads where the call is recorded for accuracy. Some will even offer a direct-transfer option.

Seminar Marketing

Some of the most successful agents that specialize in Medicare Supplements conduct seminars on a regular basis. These are mainly presented as educational seminars to those who will be eligible for Medicare in the next 3 to 6 months and need a better understanding of how Medicare works. This is an ideal opportunity to explain the cost sharing that beneficiaries will need to meet and how a Med Supp can help pay for those medical expenses. You can also mention other lines of insurance that you offer that will benefit people in this demographic.

Utilize Social Media

Agents are increasingly using social media platforms such as Facebook, LinkedIn, Twitter and Instagram to promote their services. It costs nothing to create an account but determining what content to post and deciding whether or not paying for ads on social media is cost effective can be challenging. Fortunately, we have guides created by marketing professionals that can help you get started.

Networking & Traditional Advertising

Most insurance agents are active in their communities and it's always a good idea to use existing personal and professional contacts as an ongoing source of prospective new business. Also, some traditional media such as radio, television, newspaper and yellow pages advertising may also help to get your name out to a broad audience.

PART 6: Enrollment Options

Medicare Supplement carriers have made vast improvements in the ways that applications can be submitted and the speed with which policies are issued. It is now just as easy, if not easier, to make a sale over the phone and submit applications electronically (e-apps). It is also still possible to fax or mail applications. Each carrier has its own electronic platform and protocol for submitting business but the general processes are very similar.

More and more agents are finding that using e-apps, especially with existing clients, creates a faster, more accurate and more efficient process that frees up time for other selling activities and creates a more satisfying customer experience. E-apps are the preferred method of business submission for these reasons.

PART 7: Cross-Selling

Selling Med Supps will also lead to other sales opportunities once you demonstrate to clients what Med Supp does and does not cover.

Additional sales opportunities will include policies that cover

- Prescription Drug Plans
- Annuities
- Dental, Vision, & Hearing
- Life Insurance
- Short-Term Care
- Long-term Care
- Critical Illness & Accidents

Remember, it's your obligation as an insurance professional to point out potential areas of risk to your clients and the best solutions to address those risks based on their unique health situation and financial circumstances.

PART 8: Compliance

While Medicare Supplement sales are not as heavily regulated as Medicare Advantage sales, staying compliant is still a vital component of selling to Seniors. Most successful Senior Market agents represent Med Supp, Medicare Advantage and PDP plans and it is important to understand the rules and regulations that govern each.

Some best practices:

1. Adhere to rules governing marketing & prospecting such as Do Not Call (DNC) lists, door-to-door soliciting, mass email marketing, etc. Some of these prospecting methods are specifically prohibited by CMS
2. Complete and Maintain Scope of Appointment (SOA) forms as directed by the carrier. While not required for Med Supp sales, they are required for Prescription Drug Plan (PDP) sales. Since most Med Supp clients also have a PDP, you will want to be familiar with this requirement.
3. Get approval for any marketing that utilizes a carrier's name, logo or specific product names. Most carriers provide pre-approved marketing pieces, some of which can be tailored with your information. If developing your own pieces, they must be approved prior to use. Consult your agency Compliance Lead for more information.
4. If you receive a request for information from a carrier or your agency regarding a customer complaint, respond to it immediately and be as detailed as possible.
5. Maintain your client's information securely and do not share it with any unauthorized source.
6. Consult your agency Policies and Procedures Guide and Code of Conduct Guides for detailed information about how to conduct yourself as a professional insurance agent.

PART 9: Final Thoughts

Selling Med Supp plans is one of the best opportunities in the insurance industry. There is a large and growing prospect base of potential clients that have a great need for an agent's expertise and services. Selling Med Supp plans will also provide insurance agents the opportunity to cross-sell additional policies that will benefit their clients. In short, it is an excellent way to take your insurance sales to the next level. Contact a Savers Marketing Agent Advisor for more information about getting started selling Med Supp!

Savers Marketing works diligently to give insurance agents the most up-to-date information about insurance policies and industry tips. Consider joining our community by participating in webinars and reading our blog. Navigating the world of insurance policies and options doesn't have to be overwhelming.

**You can always count on Savers to give you
the tools to succeed.**

