

Open Enrollment for Employer Plans and Medicare – 2008

By Jacques Chambers

Posted October 15, 2008

The time of year is approaching when many employers provide an Open Enrollment Period for their employees allowing them to make changes in their employee benefits choices. Also, from November 15 through December 31 Medicare beneficiaries are able to make changes in their coverages as well. Employee benefits changes are covered below with Medicare changes after that.

Employer Provided Benefit Plans

Not all companies have their Open Enrollment Period at the end of the year, but many do. Companies offering an Open Enrollment period will publish (or offer online) an Open Enrollment Guide that spells out the current benefits plus the options and opportunities to make changes as well as the time period during which changes can be made. It is important to read these guides carefully as they will contain all the rules on what choices can be made and how to make them. These guides also usually give each employee a summary of his or her present coverage.

For persons dealing with a serious medical condition like HCV, it can be an opportunity to alter benefits and, in some cases, actually increase benefits. Each employer and its insurer will have rules as to what may and may not be added or changed, so be sure to read the Open Enrollment Guide carefully. Some of the possible changes are listed below.

Life Insurance. Persons dealing with HCV are generally unable to purchase life insurance in the individual market. However, some larger employers offer voluntary, supplemental life insurance, and open enrollment may offer an opportunity to increase the amount of life insurance an employee purchases without proof of good health. Often, the amount that can be increased without providing such proof is limited to only the immediate next bracket available.

For example, an employer may offer Supplemental Life Insurance in \$20,000 increments. When you first enrolled in the benefits plan, you purchased 3 increments (\$60,000) in Supplemental Life Insurance. At Open Enrollment, you may be able to purchase an additional \$20,000 bringing the total of your Supplemental Life up to \$80,000 regardless of your medical condition.

It is important to carefully read your Open Enrollment material. While many employers offer this option, others will not. If, however, it is available this is an excellent way for an “uninsurable” person to obtain additional life insurance.

Long Term Disability. Less common, but still occasionally available, is the opportunity to increase the benefit of your LTD plan. Some employers will provide a basic benefit for LTD, such as 50% or 60% of your monthly earnings, and allow employees to purchase

an additional 10% or 15% to raise the benefit they would receive in the event of disability.

Some employers may allow you to add this benefit if you did not select it originally. Again, it is important to read your Open Enrollment material to see if your employer offers this.

Revising LTD Premium Payment. One further possibility to explore is the payment of LTD premiums and its effect on the income taxability of the disability benefits. Some employers will allow you to pay for the LTD coverage through payroll deduction rather than receiving it as a gift. If this is possible you may want to jump at the chance, the reason being taxes.

If you pay for the LTD coverage with money you earn and pay income taxes on, then the benefits you receive if you become disabled will be income tax free, substantially increasing the spendable dollars you would receive as a disability benefit. Conversely, if the employer “gives” you LTD coverage and pays for it, then any benefits you would receive upon disability are fully income taxable.

Health Related Benefits. Many employers, especially larger ones, offer a variety of health, dental, and vision plans that employees can choose from. At Open Enrollment, you have the opportunity to change your coverage from one plan to another regardless of your medical condition, and sometimes have the opportunity to make choices within your plan, such as increase or decrease the size of the deductible.

For someone dealing with HCV, this can be an important choice, especially if this is the first Open Enrollment since diagnosis. There is no one type of health plan that is best for everyone, but there are two main kinds of plans that employers often offer:

Preferred Provider Organization – These plans provide some coverage for all physicians, but pay more if you choose a physician that has contracted with the insurance company, a Participating Provider. This plan will give you the greatest flexibility in medical providers, however, it will often cost you more out of pocket for both the monthly premium as well as the plan co-pays and co-insurance.

Health Maintenance Organizations – These plans usually offer the lowest out-of-pocket expenses, but limit your choice of physician. Coverage is only provided when using one of their contracting doctors and hospitals. Also, a Primary Care Physician (also called a Gatekeeper) oversees all your medical care and must refer you to a specialist before the specialist’s charge would be covered by the plans.

Medicare

Medicare beneficiaries have several choices as well, and the choices must be made between November 15 and December 31 with all changes effective January 1, 2008.

Original Fee For Service Medicare – Many people elect to stay with original Fee-For-Service Medicare. It consists of Part A – Hospital Coverage; Part B – Medical Coverage; and Part D – Prescription Drug Coverage. Parts A and B of original Medicare are the same for everyone, however, each beneficiary can elect in which prescription drug plan to enroll.

The only way to determine which Drug Plan is best for you is to compare plans using your own prescriptions, since not all plans cover all medications. There is a program on line at www.medicare.gov that allows you to enter your medications and where you live and it will show you what each plan would cost you out of your pocket based on your medications. **Even if your current Drug Plan has been serving you well, it is advisable to re-run the program in case your medications have changed or your drug plan is revising its formulary for the coming year.**

For persons who are not comfortable with computers, Medicare's toll-free number (800-MEDICARE) will do the same calculation. However, I recommend you find a friend or relative who will do it for you, because the results are too long and involved for a telephone operator to spend much time reviewing all options.

Medicare Advantage Plans – These are plans offered by insurance companies and health service providers that are an alternative to Fee-for-Service Medicare. Many of these plans are from Health Maintenance Organizations, but there are also Preferred Provider Organization Plans, Special Needs Programs, and Private Fee For Service plans, although all types are not available in all states.

Under these plans, Medicare pays the insurance company to provide all of your medical care. Benefits under your red, white, and blue Medicare card are no longer good while you are covered under a Medicare Advantage Plan. Some plans may also charge an additional premium, usually relatively small.

These plans also include the prescription drug coverage in their plan so you don't have to work through the Part D coverage question.

During this Open Enrollment Period, persons may switch from one Medicare Advantage Plan to another or move back to or away from Fee-For Service Medicare.

All changes made to Medicare take effect on January 1.

There are two other enrollment periods under Medicare. For persons who did not enroll in Medicare Part B when it was first available and who do not qualify for a Special Enrollment Period, there is a General Enrollment Period between January 1 and March 31 of each year with the Part B coverage taking effect the following July 1. There will usually be a surcharge to the premium of 10% for each year you could have been in Part B but were not.

Persons on Medicare Advantage Plans will have an opportunity to switch from one Medicare Advantage Plan to another during the first quarter of each year, January 1 through March 31.