

***Blue Cross Blue Shield of Michigan  
Blue Care Network of Michigan***

**MyBlue Medigap  
Field Underwriting Guidelines  
For Managing Agents and General Agents**

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## **Confidentiality Notice**

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## **Introduction**

We realize the important role you, our Managing Agent (MA) or General Agent (GA), have in the risk selection process. We have designed this guide as a tool to assist you in the process of submitting applications for Blue Care Network's MyBlue Medigap policy. It provides information which will help you and your clients to complete the application thoroughly and correctly, which will expedite the underwriting process.

The guide is intended to be a quick reference tool to assess applicants and answer common underwriting questions. We have included sections which provide a summary of health conditions and medications that are encountered in the underwriting process. The medical conditions and medications contained in the guide are not all inclusive; there may be additional conditions and/or medications which would cause an applicant to be rejected for coverage.

The underwriting risk criteria will assist you in estimating the underwriting outcome; however final determination will be made by the Medical Underwriter. The final decision will be based on eligibility requirements, health history and medical underwriting risk criteria.

During the underwriting process, an Underwriter may conduct a telephone interview with the applicant to discuss their health status and to confirm answers provided on the application. See page 5 for further information about phone interviews.

## Section 1: Eligibility

To be eligible for MyBlue Medigap, an applicant must meet all of the following requirements:

- Be a permanent resident of Michigan and live in the state at least six months of the year (residency must be established before applying for coverage);
- Be age 65 or older;
- Be enrolled in Medicare Part A and Part B.

The applicant must provide his or her drivers license number or state ID number on the application for coverage. There may be instances where they will be asked to provide a copy of their license or State ID.

In order to qualify for the MyBlue Medgap product, an applicant must either be in a Guaranteed Issue Period as defined by Medicare (see next page) or they must provide evidence of good health and pass medical underwriting. The Underwriter will consider the risk of known diseases as well as the functional abilities of the person, costs associated with the diseases and the future impact of any impairments regarding day to day living. Those whose weight falls outside of the minimum and maximum Body Mass Index (BMI) values (**see Section 5**) will be automatically rejected.

The MyBlue Medigap application for coverage contains questions designed to identify whether any of the guaranteed issue situations outlined on the following page apply to the applicant. If you believe the applicant qualifies for guaranteed issue under one of these situations, you should make absolutely certain that the applicable questions are answered accurately. Please be as detailed and specific as possible.

## Guaranteed Issue or Underwritten?

Below are situations as defined by the Centers for Medicare and Medicaid Services (CMS) which may qualify an applicant for a guaranteed issue Medigap policy:

Situation	Time frame to apply for coverage
Applicant is in their six month open enrollment period for Medigap, which begins on the first day of the month in which they turned age 65 <b>and</b> enrolled in Medicare Part B.	Within the six month period as defined to the left.
Applicant is enrolled in a Medicare Advantage Plan, and the plan is leaving Medicare or stops giving care in their area, or the applicant moves out of the plan's service area.	As early as 60 days before the coverage ends, but no later than 63 days after it ends.
Applicant has Original Medicare plus an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays, and that plan is ending.	No later than 63 days after the latest of these 3 dates: 1. Date the coverage ends; or 2. Date on the notice they get telling them that coverage is ending; or 3. Date on a claim denial (if that is the only way they were notified coverage was ending).
Applicant has Original Medicare and a Medicare SELECT policy, and the applicant moves out of the Medicare SELECT policy's service area.	As early as 60 days before the coverage ends, but no later than 63 days after it ends.
Applicant joined a Medicare Advantage Plan or Program of All-Inclusive Care for the Elderly (PACE) when they were first eligible for Medicare Plan A at age 65, and within the first year of joining they decide they want to switch to Original Medicare.	As early as 60 days before the coverage ends, but no later than 63 days after it ends.
Applicant dropped a Medigap policy to join a Medicare Advantage Plan (or switch to a Medicare SELECT policy) for the first time; they have been in the plan less than a year and they want to switch back.	As early as 60 days before the coverage ends, but no later than 63 days after it ends.
Applicant's Medigap insurance company went bankrupt and they lose coverage, or their Medigap policy coverage otherwise ends through no fault of their own.	No later than 63 days from the date coverage ends.
Applicant leaves a Medicare Advantage Plan or drops a Medigap policy because the company hasn't followed the rules or misled the applicant.	No later than 63 days from the date coverage ends.

## Definitions

**CMS:** Centers for Medicare and Medicaid Services, the federal agency that administers the Medicare program and works in partnership with state governments to administer Medicaid.

**Medicare Advantage Plan:** Run by private insurance companies approved by and under contract with Medicare; provides Part A and Part B coverage but can charge different amounts for certain services. May offer extra coverage and prescription drug coverage at an extra cost.

**Medigap:** Also called Medicare Supplement insurance; sold by private insurance companies to fill gaps in Original Medicare to help pay deductibles, coinsurance, or copayments.

**Medicare SELECT:** A type of Medigap policy that may require members to use hospitals and, in some cases, doctors within its network to be eligible for full benefits.

**Original Medicare:** Health insurance for people age 65 or older; run by the Federal government; Part A (hospital insurance) and Part B (medical insurance).

**Part A:** Medicare insurance that covers inpatient hospital care, hospice care services, home health care services, and inpatient skilled nursing facility care.

**Part B:** Medicare insurance that helps cover doctors' services, outpatient care and other medical services.

**Part C:** Another name for Medicare Advantage Plan.

**Part D:** Medicare prescription drug coverage.

**Program of All-Inclusive Care for the Elderly (PACE):** Optional benefit under Medicare and Medicaid; features medical and social services that can be provided at an adult day health center, home and/or inpatient facilities.

## Section 2: Medical Underwriting

Medical underwriting is the process of evaluating an applicant's medical history and current health status to determine if they can be accepted for MyBlue Medigap. The Underwriter evaluates medical conditions, general functional abilities and cost of treatment to anticipate future usage compared to monthly premiums paid and risk. These costs include possible hospitalizations, surgeries, office visits, therapies, laboratory tests, prescription drugs, diagnostic tests and medical equipment and supplies.

**Application.** The applications are received at Blue Care Network (BCN) through an electronic enrollment tool. Non-Guaranteed Issue applications are forwarded to Individual Underwriting at Blue Cross and Blue Shield of Michigan (BCBSM). The Medical Underwriter reviews the application for completeness and begins the risk evaluation process. ***It is very important that the entire application is completed in full with no questions unanswered. Incomplete applications will be returned to the applicant and will cause a delay in the effective date of coverage.***

The Underwriter may reject some applications because of information contained in the application, and return others to BCN due to ineligibility. In some cases, the Underwriter may request verification of eligibility from the applicant.

The Underwriter will review claim history and prescription medication history (if available). All information is reviewed for consistency. By signing the application for coverage, the applicant agrees to the Terms and Conditions which includes an authorization to obtain claim and prescription medication history.

*Note:* Having prior coverage or claim history available does not negate the responsibility of the applicant to provide medical information with details where requested on the application.

For any 'yes' answers on application, details should be given in the space provided. Questions to be explored in the telephone interview are directly related to the information contained on the application and medication/claims history if available.

**Telephone Interview.** The applicant may be contacted by an Underwriter at the phone number listed on the application to conduct a telephone interview. If a phone interview is needed, the Underwriter can only speak to the applicant regarding his or her health history to ensure compliance with HIPAA privacy guidelines (**see section 6 regarding HIPAA**). The Underwriter makes notes about the applicant's answers and the conversation is recorded to ensure the accuracy of the information given (the applicant is made aware of this at the beginning of the interview).

**Medical Review.** It is the responsibility of the Underwriter to analyze all the available information. The Underwriter is looking for stability of any existing medical conditions as well as the cost to maintain the condition(s). Regular follow up is required for conditions such as high blood pressure and elevated cholesterol. Special note is made of compliance with treatment and medications. When multiple conditions are present, the effect on each other is considered. Patterns in the applicant's lifestyle are also explored. As all applications are different, this process varies with the information available on a particular applicant

**Determination of acceptance or rejection.** Once the telephone interview has been completed, the Underwriter can often decide at that point whether to accept or reject the application. In some cases, the Underwriter still might need more information to make a decision. In such cases, the applicant will be notified that medical records are needed, and must then obtain the requested medical records from their provider (at his or her own expense) and submit them to BCBSM.

If the application is approved, BCN will complete the enrollment process. An approval letter is sent to the applicant and to the MA or GA advising them of the approval, contract number and effective date of coverage.

If the application is rejected, a letter is sent to the MA or GA notifying them of the rejection. A more detailed letter is mailed to the applicant which contains the specific reasons for the rejection.

*Note:* Due to HIPAA privacy compliance, rejection details cannot be shared with the MA or GA.

### **White washed application/clean application:**

A "white washed" or "clean" application is one on which all questions are answered no and there is no medical information provided.

Lack of medical history is not an automatic approval. A phone call will be made to the applicant to determine if there is medical information available. At the discretion of the Underwriter, **the application can be rejected due to a lack of recent medical history (see Section 4).**

## Section 3: FAQ's (Frequently Asked Questions)

**1. How can the application be processed in the quickest possible way?**

All questions on the application must be answered and details provided for each question answered 'yes'. Please make sure the applicant is informed that an Underwriter may be contacting him or her for a phone interview, and that we need a valid phone number where the applicant can be reached between 8:00 am and 5:00 pm Monday through Friday.

**2. How long will the underwriting process take?**

Generally, allow 10 business days.

**3. Will the Underwriter ever ask for medical records?**

Yes. If the Underwriter needs additional medical information to make a decision, either during initial underwriting or after an appeal, medical records will be requested. In such cases, the applicant will be notified, and must then obtain the requested medical records at his or her own expense and send them to BCBSM.

**4. Can Underwriting apply any exclusions or premium ratings?**

No. The application will be either approved or rejected.

**5. If an applicant does not agree with the decision to reject the application, can they appeal?**

Although there is no formal right to appeal under Health Care Reform, an applicant can submit a written request asking us to review our decision, along with the reason why they disagree with the denial.

**6. How is the effective date determined?**

The effective date will be the first available 1<sup>st</sup> or 15<sup>th</sup> of the month after underwriting approval.

**7. If an MA or GA inadvertently submits an application before all questions were answered, can they fax the additional information to have it added to the application?**

No. In this case, underwriting will withdraw the application and ask the MA/GA to resubmit the complete application.

## Section 4: No recent health history

To be considered for coverage, an applicant must have had a physical examination within the past two years. Certain tests are also required.

A physical examination is a process by which a doctor evaluates an individual for signs of disease. These exams are preventative and performed on a regular schedule, usually annually. It includes a medical history, physical examination, account of symptoms if present and standard labs/testing which can be age specific. A “sick visit” or urgent care visit (Acute Care Visit) is not considered a physical examination for underwriting purposes.

**Note: If applicant has no medical history, the application will be rejected and can be resubmitted after the applicant has had a physical *at his or her own expense*.**

The physical exam should include testing that is recommended based upon the age of the individual.

Medical records from the physical should be submitted with a new application (if the signature date on the original application is over 60 days old). The Underwriter will review the information to determine acceptance of the application.

## Section 5: Medical conditions and Body Mass Index (BMI)

In addition to the lists of Unacceptable Medical Conditions and Unacceptable Medications included in this Guide, we will also take into consideration the applicant's general state of health as reflected in his or her ability to engage independently in Activities of Daily Living (ADL). Several of the application questions address these issues, which can not always be classified in terms of specific "medical conditions."

For example, an applicant who has had repeated falls and accidental injuries, or whose activities are limited due to frailty, shortness of breath or weakness, or who requires professional or family assistance with ADL, will generally not be eligible for MyBlue Medigap coverage *even if there has been no specific disease diagnosis*.

Below are the underwriting guidelines for Body Mass Index (BMI):

<b><u>BMI</u></b>	<b><u>Probable Underwriting Action</u></b>
< 18	Reject
18 - 35	Approve if otherwise insurable
> 35	Reject

## Section 6: HIPAA and PHI

### **HIPAA (Health Insurance Portability and Accountability Act) and PHI (Personal Health Information)**

Due to HIPAA requirements, it is very important that the applicant sign and date the application. The Underwriters are held to the minimum necessary needed to accomplish the purpose requested in disclosure of an applicant's personal health information.

When an application is rejected, the MA or GA is sent a general rejection letter. The applicant is sent a separate letter with the reason for rejection. We are not able to disclose this information (PHI) to an MA or GA due to HIPAA privacy laws.

Individually Identifiable Health Information (IIHI) is a sub group of PHI. This is data that is collected from an individual, obtained from a provider which relates to the past, present or future physical/mental condition of an individual. Under HIPAA, wrongful disclosure is punishable by a fine of up to \$50,000 and up to one year in jail. If this information is shared under false pretenses, the fine is up to \$100,000 and up to five years in jail. And if disclosed with the intent to defraud, an individual can be charged up to \$250,000 in fines and up to 10 years in jail.

**PHI** includes but is not limited to: name, email address, member ID #, Social Security number, contract number, driver's license number, credit card number, names of relatives, address, name of employer, telephone or fax number, date of birth, type of injury, date and time of treatment and type of treatment.

## **Section 7: Post Issue Changes**

Any change in benefits under MyBlue Medigap will usually require the member to resubmit to evidence of insurability and send it to:

Blue Care Network of Michigan  
P.O. Box 5043  
Southfield, MI 48086

Or fax it to: 1-877-218-1466

## Section 8: Unacceptable Medical Conditions (not all-inclusive)

**Applicants with the following health histories usually will not be eligible for MyBlue Medigap:**

Acquired immune deficiency syndrome (AIDS) or AIDS-related complex (ARC)  
Alcoholism  
Alzheimer's disease  
Amputation caused by a disease  
Angina pectoris  
Bone disease, degenerative, including osteoporosis  
Cancer (exception: basal cell skin cancer can be considered)  
Carotid artery disease  
Cerebrovascular accident (stroke)  
Chronic obstructive pulmonary disease (COPD)  
Cirrhosis of the liver  
Cognitive disorders, including senile dementia  
Congestive heart failure  
Coronary artery disease  
Diabetes requiring daily insulin shots  
Diabetes, whether insulin-dependent or not, with any of the following: diabetic neuropathy, peripheral vascular disease, neuropathy, heart condition, high blood pressure, kidney disease  
Drug abuse  
Emphysema  
Heart attack  
Heart enlargement  
Heart rhythm disorder  
Hemophilia  
Hepatitis B or C  
Joint replacement scheduled or advised  
Kidney disease, chronic, including end stage renal disease (ESRD) or dialysis  
Lateral sclerosis, including amyotrophic lateral sclerosis  
Lupus, systemic  
Mental or nervous disorder requiring psychiatric care  
Multiple sclerosis  
Myasthenia gravis  
Organ transplant, performed, planned or recommended  
Parkinson's disease  
Peripheral vascular disease  
Respiratory disorders that are chronic, including bronchitis  
Rheumatoid arthritis  
Stroke  
Transient ischemic attack (TIA)  
Tuberculosis

## Section 9: Unacceptable Medications (not all-inclusive)

Drug Name	Condition(s) for which medication is usually prescribed
Abilify (aripiprazole)	Bipolar disorder
Actos (pioglitazone)	Diabetes
Agrylin (anagrelide)	Myeloproliferative disorder
Aldactone (spironolactone)	Fluid retention, edema
Anadrol (oxymetholone)	Chronic anemia
Aptivus (tipranavir)	AIDS
Arava (leflunomide)	Rheumatoid arthritis
Aricept (donepezil)	Alzheimer's disease
Arimidex (anastrozole)	Breast cancer
Aromasin (exemestane)	Breast cancer
Atrovent (ipratropium)	Chronic obstructive pulmonary disease
Avastin (bevacizumab)	Cancer, hepatitis, macular degeneration, retinopathy
Avonex (interferon beta)	Multiple sclerosis
Azulfidine (sulfasalazine)	Rheumatoid arthritis
Baraclude (entecavir)	Hepatitis
Betaseron (interferon beta)	Multiple sclerosis
Boniva (ibandronate)	Osteoporosis
Cellcept (mycophenolate)	Transplant rejection, lupus, glomerulonephritis
Ceredase (aglycerase)	Gaucher's disease
Cerezyme (imiglucerase)	Gaucher's disease
Clozaril (clozapine)	Schizophrenia
Cognex (tacrine)	Alzheimer's disease
Combivir (lamivudine/zidovudine)	HIV infection
Comtan (entacapone)	Parkinson's disease
Copaxone (glatiramer)	Multiple sclerosis
Copegus (ribavirin)	Hepatitis C
Crixivan (indinavir)	HIV infection
Cyclosporine	Transplant rejection, rheumatoid arthritis, psoriasis
Dipyridamole	Transient ischemic attack, stroke
Enbrel (etanercept)	Rheumatoid arthritis, plaque psoriasis
Epivir (lamivudine)	HIV+, AIDS
Epzicom (abacavir/lamivudine)	HIV+
Evista (raloxifene)	Osteoporosis
Exelon (rivastigmine)	Dementia
Faslodex (fulvestrant)	Breast cancer
Femara (letrozole)	Breast cancer
Forteo (teriparatide)	Osteoporosis
Geodon (ziprasidone)	Schizophrenia
Glucagen Hypokit	Severe hypoglycemia
Haldol	Schizophrenia

Hepsera (adefovir)	Hepatitis
Humira (adalimumab)	Rheumatoid arthritis
Imuran (azathioprine)	Transplant rejection, rheumatoid arthritis
Infergen (interferon)	Hepatitis C
Intron A (interferon alfa)	Malignant melanoma
Lamictal (lamotrigine)	Epilepsy, bipolar disorder
Leflunomide	Rheumatoid arthritis, psoriatic arthritis
Marinol (dronabinol)	Nausea, loss of appetite
Megace (megestrol)	Loss of appetite, malnutrition
Mestinon (pyridostigmine)	Myasthenia gravis
Mexiletine	Abnormal heart rhythm
Miacalcin (calcitonin)	Osteoporosis
Mirapex (pramipexole)	Parkinson's disease
Namenda (memantine)	Alzheimer's disease
Neoral (cyclosporine)	Rheumatoid arthritis
Neupogen (filgrastim)	Cancer
Pacerone (amiodarone)	Abnormal heart rhythm
Pegasys (peginterferon)	Hepatitis C
Peg-Intron (peginterferon)	Hepatitis
Plavix (clopidogrel)	Heart disease, circulatory disease
Procrit (epoetin)	Chronic renal failure
Prograf (tacrolimus)	Transplant rejection
Provigil (modafinil)	Sleep apnea, narcolepsy
Pulmozyme (dornase)	Cystic fibrosis
Razadyne (galantamine)	Alzheimer's disease
Rebetol (ribavirin)	Hepatitis C
Rebetron (ribavirin/interferon)	Hepatitis C
Rebif (interferon beta)	Multiple sclerosis
Remicade (infliximab)	Crohn's disease, rheumatoid arthritis
Ribasphere (ribavirin)	Hepatitis C
Rilutek (riluzole)	ALS
Risperdal (risperidone)	Psychosis
Rythmol (propafenone)	Atrial fibrillation
Saphris (asenapine)	Bipolar disorder
Seroquel (quetiapine)	Schizophrenia
Spiriva (tiotropium)	Chronic obstructive pulmonary disease
Tasmar (tolcapone)	Parkinson's disease
Thalomid (thalidomide)	Multiple Myeloma
Truvada (emtricitabine/tenofovir)	HIV+, AIDS
Urso (ursodiol)	Cirrhosis
Viracept (nelfinavir)	HIV+, AIDS
Xeloda (capecitabine)	Cancer