



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

THOMAS R. SULLIVAN
COMMISSIONER

OFFICIAL NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: Dawn McDaniel

March 6, 2008

(860) 297-3958

CONNECTICUT INSURANCE DEPARTMENT OFFERS IMPORTANT CONSUMER ADVICE TO BABY-BOOMERS

What Retirees Need to Know About Medicare, Health Insurance Options

Hartford, CT – The first waves of baby boomers turn 62 this year and begin claiming Social Security benefits. Moreover, according to new research from the National Association of Insurance Commissioners (NAIC), of which Connecticut Insurance Department is a member, many baby boomers are in need of valuable information about their post-retirement health insurance options, including their Medicare eligibility.

The NAIC's national survey of 377 baby boomers — Americans born between 1946 and 1964 — found that only 36 percent correctly knew that Medicare eligibility begins at age 65. Twenty-one percent thought Medicare coverage began at age 62; 9 percent said age 67; 6 percent said age 59½; and 28 percent said they were unsure of the age.

The NAIC survey also found:

- A large majority of baby boomers — 84 percent — said that access to health insurance was important when choosing a retirement date.
- However, only 43 percent said that Medicare eligibility was an important factor in determining when they would retire.
- But nearly half — 48 percent — said they expected to use Medicare to cover their healthcare needs during retirement. This number increased to 57 percent among older baby boomers, those 55–62 years of age.

The NAIC survey also revealed a considerable lack of familiarity with Medicare's coverage options. Sixty-six percent of respondents said they were “not very familiar” or

“not at all familiar” with options such as Medicare Part B, Medicare Advantage plans, Medicare prescription drug coverage and Medicare supplement (Medigap) insurance. This number jumped to 72 percent among younger baby boomers, those 44–54 years of age.

A high level of concern about Medicare’s viability also added to the confusion. Eighty-two percent of those surveyed said they were concerned that future funding for Medicare might not be sufficient to provide the healthcare services they anticipate needing throughout their retirement.

“Clearly, there is much confusion and concern among baby boomers regarding their future access to Medicare,” Insurance Commissioner Thomas R. Sullivan said, “There is a common misconception that Medicare coverage is available at age 62, when they initially become eligible for Social Security benefits. With growing concerns about health insurance costs and access, our office can provide valuable information empowering baby boomers to make informed retirement decisions.”

Further, the Department would like to offer consumers the following important tips:

1. Plan ahead for your retirement health insurance needs. Americans are eligible for Medicare at age 65, so take this into consideration if you plan to retire at an earlier age.
2. If you plan to retire from your job before the age of 65 and are not eligible for Medicare, check to see if you are eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act). COBRA is a federal law that typically entitles you to continue your employer’s health insurance coverage for up to 18 months. Connecticut’s group health insurance continuation law is more liberal than the federal COBRA law in some respects. Check with the Connecticut Insurance Department to learn about your group health insurance continuation rights under COBRA and the Connecticut law.
3. If you are not eligible for COBRA, you might want to consider a catastrophic or high-deductible medical plan, which typically carries lower premiums than other individual policies. Keep in mind that people with serious pre-existing health problems — such as heart disease, diabetes or multiple sclerosis – are typically not eligible for catastrophic health insurance.
4. Before you become eligible for Medicare, you might want to consider purchasing a major medical plan to cover doctors’ visits, drugs and hospital care. These plans, which can vary in costs and medical benefits, include indemnity plans, preferred provider organization (PPO) plans, health maintenance organization (HMO) plans and point-of-service (POS) plans.
5. Take time when researching individual health insurance plans and learn what kind of policies will provide the coverage you need — then pick the one best for you. Shop around and ask a lot of questions. To avoid purchasing a fraudulent health insurance plan, visit the Connecticut Insurance Department’s Web site at

www.ct.gov/cid and *verify a license* under the consumer information section of the home page.

6. If you are 65 years of age or older and will be using Medicare as your primary health insurance, make sure you understand the different coverage options available to you. When enrolling, you will need to decide whether you want traditional Medicare or a Medicare Advantage plan. Before purchasing a Medicare Advantage plan, find out which hospitals and doctors are in-network and what benefits are offered under the plan.
7. When enrolling in traditional Medicare (Parts A and B), you might want to consider purchasing a separate Medicare supplement (Medigap) insurance policy to pay for medical/hospital expenses and deductibles not covered by Medicare. Contact the Insurance Department, www.ct.gov/cid, or Medicare, www.medicare.gov, for a list of approved Medicare supplement (Medigap) insurance providers. Additional resources are available through the CHOICES program at the Department of Social Services at www.ct.gov/dss.
8. When choosing Medicare options, you might also want to consider enrolling in prescription drug coverage (Medicare Part D), which will help pay for the cost of medications prescribed by your doctor during treatment. Keep in mind, if you choose to waive this coverage during enrollment, but enroll at a later date, you will pay a penalty fee.
9. Be wary of health discount cards. Discount cards are not insurance! If you are considering the purchase of a health discount card, call the Insurance Department at 800-203-3447 to determine whether the company is legitimate and whether any complaints have been filed against them. Also, research what types of services the discount card covers and whether your physician/dentist accepts the discount card.
10. Consider purchasing long-term care coverage. This type of insurance covers the cost of services for nursing homes, assisted-living facilities and in-home caregivers when individuals are unable to perform activities of daily living — such as eating, dressing and bathing. However, long-term care insurance isn't for everyone. If you are currently receiving Social Security or expect to have minimal or no retirement savings, you will likely qualify for state aid and should not purchase long-term care insurance. Be wary of advertising that suggests Medicare is associated with a long-term care policy. Medicare does not endorse or sell long-term care insurance.

“It’s important for baby boomers to educate themselves about their health insurance needs when planning for retirement,” Commissioner Sullivan said. “I hope that consumers will take the time to familiarize themselves with Medicare by utilizing the tools made available by the Insurance Department, the federal government, and the NAIC to make sure that their health insurance needs will be met in the future.”

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at www.ct.gov/cid.

ABOUT THE NAIC

Headquartered in Kansas City, Missouri, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace. For more information, visit NAIC on the Web at: http://www.naic.org/press_home.htm

###