

BlueSecure Frequently Asked Questions

Overview:

- Four new Medicare Supplement policies are being released: A, F, G, and N Secure Plans.
- Secure commissions **18% on years one through six** for persons aged-65-79!
- These new plans offer the same benefits as their Traditional GI counterparts but offer better rates if members can pass underwriting.
- Age-in members are guaranteed issue for the Secure plans.
- Secure Plans will have a separate application process than the current GI plans. There is no auto-enrollment process from Secure to current Traditional plans.
- Starting February 1, plans are ready to quote for an effective start date of April 1.

Questions:

1. What new plans are being offered in Illinois?

Medicare Supplement policies A, F, G, and N Secure plans are being released and will be ready to quote on February 1 for an April 1 effective date.

2. How do the Secure plans compare to the current guaranteed issue (GI) Traditional Medicare Supplement plans?

The Secure plans offer the same coverage and benefits as the A, F, G, and N Traditional GI Plans but offer lower rates. The coverage can be found on the BCBSIL website and on broker sizzle sheets.

3. Are new Secure plans similar to Plan G Plus being offered?

The only Secure plans offered are the base A, F, G, and N Secure plans. Select, High Deductible, and Plus plans are available in the Traditional GI plans.

4. How do individuals know if they qualify for one of these plans?

Applicants will need to complete the new Secure application. If an individual is aging into Medicare or qualifies under one of the GI provisions, the application will be approved without having to undergo underwriting and the applicant will not be required to complete the health history section. If they do not qualify under either of these provisions, they can apply and will be required to undergo underwriting.

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5. What qualifies an individual as guarantee issue for the Secure plans?

The guarantee issue rules are below:

<https://www.medicare.gov/supplements-other-insurance/when-can-i-buy-medigap/guaranteed-issue-rights>

6. Why would an individual choose a Secure plan over an existing traditional plan, or vice-versa?

The newly released Secure plans will be preferable to members aging into Medicare or those in good health. These plans will offer a lower rate for the same benefit. Members who are not able to pass underwriting would prefer the existing traditional plans because even though they would have higher rates, they are guaranteed issue.

7. What happens if a member applies to an underwritten plan and is denied?

New applicants will be notified via a letter of the denial outcome but will be alerted that we offer GI plans. The letter will be viewable in RPP. For current members, they will keep their existing plan. There is no auto-enrollment to the GI plans. The member can apply to the existing Traditional GI policies without being denied but will have a higher rate. An example of the letter can be found on the broker portal.

8. What happens if an existing (GI) member wants to apply to the new Secure plans?

Existing members who wish to apply to the new Secure plans will need to complete the Secure plan application and undergo underwriting. If a member fails underwriting, they will continue their coverage with their existing plan.

9. If an existing member calls BCBSIL sales to apply to a Secure plan, will the broker continue to be agent of record on the new policy?

Yes.

10. If an existing Secure plan member wants to change to another plan, how is this done?

An existing member may change to a Secure plan of lower value at any time. If a member would like to switch to a plan of a higher value, they will need to reapply and undergo underwriting. Secure Plan F is limited to individuals who were eligible for Medicare prior to Jan. 1, 2020.

11. Illinois recently passed IL SB147, can this be used to change from a GI plan to a Secure plan without reapplying?

No – the plans are issued by 2 separate issuers. Switching between the two requires applying. If a member plans to switch policies within their issuer to a plan of equal or lesser value, they can utilize the SB 147 mandate.

12. Do the Secure plans offer the same discounts as the GI plans?

The Household, Continue with Blue (CWB), and smoking discounts apply to both types of plans.

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13. Who is eligible for the F Secure plan?

Members who were first eligible for Medicare Supplement prior to 1/1/2020 are eligible. If an applicant first became eligible after 1/1/2020 and applies for the F Secure plan, they will be denied.

14. Is the Continue with Blue (CWB) discount available for all Secure policies beginning 4/1/2022? Does a member need to apply for either GI or Secure?

The CWB discount applies to new applicants starting 4/1/22, and any current members who started their policy after 5/1/19 when BCBSIL migrated to a new membership platform that brought in discount capabilities. Current and future members must show prior commercial/retail membership within 1 year of their Medicare Supplement policy start date.

15. If someone from an old block submits an application for a Secure plan, will the client be eligible to receive the CWB discount? Do they have to call in to receive it?

No, the Secure application includes a section to enter the details for CWB. The same rules will apply for the Secure plans as the guarantee issue plans.

16. Do members need to be in the same billing system to qualify for the Household Discount?

Yes they do. If one of the household members joined prior to 5/1/2019 they will exist in Vantage. This member will need to reapply for their current plan so that they are in the same billing system (Facets) as the new member to receive the household discount.

17. If a member switches from a Traditional GI plan to a Secure plan or vice-versa, do their discounts transfer?

Yes.

18. If a member is a smoker, are they eligible for the Secure plans?

Yes.

19. Should applications be submitted to both Secure and Traditional GI plans to ensure coverage?

No.

20. Will there be separate materials for the Secure plans?

Yes.

21. How many days should an applicant expect to wait before knowing if they are accepted or denied?

The expected turnaround time for applications is 5 business days. Brokers can refer to RPP for the status of an application.

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22. Is a phone screening required for underwriting?

No.

23. Will Disability guidelines be applied to Secure policies the same as the Traditional GI policies?

No. In Illinois, U65 disabled applicants can only apply during Open Enrollment and are guaranteed a policy to be effective 1/1 of the following year. With the new Secure plans, U65 disabled applicants need a qualifying event, even during open enrollment, to be eligible.

24. What is the highest age rated pool?

The highest age rated pool is tied to the highest rate, 100 years.

25. If an existing Medicare Supplement member applies and is approved for a Secure plan, will their existing plan be cancelled or will the member need to call or send in request to cancel?

The members existing plan will be cancelled as part of the transfer.

26. Will a binder payment be required to begin Secure plans?

No.

27. What are the commissions for the Secure offerings?

We are excited to announce **18% commissions** on **years one through six** persons aged 65-79! See the full commission schedule at our broker portal or in the chart below.

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Compensation Schedule Medicare Supplement Product Lines, Effective April 1, 2022

This Blue Cross and Blue Shield of Illinois (BCBSIL) Compensation Schedule is effective April 1, 2022 and replaces any existing Medicare Supplement Compensation Schedule in effect prior to the effective date of this schedule and shall apply to all new and existing policies effective on or after the effective date of this Compensation Schedule.

MEDICARE SUPPLEMENT PRODUCT				
PRODUCT TYPE	COMPENSATION RATE FIRST YEAR	COMPENSATION RATE YEARS 2-6	COMPENSATION RATE YEARS 7-10	COMPENSATION RATE YEARS 11+
Persons Aged 65-79	10% / 12.5% ¹	10%	5%	2.5%
Persons Aged 80 and older Under 65 and Medicare eligible	5% / 6.25% ¹	5%	2.5%	1.25%

¹ First year compensation is based upon the level of production of new paid sales in each product line during the previous calendar year. Producers that have sold 25 or more paid policies in the previous calendar year will receive compensation at the higher level in the first year on new paid sales in each product category. Under 65 product lines and Medicare Supplement product lines will not be combined when determining this total.

MEDICARE SUPPLEMENT SECURE PRODUCT				
PRODUCT TYPE	COMPENSATION RATE FIRST YEAR	COMPENSATION RATE YEARS 2-6	COMPENSATION RATE YEARS 7-10	COMPENSATION RATE YEARS 11+
Persons Aged 65-79	18%	18%	5%	2.5%
Persons Aged 80 and older Under 65 and Medicare eligible	9%	9%	2.5%	1.25%

Over 65 Replacements/Renewals

When an existing Medicare Supplement and Medicare Select (PPO) is replaced with another policy, the term of the policy will be paid according to the policy effective date of the original case. If policy lapse from original case is greater than 30 days, then the new policy will be paid as first year and considered new. No compensation is paid on Medicare Supplement business that replaces an existing in force Medicare Supplement policy unless the replacement is from the producer's own book of business.

Renewal compensation and service fees will be paid on all other carrier Medicare Supplement replacement policies.

Medicare Supplement and Medicare Select (PPO) Plans are not connected with or endorsed by the U.S. Government or the Federal Medicare program.

All compensation and service fees for Medicare Supplement product lines are based on the initial premium on the policy. Initial premium is defined as the initial preferred premium and will only be increased for dependent additions. If a policy change results in a coverage premium that is lesser than the initial premium, then compensation is paid on the lesser value.

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Enrollment Scenarios:

<u>IF</u>	<u>Then</u>
If an applicant is denied for the Secure plan...	...then a letter will be sent to the applicant informing them they have been denied for the Secure Plan and can apply for the Traditional plan. The mailing will include the Traditional plan paper application as well as a sales phone number they can call (including a reminder for them to use the same agent on the new application). Producers will be able to see this mailing through RPP.
If enrollment receives both the Traditional and Secure plan applications for the same member with the same receipt day...	...then the member will be enrolled into the better plan for member based upon the provided order of operations: <ul style="list-style-type: none"> • If the member will qualify for the Secure Plan, they will enroll into the Secure Plan • If the member will not qualify for the Secure Plan, they will enroll into the Traditional Plan • If there is a gap in-between the receipt of applications, we want to honor the most recent application.
If a member is declined for the Secure plan with one agent and re-applies for the Traditional plan with another agent...	...then the same rules will be applied. Any change of the agent of record should be routed to the Commissions Team; however, if the first application received gets declined and the second application is approved, we will honor the new agent of record on the second application. Note - if two apps are received at the same time with two different agents of record, the approved app/agent will get the business.
If a healthy applicant applies via Traditional plan application, they call in to request the Secure plan, are prompted to fill out a new application, but now have a new health change that negatively impacts their insurability...	...then the applicant will be accepted/declined based upon the applicant's most current application (which includes their guaranteed issue status and/or health check at the time of the application) only. We will not retroactively change rates, and we will not have any grace periods for individuals who do not pass underwriting. If the applicant does not qualify for the Secure plan at the time the Secure app is received, the Secure application will be declined and the member will remain on the Traditional Plan.
If a member switches from the Traditional plan to the Secure plan or vice-versa...	...then the same rules apply as today. Downgrading plans (i.e., going from the Secure plan to the Traditional plan) does not require additional underwriting (the individual would still need to fill out the application); however, underwriting is required when a member is looking to upgrade from the Traditional plan to the Secure plan (again, a new application is required for this change).
If a member submits an application for both the Traditional and Secure plans and is missing required information on the selected/processed application...	...then the other application that was submitted can be used to populate the missing information (if available) prior to initiating the RFI process.
If a Secure plan paper application comes in with an effective date prior to 4/1/22...	...then RFI process will trigger to reach out to the applicant and let them know that the Secure plan does not go into effect until 4/1/22. Should the member need coverage prior to 4/1/22, they'll need to apply for the Traditional plan; otherwise, their Secure plan application effective date will need to be updated to 4/1/22.
If an applicant is an under 65 disabled individual and applies for a Secure Plan during open enrollment without a qualifying event...	...then their application will be denied.
If an applicant is guaranteed issue or has a qualifying event and is applying for a Secure plan...	...then they do not have to answer the medical/health history questions in order to qualify for the Secure plan. If the applicant is not guaranteed issue and has not undergone a qualifying event or does not answer the medical/health history questions, then we will need to initiate the RFI process with the applicant to answer these questions.

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