

A Communication from the National Association of State Farm Agents, Inc.

A Follow-Up on the State Farm Group Health Plan Changes

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While I was putting together the information for this follow-up, I received a post card from State Farm on August 25 which moved this subject to the front burner.

You will remember NASFA was puzzled as to why State Farm and its strategic ally, Aon Hewitt, kept changing the title of **Aon Hewitt personnel** from one brochure to the next. (They are actually licensed insurance sales persons.) First they were "**Benefits Advisors.**" Then they were "**Senior Advisors.**" Then they became "**Senior Educators.**" And now, finally, they are no longer being identified as individuals, but as "**Aon Hewitt Navigators Insurance Services Inc.,**" a company with a new name. We have really tried to understand the motivation of these four name changes during the past few months. It seems this roll over program is still being refined from minute to minute. Perhaps one of you has some insight into these "musical names."

To add more mystery to this name-changing carousel, you will remember the State Farm Home Office presenter (his name was Ron) changed his verbal presentation as he followed the printed handouts at the State Farm group meeting for retirees. He substituted the words "Senior Educators" where the printed brochure read "**insurance brokers.**" State Farm and Aon Hewitt seem to be bending over backwards to avoid acknowledging that these "**Senior Navigators**" are, in fact, **licensed insurance salespeople.**

In our previous communication, we said this arrangement between State Farm and Aon Hewitt came with a, "sixth-month period of guaranteed eligibility." This too, was a verbal statement made by the State Farm Home Office fellow at the group retiree meeting. It was nowhere in writing in the brochures sent through the mail or handed out at the group retiree meeting. The other reference to, "**no exclusions for pre-existing conditions so**

long as you are coming from the group plan just prior to your enrollment" came in writing in the first brochure mailed to retirees by State Farm, under Frequently Asked Questions.

In our last NASFAX on this subject, we suggested State Farm is removing all retirees from the State Farm Group Health Plan to remove their premiums and claims from what State Farm paid in premiums to the purported health carrier, Blue Cross/Blue Shield of Illinois. We have since learned that Blue Cross/Blue Shield of Illinois is NOT the actual underwriter of the State Farm Group Health Plan. Blue Cross/Blue Shield of Illinois is merely "the Plan Administrator." **The State Farm Group Health Plan is, in fact, underwritten by the State Farm Insurance Companies.** Is some of the fog dissipating?

That said, let us add what we have gleaned from further attempts to monitor this roll over, or should we more appropriately say, this "roll out."

First, each retiree is currently a member of the State Farm Group Plan, and is paying a **GROUP PLAN PREMIUM.** There are no age or health condition premium modifiers in the group plan. The second brochure State Farm mailed to us delineated examples of **INDIVIDUAL RATES ACCORDING TO AGE.** So all retirees eligible for Medicare will be going from a **GROUP PLAN PREMIUM** to an **INDIVIDUAL AGE RATED POLICY PREMIUM.**

We have further learned that the enrollment period identified by State Farm (October 15, 2011 through December 7, 2011) was not selected at random, because it parallels exactly the Annual Enrollment period set forth by Medicare for coverage to be effective on January 1, 2012.

Here is what we have learned about your choices. If you are Medicare eligible, Medicare will provide

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you with “Original Medicare” which includes Part A, Hospital Insurance, and Part B, Medical Insurance. There is no premium currently to be paid on Part A because that cost has been deducted from your earnings ever since the Medicare tax has been applied. There is a premium for Part B, and that has been, and will continue to be, deducted from your Social Security Benefit check. If you choose to stay with “Original Medicare” you would also need to pay for the Part D Prescription Drug coverage, and to purchase a Medicare Supplement Insurance Policy (Medigap) to fill the gaps in Original Medicare.

Your other choice is to buy a “Medicare Advantage Plan.” Medicare Advantage Plans are issued by private insurance companies approved by Medicare and include Part A, Part B and **usually Part D**. These plans can vary from being like an HMO, or like a PPO. The main concern is choosing a Medicare Advantage Plan TAKES YOU OUT OF

ORIGINAL MEDICARE. There are further concerns about using doctors of your choice. While there are circumstance permitting when and how you might get back into Original Medicare, it is our best suggestion that you first take the time to read the free official U.S. government booklet recently sent to you entitled “Medicare and You” in preparation for the telephone call from the Aon Hewitt Navigators Insurance Services Inc. representative.

In the absence of something more definitive in writing from State Farm relevant to the conditions of “guaranteed eligibility and/or guaranteed insurability,” or anything else relative to the setting of rates and premiums for these individual policies, when there will be various companies being considered (represented) by the Aon people, we are still very much concerned about the conditions of this “ROLL OUT.”

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