

Harvard Pilgrim cancels Medicare Advantage plan

By Robert Weisman, Globe Staff | September 28, 2010

Harvard Pilgrim Health Care has notified customers that it will drop its Medicare Advantage health insurance program at the end of the year, forcing 22,000 senior citizens in Massachusetts, New Hampshire, and Maine to seek alternative supplemental coverage.

The decision by Wellesley-based Harvard Pilgrim, the state's second-largest health insurer, was prompted by a freeze in federal reimbursements and a new requirement that insurers offering the kind of product sold by Harvard Pilgrim — a Medicare Advantage private fee for service plan — form a contracted network of doctors who agree to participate for a negotiated amount of money. Under current rules, patients can seek care from any doctor.

"We became concerned by the long-term viability of Medicare Advantage programs in general," said Lynn Bowman, vice president of customer service at Harvard Pilgrim's office in Quincy. "We know that cuts in Medicare are being used to fund national health care reform. And we also had concerns about our ability to build a network of health care providers that would meet the needs of our seniors."

Under Medicare Advantage plans, the federal government pays private health insurers to sell customers over 65 years old enhanced policies, many of which offer prescription drug coverage not covered by standard Medicare. But the US Centers for Medicare and Medicaid Services has been seeking to reduce the amount it pays to private insurers for such programs.

Medicare told Harvard Pilgrim to notify customers that its Medicare Advantage program, known as First Seniority Freedom, was being canceled. In a mailing, the insurer was required to list alternative Medicare Advantage plans, including those offered by its competitors.

Harvard Pilgrim in a second mailing this week will urge customers to switch to a new Medicare Supplement plan it will begin offering in October. Unlike Medicare Advantage, which is overseen by the Centers for Medicare and Medicaid Services, the new Harvard Pilgrim plan will be overseen by the Massachusetts Division of Insurance.

It will be "slightly more expensive" than the Medicare Advantage plans, but competitive with supplemental insurance plans offered by rivals such as Blue Cross Blue Shield of Massachusetts, the state's largest health insurer, Bowman said.

She said the Medicare Supplement plan will feature some benefits not covered by the current plan, such as fitness reimbursements, but won't pay for prescription drugs, which are covered by some versions of the current plan. Instead, seniors can buy separate supplemental drug coverage through a partnership with [Coventry Health Care](#), in Bethesda, Md.

As of yesterday afternoon, about 1,000 customers had sought information about the product change.

Newton resident Robert Gray, 68, a retired computer engineer and technology researcher, said he was disturbed to find out his plan was being discontinued. But he said he prefers to remain with Harvard Pilgrim because he is a longtime customer.

"If there's a big increase in price or the various options in the new plan don't seem to be the same . . . we might consider going to another plan," Gray said.

More than 60 percent of senior citizens in Massachusetts are covered only by Medicare, according to Harvard Pilgrim research. Those who buy supplemental insurance are divided roughly evenly between Medicare Advantage and Medicare Supplement plans.