

FACTS

Medigap vs. Medicare Advantage



We are just entering the summer season but it is never too early to think about your health insurance. Fall open enrollment for Medicare occurs annually from October 15 thru December 7 and during this time you can drop, enroll and explore different plans that are available to you. The most important Medicare related decision you will make during this time is whether to buy a Medicare Advantage plan or stay with the original Medicare with Medigap in place.

Let's discuss this in depth.

Original Medicare includes Medicare Part A and Part B. Part A is hospital insurance and covers Medicare inpatient care, including care received while in a hospital, a skilled nursing facility, and in some cases, care at home. Part B covers services and supplies that are medically necessary to treat your health condition. This may include outpatient care, preventive services, ambulance services, and durable medical equipment.

Medicare A and B do not cover all your medical expenses and this is where Medigap coverage comes into play.

The benefits of a Medigap plan includes:

1. A larger physician base to choose from. Medicare Advantage Plans are

usually based on a network and will only cover services, in most cases, by physicians in that network. Medigap can be used with any doctor who accepts Medicare.

2. Referrals are not needed under Medigap meaning you can call any specialist you want as long as they accept Medicare.
3. Under Medigap, you do not need to have a primary care doctor as part of your plan.
4. Medigap is far less confusing. There are only 10 plans available across the country and each one of these plans offer the exact same benefits so there is less chance of confusion and the process is simple.
5. For the physician, Medigap involves much less paperwork for his office. Medigap sends a check directly to the medical provider without the patient's involvement. Under Medicare Advantage Plans, the patient is usually required to make co-payments to the provider adding another layer of work for the physician's office.
6. Medigap typically means lower out of pocket costs for the patient as compared to the Medicare Advantage Plans.

Although I just listed some of the favorable points of Medigap coverage, not everyone would benefit from such a plan. Let's look at some of the benefits of Medicare Advantage Plans.

1. The monthly premiums of Medicare Advantage plans are often lower than Medigap Plans because of the



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networks that are in place. A Consumer Reports story found that Medicare Advantage plans ranged in cost from \$0 to \$100 monthly while Medigap enrollees paid upwards of \$200 monthly with the average cost being around \$1800 a year (this is on top of the Medicare Part A and Part B cost of \$121.00 monthly).

2. Medicare Advantage plans can include prescription drug coverage while Medigap Plans never do, forcing the enrollee to also purchase a Medicare Part D plan, adding an additional cost to the monthly healthcare coverage.
3. In order to gain guaranteed access to a Medigap Plan, you must enroll within six months of signing up for Medicare Part B. If you choose to apply for a Medigap Plan after the six months, you can be turned down because of a pre-existing condition. For Medicare Advantage Plans, you can enroll every year during the open enrollment period and even change plans during that time.

So how do you decide what's best for you?

When it comes to cost, someone with significant and expensive health problems is much better off with a Medigap Plan. Although the premiums are higher, the out of pocket costs are less than the Medicare Advantage Plans. But if you are in generally good health, you can save a lot of money in the lower cost Medicare Advantage Plans with the Part D drug coverage feature.

But let me also point out that there are higher cost Medicare Advantage Plans that have

excellent coverage with lower out of pocket costs and drug coverage as well. Again, you will need to consider what you see as your current and long-term healthcare needs.

Another issue that comes up is for those who turn 65 but are still working and want to continue with their company provided health insurance. The law is clear that you must sign up for Medicare when you turn 65. You can start signing up online or in person at a local Social Security office beginning three months before your 65th birthday. You have an additional three months after your birthday month to apply before penalties kick in.

If you hold off because you (or your spouse) are employed and covered by a company plan, you have eight months to enroll after the employment ceases. Also remember that Medicare isn't family coverage, like you might have had from your job. Even though you may be eligible, Medicare doesn't cover your spouse or dependent children. They will need to buy insurance from a private company.

Confusing? Don't feel bad. Medicare and its associated alphabetical system can frustrate even the savviest person so seek an expert for help to avoid being penalized or even worse, ending up without any health coverage.

Your local senior center may have a Medicare navigator who can help you pick the right plan for you. You can also go online at www.medicare.gov and explore the plans offered there. The site can help you identify any special needs you may have, what Medicare Advantage Plans are offered in your area, the details of the plan and how to enroll.



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