

MEDIGAP & MEDICARE ADVANTAGE PLANS

They may come in handy, as Medicare may not cover as much as you think.

Presented by Glazer Financial Network

Will you be 65 soon? If you're turning 65 in the next few months, you might consider supplementing basic Medicare coverage. Most people think Part A and Part B cover more than they actually do.

In 2012, Medicare Part A gives you a \$1,156 hospital deductible per stay; Medicare Part B asks you to pay 20% of inpatient, outpatient and home health services costs after a \$140.00 deductible.¹

With numbers like these, it's easy to see the need for additional coverage. During the 2012 Medicare open enrollment period (October 15 - December 7), you have an opportunity to review your current plan and to enroll in another for 2013.²

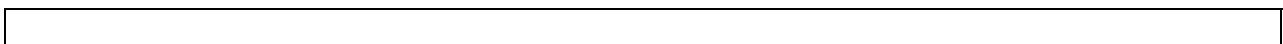
Medigap plans. These are private insurance policies available to people enrolled in traditional Medicare. They can help you cover some of (perhaps even a majority of) the out-of-pocket expenses incurred beyond original Medicare coverage.

There are 14 varieties of Medigap plans, referred to as Medigap A through N. (Plans E, H, I and J are no longer sold.) Medigap A tends to be the most affordable option, while Medigap Plans K and L (and to some degree, F) are the current high-deductible plans. Plan N requires a co-payment per office visit.^{3,4}

Plans A-D and F-G all offer you similar core benefits: 20% coinsurance after you pass the \$140 Part B deductible, all Part A hospital coinsurance for hospital stays plus 365 more lifetime hospital days, coverage for the first 3 pints of blood required in each calendar year, and hospice cost-sharing. While these basic benefits stay the same among Medigap plans offered through different companies, premiums differ quite a bit among insurance providers.^{3,4}

You have a guaranteed right to buy any Medigap policy sold in your state within the GAP, or "guaranteed acceptance" period - a 6-month open enrollment period starting in the month you turn 65 (assuming you are already enrolled in original Medicare).⁵ Medigap plans cover one person, not two. The premium you pay for Medigap insurance is in addition to the premium you pay for Medicare Part B coverage.^{3,5}

Medicare Advantage plans. These private insurance plans function as alternatives to original Medicare, not supplements to it. They are also called Part C plans. Most are HMOs and PPOs; some are configured as PFFSs (Private Fee-for-Service Plans) or MSAs (Medicare Savings Accounts). Plan members pay a percentage of costs for medical services they receive, which can mean relatively low premiums.⁶



By law, all Medicare Advantage plans are at least as wide-ranging as original Medicare, and many also provide coverage for drug costs (Part D). If your Advantage plan lacks Part D coverage, you can optionally join a Medicare Prescription Drug Plan.⁶

In 2012, seniors can now switch Medicare Advantage plans outside of the Medicare open enrollment period if they're in an area that has a plan boasting a five-star quality rating.⁷

Medicare Advantage plans may not be combined with Medigap policies.⁶

Read the fine print & shop around. You may wish to begin at Medicare's Plan Finder, which is scheduled to be updated with 2013 plan information on October 1. That useful tool is available at Medicare.gov.⁷

Medigap and Medicare Advantage coverage is not all the same, so be sure to compare and contrast plans with the input of an experienced insurance professional who understands the medical and lifestyle issues common to mature Americans.

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Citations.

1 - www.medicare.gov/cost/ [10/27/11]

2 - www.aarp.org/health/medicare-insurance/info-10-2010/medicare_open_enrollment_tips.html [9/12]

3 - www.medicare.gov/Publications/Pubs/pdf/02110.pdf [9/12/12]

4 - www.cahealthadvocates.org/medigap/plans.html [1/22/12]

5 - www.rd.com/health/healthcare/medicare-deadlines-the-price-of-waiting/ [9/12/12]

6 - www.medicare.gov/sign-up-change-plans/medicare-health-plans/medicare-advantage-plans/medicare-advantage-plans.html [9/12/12]

7 - community.nasdaq.com/News/2012-09/what-to-know-about-2012-medicare-open-enrollment.aspx?storyid=170547 [9/6/12]

