

Medicare Supplement Plans

Medicare Supplement plans, also known as “Medigap” plans, is a type of insurance offered by private insurance companies that help fill “gaps” in Original Medicare. Original Medicare pays for a large percentage of the costs but of covered health care services and supplies, but it does not cover all of your expenses. Medicare Supplement Insurance policies are designed to help you pay for some of the additional costs not covered by Medicare. Medicare Supplement policies work very differently than Medicare Advantage plans. They do not replace Original Medicare Parts A and B, like Medicare Advantage does but works alongside Original Medicare.

Medicare Supplements Cover

Medicare Supplement plans can help pay some of the health care costs Medicare does not, including:

- Copayments
- Coinsurance
- Deductibles

Medicare Supplement plans are standardized and have been given letter designations from A through N. The benefits provided do not vary no matter which insurance company offers the coverage. There are, however, three states (Massachusetts, Minnesota, and Wisconsin) with benefits that are a little different, but they are still standardized within those states.

Standard Medicare Supplement Plans

As of January 1, 2020, Medicare Supplement plans that cover the Part B deductible are not allowed to be sold to those newly eligible for Medicare. As a result, Plans C and F are not available to those newly eligible for Medicare beginning January 1, 2020. If you are already enrolled in either of these two plans (or the high deductible version of Plan F), you’ll be able to keep your plan. If you were eligible for Medicare before January 1, 2020, but not yet enrolled, you may be able to buy one of these plans, but talk to your independent agent first as there are a few cost concerns to consider.

While not very common, in some states, you may be able to buy another type of Medicare Supplement policy called Medicare SELECT. These plans require you to use a defined network of physicians and hospitals and can be less expensive than traditional Medicare Supplement Policies. With conventional Medicare Supplement policies, you can go to any physician or hospital that accepts Medicare, which most do.

Medicare Excess Charges

The Medicare Supplement Plan G is very popular because it is the only one that covers Excess Charges at 100%. What are Medicare Excess Charges, and why are they important? Medicare Assignment means that your doctor or other healthcare provider agrees to accept the Medicare-approved amount as full payment for covered services. In most cases, your doctor or other healthcare providers will accept

assignment, but not all do so you should always ask before receiving any services. Doctors and other healthcare providers who agree to accept Medicare Assignment agree to:

- Only charge you only the Medicare deductible and coinsurance amount
- Wait for Medicare to pay its share before asking you to pay your deductible and coinsurance.
- Submit claims directly to Medicare.
- Not charge excess fees.

When a provider does not accept Medicare Assignment, they can charge you an excess fee of up to 15% more than the Medicare-approved amount. While this may not seem like much if it is a \$100 office visit and they charged you an additional \$15 if it is a costly procedure that cost \$10,000, a 15% excess fee would be \$1,500.

Medicare Supplement Costs

In addition to your Medicare Supplement premiums, you may still have some co-pays, coinsurance, or deductibles to pay for out of pocket depending on which plan you choose. In addition to the premium for your Medicare Supplement policy, you will still have to pay your Medicare Part B premium and Part A premium if applicable. If you want prescription drug coverage, you will also need to purchase a stand-alone Part-D prescription drug plan. Medicare Supplement policies don't cover everything and, in most cases, don't cover long-term care, dental, vision (glasses and exams for them), hearing aids, or private-duty nursing. Medicare Supplement policies do not include the long list of supplemental benefits often included in Medicare Advantage plans.

Medicare Supplement Enrollment

The best time to buy a Medicare Supplement policy is during your initial six month Open Enrollment Period when you turn 65. During this initial Open Enrollment period can buy any Medicare Supplement policy sold in your state without medical underwriting. This is called a guarantee issue (GI) period and means you cannot be declined or have your premiums increased due to health issues. This period starts the month you turn 65 and enroll in Medicare Part B, lasts six months, and only happens once. After this enrollment period, you may not be able to buy a Medicare Supplement policy, or it may cost more due to any health issues you have or may have had in the past.

- If you apply for Medicare Supplement coverage after your open enrollment period, you may still have Guarantee Issue rights if you're eligible due to one of the situations below:
- If you have group health insurance through an employer or union, when you turn 65, you will have an open enrollment period that starts when you lose that coverage.
- If you purchase a Medicare Advantage plan and decide you do not like it during the first 12 months following the issue date of the policy, you can leave and buy a Medicare supplement policy offered with GI rights.

There are other situations when you have GI rights, but these are the most common.

Medicare Supplement Eligibility

You are eligible for a Medicare supplement policy if you are enrolled in Medicare Part A and Medicare Part B.

In most cases, your Medicare Supplement insurance company can't discontinue your coverage because Medicare Supplement policies are guaranteed renewable. This means your insurance company can't discontinue your coverage unless one of the following situations occur:

- You did not pay your premiums
- You lied on your policy application
- The insurance company goes bankrupt or becomes insolvent

Medicare Supplement Premiums

Each insurance company decides how it will charge members for its Medicare Supplement policies. It's essential to understand how the insurance company you choose prices its policies. The method they use can affect how much you pay now and in the future.

Medicare Supplement policies are priced in one of three different ways:

- Community-rated (also called "no age-rated") – Using this method, the same monthly premium is charged to everyone, regardless of age. Your premiums may go up because of inflation and other factors, but not because of your age.
- Issue-age-rated (also called "entry age-rated") – Using this method, the premium you pay is based on the age you are when you buy the policy. Premiums are lower for those who purchase when they are younger age and won't change as you get older. Premiums may go up because of inflation and other factors, but not because of your age.
- Attained-age-rated – Using this method, the premium is based on your current age, so your premium goes up as you get older. As a result, premiums are low for younger buyers and increase as you get older. This type may be the cheapest at first, but can eventually become the most expensive. Premiums may also go up because of inflation and other factors.

In addition to the premium for your Medicare Advantage plan, you will still have to pay your Medicare Part B premium and Part A premium if applicable.