

HOW TO CHOOSE THE BEST MEDIGAP POLICY

Medigap policies supplement the health insurance coverage provided by Medicare. Finding the right Medigap policy is important, because the coverage and cost of the options can vary substantially.

First, consider whether you need a Medigap policy. Medigap policies are intended to fill in the coverage gaps left by original Medicare Parts A and B. If you have a Medicare Advantage plan-which probably provides benefits beyond those provided by original Medicare-a Medigap policy will not act as a supplement to this plan. Medigap policies cannot pay for the deductibles, copayments or other cost sharing under a Medicare Advantage plan (or any other type of Medicare arrangement other than original Medicare).



If you do have original Medicare and have used it, you know that you have deductibles, copayments and coinsurance to pay, as well as expenses for services that Medicare does not cover. If you want to lower your out-of-

pocket costs and have coverage for additional health care benefits and services, a Medigap policy is worth considering.

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Twelve standardized types of Medigap plans are available, Plans A through L. Each of the twelve provides different benefits; therefore, your first step should be to consider how Medicare does or does not meet your current (and estimated future) health care needs. Medigap Plans A through J provide more extensive coverage, but cost more than Medigap Plans K and L, which provide fewer benefits. (Since the inception of Medicare Part D on January 1, 2006, newly purchased Medigap policies cannot include coverage for prescription drugs.)

Medigap policies are sold by private insurance companies. A standardized plan type will include the same benefits regardless of the insurer that sells it; that is, a Medigap Plan A policy sold by Insurance Company Y will provide the same benefits as a Medigap Plan A policy sold by Insurance Company Z. However, the cost each insurer charges for the Plan A policy may differ. Costs can vary for a number of reasons, including:

- ▶ How the insurer sets its premiums.
Medigap policies can be priced using

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community rating (the age of the individual purchaser is not a factor in the premium price), issue-age rating (the premium is based on the age of the individual purchaser when the policy is bought), or attained-age rating (the premium can increase each year as the purchaser ages).

- ▶ Whether the Medigap policy is sold as Medicare SELECT, which requires use of specific health care providers in order to receive full benefits.
- ▶ Whether you are eligible for a discount from the insurer (group, non-smoker, etc.).
- ▶ Whether the policy is a high-deductible option. Offered by some insurers on two of the standardized Medigap plans (F and J), this option features a reduced premium in exchange for the insured paying a higher upfront deductible.
- ▶ Whether the policy issued is subject to medical underwriting. Insurers cannot apply individual underwriting when an applicant is in his or her Medigap open enrollment period (the six-month period that starts on the first day of the month when one is both age 65 or older and enrolled in Medicare Part B) or during certain other guaranteed-issue periods established by federal or state law.

Not all insurance companies that sell Medigap policies sell every type of standardized plan. You can find out different insurers' Medigap plan offerings through your state insurance department, from Medicare (www.medicare.org or 1-800-MEDICARE), or from your insurance agent.

“Costs for the same type of plan can vary insurer to insurer, so it’s important to comparison shop”

As noted above, costs for the same type of plan can vary insurer to insurer, so it is important to comparison shop. When doing this, make sure you’re comparing prices for policies with the same standardized Plan letter, and that you understand how premiums are set, which will give you some idea of what your premiums are likely to be in the future.

At GCPA, we understand that the process of selecting a Medigap policy can be confusing. We offer a variety of Medicare Supplement options, and we can help determine which policy is right for you.

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