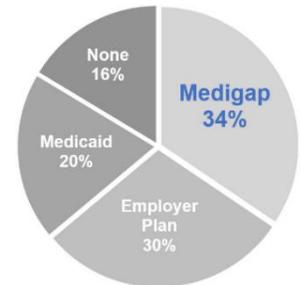


Medigap Policies (Medicare Supplement Insurance)

Frequently Asked Questions and Answers

What is the purpose of a Medicare supplement policy?

People who do not enroll in a Medicare Advantage Plan have Original 'fee for service' Medicare coverage (Part A and B). That leaves some cost gaps for which beneficiaries are responsible. These include Medicare's deductibles, copays, and 20% coinsurance. Most people with Original Medicare have some type of supplemental policy to help with this cost sharing responsibility. A Medigap policy does not replace Medicare. It is an insurance policy that is sold by private companies and helps fill 'gaps' in Original Medicare. Thus, the nickname 'Medigap'. A Medicare Advantage plan is a different approach for Medicare coverage and doesn't work with Original Medicare. See [HICAP's WEB](#) information for more on Advantage Plans.



(2018 per KFF)

How do the policies work with my providers?

Your provider first bills Medicare for services at their standard rate. Medicare limits the provider to the Medicare-approved amount and makes its share of the payment excluding deductibles and co-insurance. Then your Medigap policy finally pays for your obligation according to the terms of your plan contract. These plans make no medical decisions about what is covered or how much to pay because those are made by Medicare, your primary insurance. Usually, this process is transparent to you because the Medicare and Medigap computers are linked. Medigap policies will not pay for medical costs that are not covered by Medicare, although all offer extra days in the hospital and some offer foreign emergency coverage. A few plans offer innovative benefits like hearing and vision. Medigap policies do not include outpatient prescription drug coverage so you will need a separate Part D plan for that.

Are there limits on where I can use these policies?



Medicare is your primary insurance and can be used anywhere in the USA. All physicians, labs, hospitals, and medical equipment providers that accept Medicare patients also accept all Medigap policies, regardless of the company or plan level. With a Medigap policy you use both your Medicare card and your Medigap card. There are no provider networks, and prior approval is not required if the provider accepts Medicare patients (most providers do).

What are the differences between plans offered?

Medigap policies are standardized, and are named by letters, Plans A–N. Each Standardized Medigap policy under the same plan letter must offer the same benefits, no matter which insurance company sells it. The only difference between plans of the same letter is the price! Some plans are being phased out and are only available to those who were eligible for Medicare Part A before 1/1/2020.

Which plan should I choose?



Although there are 10 standard plans, by far the most popular plans across the entire USA are Plans G, N and G(HD). 99% of people at age 65 wanting a Medigap select one of these three. All 3 plans require the \$233 Part B (in 2022) annual deductible to be paid by you before Medicare or the plan make any payments. Plan G has the most comprehensive coverage and pays for all costs after the annual Part B deductible is met. Plan N typically has lower premiums because you take on a \$20 copay for provider visits and \$50 for a trip to the Emergency Room. Some companies offer a 'high-deductible' option for the Plan G. With a G(HD) plan, you pay a much lower monthly premium but must pay the first \$2,490 (in 2022) of only the 'gap' costs for both Part A and Part B covered services not paid by Medicare. After you meet that deductible for the year, all Medicare covered services are fully covered for the rest of the year just like a regular Plan G.

Here is a summary of the cost sharing associated with Original Medicare for the three most popular plans (the other 7 plan costs are available from HICAP). Note how the 3 mentioned plans cover the 'gaps'. Perhaps the largest 'gap' is that there is no maximum out of pocket limit for the 20% Part B coinsurance. That can lead to high coinsurance for expensive procedures such as chemotherapy or dialysis.

Medicare Cost Sharing for 2022			What you pay with a Medigap Plan		
Your Share - no supplement (Gap)			Plan G	Plan N	Plan G(HD)
HOSPITAL - A	Hospital Deductible Day 1	\$1,556	\$0	\$0	\$0 ¹
	Hospital Coinsurance after 60 days	\$389/day or more	\$0	\$0	\$0 ¹
	Skilled Nursing Coinsurance Days 21 to 100	\$194.⁵⁰/day	\$0	\$0	\$0 ¹
OUTPATIENT - B	Annual Deductible	\$233	\$233	\$233	\$2,490
	Medical Coinsurance	20% (no limit)	\$0	\$20 per visit	\$0 ¹
	<i>(Example: >\$50,000 chemo treatment starting in January)</i>	>\$10,000	\$233	\$433 ²	\$2,490
(USA Popularity for age 65 in '21)			55%	37%	7%
Lowest Cost Monthly Premium @ 65			\$123	\$95	\$35

Why are there differences in monthly premium costs?

Prices are set such that a company can make a profit after all claims are paid and costs met. Premiums are adjusted yearly based on both your age and the insurer's claim experience. The plans are standardized so other than premium, there are no differences between companies for the same policy type. Insurers can change their premiums at any time, so HICAP suggests contacting a few of the companies (or an insurance broker) for 2 or 3 of the lower price plans of the type you want. Ask for a current, specific quote based on your age and what kind of discounts they offer. Then, just choose the lowest cost plan. Listed below are some of the current lowest cost plans from over 20 sold in Contra Costa County³. Table 2 shows how the premiums vary and increase as one gets older. The table is summarized by 5-year increments, but premiums change annually based on your current age. Prices at age 80+ are considerably higher. Ask HICAP for additional rates.

Company Name	Contact Phone	Age 65			Age 70			Age 75			Price Date
		G	N	G(HD)	G	N	G(HD)	G	N	G(HD)	
⁵ USAA Life	800-531-8722	123	118	—	134	138	—	161	164	—	7/1/21
State Farm Mutual	Agent	125	95	—	159	121	—	189	145	—	1/1/21
Blue Shield	800-393-6130	128	127	—	180	178	—	239	242	—	7/1/21
Anthem Blue Cross	800-684-1893	134	144	—	164	176	—	200	215	—	3/1/22
⁵ AARP/UHC Medicare Supp.	888-378-0849	139	118	—	172	146	—	⁶	⁶	—	6/1/22
Blue Shield (Extra) ⁷	800-393-6130	142	—	—	194	—	—	253	—	—	7/1/21
Physicians Life	800-230-7642	144	119	—	156	129	—	182	150	—	8/27/21
Globe Life and Accident	888-678-3403	175	135	35	212	164	48	249	194	62	12/1/21
Colonial Penn Life	877-877-8052	187	130	37	232	170	45	286	217	55	6/1/21

What do I need to do to obtain a policy?

You can contact the insurer directly or go through an insurance broker to obtain a policy. Most people sign up for a Medigap policy within 6 months of the effective date of their Medicare Part B or discontinuing their employer-based plan. This is called a 'Medigap Open Enrollment' period because insurers must sell you any plan they offer. It is the best time to get a plan because outside of this 'Guarantee Issue Period' period, they can deny you coverage or charge you more based on your medical history.

There are other 'Guaranteed Issue Periods' without health screening such as when a Medicare Advantage Plan leaves the area. Call HICAP for more information if you are outside your 'Medigap Open Enrollment' period.



How do I pay for coverage?

When you have Original Medicare (Parts A and B) along with a Medigap plan, you'll pay two premiums: one for Medicare Part B (\$170.¹⁰ in 2022); and another for your Medigap plan. Medicare B premiums are deducted from your Social Security benefit or you are sent an invoice if not yet receiving benefits. Medigap premiums are paid directly to the private insurance carrier that provides your coverage. All plans are guaranteed renewable regardless of your health situation if you pay your premium. They are also all portable and continue if you move elsewhere within the country.



What about foreign travel?

The three plans described in this document (G, N and GHD) will cover emergency and urgent care outside of the United States as follows: within 60 days from the start of your trip, the Medigap plan will require you to pay 20% of the costs and they will pay 80%. There is a \$250 deductible per year and \$50,000 lifetime limit. Medicare pays nothing for foreign travel care, even in emergencies.

Can I change policies if my Plan raises its prices?

There is no Annual Open Enrollment period for Medigaps. But, after your initial enrollment period ends, in California you have a 'guaranteed issue' opportunity each year on your birthday and 60 days thereafter. You can switch your existing plan to the same or another plan type offering less coverage with any company that sells that plan. This is called the 'California Birthday Rule'. You could be in the middle of a chemotherapy treatment, and you could switch companies. This option is only available for those who have an existing Medigap Plan and not those wanting to join a plan for the first time. Check in with [HICAP](#) on your birthday for updated pricing for plans other than the one you have. You may also obtain current Medigap pricing on Medicare's Planfinder tool.



If you currently have a Medicare Advantage plan and wish to switch to Original Medicare plus a Medigap and a Part D Drug Plan, please contact HICAP.

Medigap policies do not include outpatient prescription drug coverage, so you should consider enrolling in a stand-alone Prescription Drug Plan (see HICAP's information about [Part D Prescription Drug Plans](#)).

Contra Costa Health Insurance Counseling and Advocacy Program (HICAP)



For assistance call HICAP: 925-655-1393,
or 800-434-0222, or 800-510-2020 (from land lines)

e-mail: ehsdhicap@ehsd.cccounty.us Visit: www.cchicap.org

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Navigating Medicare

Endnotes:

- 1 - Co-Insurance for G(HD) assumes annual deductible of \$2,490 already met. Annual deductible applies to both Part A and B gap costs.
- 2 - Assumes 10 visits for Chemo treatment.
- 3 - HICAP does not endorse any insurer and makes no claims as to the insurer's financial status, reputation or sales practices. All are approved to do business in the state and are regulated by the California Department of Insurance.
- 4 - Sample Premiums as of 5/12/2022 from SHIPTA Medigap PlanFinder. Spaces with a line reflect that plan is not offered by the company. Ask HICAP for age under 65 rates, rates over age 75, and rates for all plans offered in Contra Costa County.
- 5 - Some form of membership required. AARP is \$15/year. USAA membership is free and available to non-military via phone.
- 6 - Call AARP for policies age 75 and over as their pricing system is different than others.
- 7 - Innovative Plan which offers coverage and discounts for Vision and Hearing.