

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.

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 \$174.70 Part B (in 2024) 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 \$2,800 (in '24) 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 Medicare). 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 kidney dialysis.

Table 1

Medicare Cost Sharing for 2024			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	\$1,632	\$0	\$0	\$0 ¹
	Hospital Coinsurance after 60 days	\$408/day or more	\$0	\$0	\$0 ¹
	Skilled Nursing Coinsurance Days 21 to 100	\$204	\$0	\$0	\$0 ¹
OUTPATIENT - B	Annual Deductible	\$240	\$240	\$240	\$2,800
	Medical Coinsurance	20% (no limit)	\$0	\$20 per visit	\$0 ¹
	(<i>Example:</i> >\$50,000 chemo treatment starting in January)	>\$10,000	\$240	\$440 ²	\$2,800
(USA Popularity for age 65 in '22)			51%	38%	8%
Lowest Cost Monthly Premium @ age 65			\$132	\$102	\$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 older⁴. The table is summarized by 5-year increments, but premiums change annually based on your current age. Prices at age 80+ are considerably higher. Prices for any age, Plan type, and Zip code are at [Medicare.gov](https://www.Medicare.gov).

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	132	126	—	143	148	—	172	176	—	5/1/23
State Farm Mutual	See Agent	133	102	—	170	129	—	202	155	—	2/1/23
Blue Cross (Anthem)	800-684-1893	143	148	—	175	181	—	213	220	—	3/1/23
Cigna Health	855-891-9368	146	106	—	178	129	—	216	157	—	9/1/22
Blue Shield	800-393-6130	147	146	—	199	197	—	260	259	—	7/1/23
⁵ AARP/UHC Medicare Supp.	888-378-0849	150	127	—	186	157	—	6	6	—	6/1/23
Manhattan Life	800-877-7703	151	128	—	171	225	—	210	177	—	2/1/23
Elips Life	877-969-5675	154	122	53	188	149	64	232	184	79	9/1/22
Washington National	800-621-3724	162	126	42	209	170	50	254	214	61	9/1/23
Globe Life	888-678-3403	187	135	35	227	164	48	266	194	62	12/1/22

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 (\$174.⁷⁰ in 2024); 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 Fall 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 59 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 at [Medicare.gov](#).



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 County Health Insurance Counseling and Advocacy Program (HICAP)

Contact Us: 925-655-1393, 1-(800) 510-2020 or 1-(800) 434-0222

Email: ehsdhicap@ehsd.cccounty.us Visit: www.cchicap.org



Navigating Medicare



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Endnotes:

- 1 - Co-Insurance for G(HD) assumes annual deductible of \$2,800 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 11/1/2023 from SHIPTA Medigap PlanFinder. Spaces with a line reflect that plan is not offered by the company. See Medicare's Planfinder for rates offered in Contra Costa County for all plans at all ages.
- 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.