



Your  
Guide  
to  
MEDICARE  
SUPPLEMENT  
Insurance

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# Your Guide to Medicare Supplement Insurance

*At any age, health care is a priority. When you retire, however, you will probably focus more on health care than ever before. Here's what you need to know about Medicare Supplement Insurance.*

## Medicare & Retirement

If you're 65 or older when you retire, your worries may lessen when it comes to paying for health care - you are most likely eligible for certain health benefits from Medicare, a federal health insurance program, upon your 65th birthday. If you're already receiving Social Security benefits, you won't even have to apply; you'll be automatically enrolled in Medicare.

However, you will have to decide whether you need only **Part A** coverage (which is premium-free for most retirees) or if you want to also purchase **Part B** coverage. Part A, commonly referred to as the hospital insurance portion of Medicare, can help pay for your home health care, hospice care, and inpatient hospital care. Part B helps cover other medical care such as physician care, laboratory tests, and physical therapy.

You may also choose to enroll in a managed care plan or private fee-for-service plan under **Medicare Part C (Medicare Advantage)** if you want to pay fewer out-of-pocket health-care costs. If you don't already have adequate prescription drug coverage, you should also consider joining a Medicare prescription drug plan offered in your area by a private company or insurer that has been approved by Medicare.

Unfortunately, Medicare won't cover all your health-care expenses. For some types of care, you'll have to satisfy a deductible and make co-payments. That's why many retirees purchase Medicare Supplement Insurance, also called "Medigap" or "MedSupp."



## What is Medicare Supplement Insurance?

Medicare supplement insurance is health insurance that supplements the benefits covered under Medicare. It also fills in some of the gaps left by Medicare, such as your deductible and coinsurance contributions - hence the nickname “Medigap” insurance. That’s what we’ll call this type of insurance in the rest of this guide.

Unless you can afford to pay for the things that Medicare doesn’t cover, including the annual co-payments and deductibles that apply to certain types of care, you may want to buy some type of Medigap policy when you sign up for Medicare Part B. All medigap policies are sold by private insurance companies, and must be clearly identified as “Medicare Supplemental Insurance.”

Currently, 10 standardized plans are available (Plans A-D, Plans F and G, and Plans K-N) (except in Massachusetts, Minnesota, and Wisconsin, which have their own standardized plans). Each of these policies offers certain basic core benefits, and all but the most basic policy (Plan A) offer various combinations of additional benefits designed to cover what Medicare does not.

Although not all Medigap plans are available in every state, you should be able to find a plan that best meets your needs and your budget.

## When should I apply for a Medigap policy?

The best time to buy a Medigap policy is during open enrollment, when you can’t be turned down or charged more because you are in poor health. If you are age 65 or older, your open enrollment period starts on the first day of the month in which you’re both 65 or older and enrolled in Medicare Part B. A few states also require that a limited open enrollment period be offered to Medicare beneficiaries under age 65.

If you don’t buy a Medigap policy during open enrollment, you may not be able to buy the policy that you want later. You may find yourself having to settle for whatever type of policy an insurance company is willing to sell you. That is because insurers have greater freedom to deny applications or charge higher premiums for health reasons once open enrollment closes.





Keep in mind that the monthly premium you pay to the insurance company for your Medigap policy is in addition to the monthly Part B premium you pay to Medicare. Note that **you must have Medicare Part A and B in order to buy a Medigap policy**. A Medigap policy only covers one person, so your spouse will need to buy a separate policy.

## What does Medigap Insurance cover?

Plan A covers the following basic benefits:

- *Part A coinsurance costs up to 365 extra days of hospital care once Medicare benefits are used up*
- *Part B coinsurance or co-payment*
- *The first three pints of blood you may need in a year (Medicare pays for any additional blood)*
- *Part A hospice care coinsurance or co-payment*

Other plans cover the same basic benefits, plus some extra benefits that include different combinations of the following:

- *Coverage of your Part A deductible*
- *Coverage of your Part B deductible*
- *Coverage of the daily co-payment requirement for skilled nursing care*
- *Medically necessary emergency care needed during the first two months of a trip outside the United States*
- *Medicare Part B excess charges (i.e., the difference between your doctor's fee and Medicare's allowance)*
- *Medicare preventive care Part B coinsurance costs*

Two plans, Plans K and L, may have lower premium costs than other Medigap plans because they require you to pay a portion of Part B coinsurance or co-payment costs, and Part



A deductible and hospice care coinsurance or co-payment costs. However, they provide protection against catastrophic illnesses by limiting your annual out-of-pocket expenses.

Some of the benefits not covered by Medigap include long-term nursing home care, and vision and dental care. Medigap will follow Medicare in excluding what is unnecessary or experimental.

## **Won't Medicare alone be enough to cover my health care needs in retirement?**

Many retirees are surprised to discover that Medicare alone isn't enough to cover their health-care needs in retirement. Medicare coverage comes with deductibles and significant co-payments or coinsurance costs for many types of treatments, including hospitalizations. Typically, the deductible amounts are increased each year.

If you're not prepared to pay these expenses out of pocket, you may want to consider a Medigap policy (a supplemental medical insurance policy). These policies are standardized and regulated by both state and federal law.

If you're covered by an employer-sponsored health plan in retirement, you may not need to purchase Medigap insurance. In this case, your primary insurance coverage continues to be your employer's health plan; for eligible unpaid expenses, Medicare would provide secondary coverage.

## **Are all Medigap policies created equal?**

Generally, yes. Although Medigap policies are sold through private insurance companies, they're standardized and regulated by state and federal law. A Plan B purchased through an insurance company in New York will offer the same coverage as a Plan B purchased through an insurance company in Texas. All you have to do is decide which plan that you want to buy.

However, even though the plans that insurance companies offer are identical, the quality of the companies that offer the plans may be different. Look closely at each company's reputation,



financial strength, and customer service standards. And check out what you'll pay for Medigap coverage. Medigap premiums vary widely, both from company to company and from state to state. You can find a tool on the Medicare website ([www.medicare.gov](http://www.medicare.gov)) that will help you compare Medigap policies offered in your area.

## Does everyone need Medigap?

No. In fact, it's illegal for an insurance company to sell you a Medigap policy that substantially duplicates any existing coverage you have, including Medicare coverage. In general, you won't need a Medigap policy if you participate in a Medicare managed care plan or private fee-for-service plan, or if you qualify for Medicaid or have group coverage through your spouse.

You may also not need to buy a Medigap policy if you work past age 65 and have employer-sponsored health insurance. If you find yourself in this situation, you may want to enroll in Medicare Part A, since it's free. Remember that if you enroll in Medicare Part B, your open enrollment period for Medigap starts. If you don't buy a Medigap policy within six months, you may be denied coverage later or charged a higher premium, so you may want to wait to enroll in Medicare Part B until your employer coverage ends.

In addition, you may not need to buy a Medigap policy if you are covered by an employer-sponsored health plan after you retire (e.g., as part of a retirement severance package). In this case, your employer's plan may cover costs that Medicare doesn't. If you have any questions about your coverage, talk to your employer's benefits coordinator.

## Is dental care covered under Medigap Insurance?

Probably not. None of the standard Medigap plans available in most of the states offer dental care as a covered service. Federal law does permit the states to allow Medigap insurers to add new benefits to the standardized plans, so it's possible your Medigap policy might now cover dental care. To find out for sure, read your policy or ask your insurer.



# Medigap Insurance Quote Request

## Your Info

Name: \_\_\_\_\_

DOB: \_\_\_\_\_ Height: \_\_\_\_\_ Weight: \_\_\_\_\_

Gender:      M      F                      Tobacco Use?      Yes      No

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Proposed Effective Date: \_\_\_\_\_

Applying with Spouse:      Yes      No      Single (no spouse)

## Spouse Info (if applicable)

Gender:      M      F                      Tobacco Use?      Yes      No

DOB: \_\_\_\_\_ Height: \_\_\_\_\_ Weight: \_\_\_\_\_

Proposed Effective Date: \_\_\_\_\_

*Please return this form to your insurance agent to see a range of quotes  
from Medigap insurance providers in your state.*

**QUOTE REQUEST**