



Medicare & Medigap Insurance



What Is Medigap Insurance?

Medigap insurance is a private supplemental insurance policy that can be purchased to cover the costs that Medicare does not cover—in other words, the “gaps” in Medicare coverage—including deductibles, coinsurance, prescriptions and other costs.

How to Buy Medigap Insurance

Medigap policies are available from many private insurers; call around to find out who in your area offers these policies. There are several standard supplemental plans—labeled with the letters A to J. The basic plan is Plan A; the additional nine plans have additional benefits and different combinations of benefits. Plan J provides the most coverage of all the plans. The types of Medigap policies available vary from state to state, and some states also allow insurers to add special benefits to the standardized plans.

When to Buy Medigap Insurance

Generally, it is best to buy a Medigap policy during the open enrollment period, which, for enrollees at least 65 years old, is in the first 6 months after enrolling in Medicare Part B. For people enrolled in Medicare Part B who are under 65, the open enrollment period for Medigap insurance generally comes when they turn 65—although some states allow a limited Medigap enrollment period for people under 65. People who buy a policy during this open enrollment period can purchase the policy of their choosing, and they cannot be turned down or charged higher premiums because of health problems. After this open enrollment period, a person’s options are limited to the type of policy that insurance companies are willing to sell them.

Who Doesn’t Need Medigap Insurance

For people enrolled in a Medicare managed care plan, a private fee-for-service plan, a Medicare medical savings account plan, or a religious fraternal benefit plan, a Medigap policy is not necessary; it may even be illegal for anyone who knows that their client is enrolled in any of the above plans to sell them a Medigap policy.

Medicare SELECT

Medicare SELECT is another kind of Medigap insurance; it is sold by private insurance companies and HMOs. The main difference is that Medicare SELECT requires the covered person to use specific hospitals—and sometimes specific doctors—to receive full benefits. The only exception to these requirements is in the case of an emergency. Since Medicare SELECT has these requirements, its cost is often less than some other Medigap policies.

Comparing Medigap Policies

When shopping for a Medigap policy, here are some things to compare:

- **PREMIUMS**—There are differences among insurance companies for the same coverage.
- **AGE RATING OR NO AGE RATING**—Some policies are priced according to “age rating” (the age of the beneficiary); others are not.
- **ISSUE AGE OR ATTAINED AGE**—Some policies base premiums on “Issue Age,” or the age of the beneficiary when the policy is purchased. Others base the premiums on “Attained Age,” which means that premiums will increase with age. The premiums for all policies, however, may increase with inflation.
- **DISCOUNTS** or benefits for couples and nonsmokers.