

Medigap vs Medicare Advantage: Which is the best Medicare supplement?

For many seniors considering health care, the pivotal question is in deciding between Medigap vs Medicare Advantage. Finding the best option depends on a variety of factors, but it also depends on how much effort you're willing to expend in order to find the plan that's best for you.

What is Medigap and Medicare Advantage?

Both are offered by private insurance companies, and both help to cover the gaps of regular Medicare. Medigap refers to a group of supplemental insurance plans that work in conjunction with your regular Medicare benefits. In contrast, Medicare Advantage plans are separate from Medicare. In fact, if you purchase a Medicare Advantage plan, you are un-enrolled from Medicare. Following are some more key differences:

- The benefits of Medigap plans are standardized by the federal government, meaning that plans sold by different insurance companies all offer the same benefits.
- Medicare Advantage plans must provide at least the same coverage as Medicare A and B, but vary widely beyond this minimum set of benefits.
- Medigap plans offer services from a large network of doctors and caregivers, while the services offered by Medicare Advantage plans are usually in a restricted network.
- Medigap plans always require an additional monthly premium.
- The premiums for Medicare Advantage plans are often less than those for Medigap plans, and in some cases there are no monthly premiums for Medicare Advantage plans.

As you've probably realized from reading that last bullet point, Medicare Advantage plans are usually cheaper than Medigap plans. So, if you're willing to deal with the restricted network (i.e., you don't plan on being a perpetual globetrotter) and your funds are limited, the Medicare Advantage plan may be the best choice for you. But, of course, there are other very important factors beyond monthly cost that you should be aware of.

Medigap

Typically More Expensive

Offers significant additional coverage to Medicare

Larger Network of Doctors

Does not cover RX

Recommended for those who can afford it

Medicare Advantage

Typically Less Expensive

Usually offers same coverage as Medicare

Smaller Network of Doctors

Can include RX coverage

Recommended for those on a tight budget

Making the choice of Medigap vs Medicare Advantage

Medicare Advantage can be cheaper, but not necessarily so. For instance, the premiums for those Advantage plans that require them will rise over time, while policy holders of Medigap plans can select options in which the premiums are locked. In addition, out-of-pocket costs for many services such as hospital stays are often much more expensive with Advantage plans than they are with Medigap plans. Seniors considering a Medicare Advantage plan should read the fine print of the policy benefits to determine that the coverage satisfies their needs. They should also contact their physicians to ensure that the plan they desire is accepted.

The key is doing the research and for many seniors, the daunting task of verifying all of this information drives them to considering a Medigap plan. As mentioned before, the benefits of Medigap plans are standardized, so there is less variation to consider, and with the wider network of doctors.

So when comparing Medigap vs Medicare Advantage, figure out how comfortable you are evaluating the important details, and don't rush into a decision!

For more specific information and comparisons, please contact me:

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