



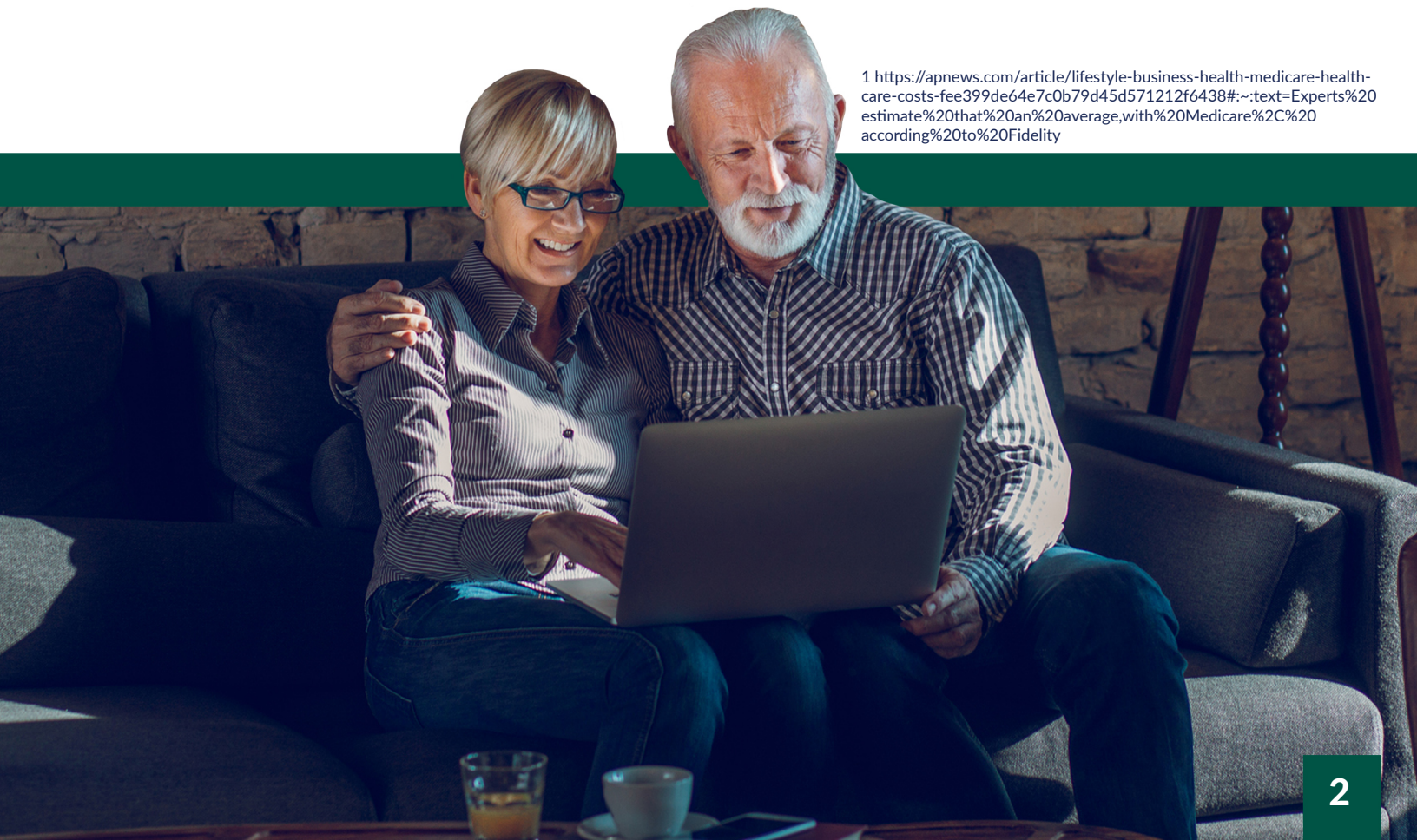
YOUR GUIDE TO MEDICARE & FILLING THE GAPS IN 2022

YOUR GUIDE TO MEDICARE & FILLING THE GAPS

One of your largest retirement expenses could be your healthcare costs. An average 65-year-old couple retiring today will need an estimated \$300,000 to cover their healthcare costs, according to one study.¹ Unfortunately, the Medicare system can be quite complex, leading many retirees to miss out on an accurate and comprehensive assessment of their options on an annual basis. Don't be one of them – read this guide to learn about:

- The basics of Medicare
- How Medigap plans work
- The differences between Medigap and Medicare Advantage Plans
- How to consider your options

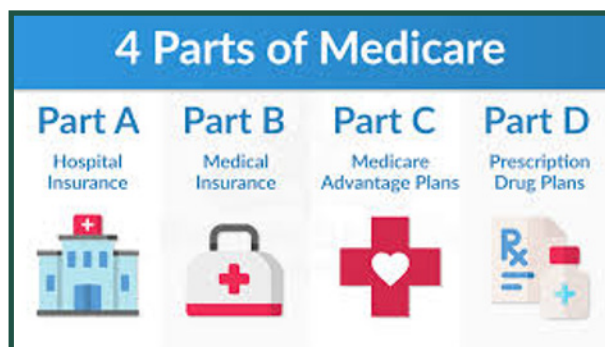
¹ <https://apnews.com/article/lifestyle-business-health-medicare-health-care-costs-fee399de64e7c0b79d45d571212f6438#:~:text=Experts%20estimate%20that%20an%20average,with%20Medicare%2C%20according%20to%20Fidelity>



THE BASICS OF MEDICARE

Medicare coverage is made up of four parts:

- Part A helps cover hospital stays, home healthcare, skilled nursing, and hospice.
- Part B helps cover doctor's visits, outpatient procedures, and some preventative care.
- Part C is supplemental insurance and can put a limit on your out-of-pocket costs and cover costs Parts A and B don't cover.
- Part D helps cover prescription drug costs.²



Medicare Parts A and B are called Original Medicare. It's important to know what Medicare parts A and B don't cover:

- Prescription Drugs
- Deductables and Co-pays
- Most Dental Care
- Routine Vision Care
- Hearing Aids
- Medical Care Outside of the U.S.³

² <https://www.bcbsm.com/medicare/help/faqs/works/parts-a-b-c-d.html>

³ <https://www.medicare.gov/what-medicare-covers/whats-not-covered-by-part-a-part-b>

HOW DOES A MEDIGAP PLAN WORK?

A Medigap Plan can help cover healthcare costs not covered by Original Medicare (Parts A and B). Medigap policies are sold by private insurance companies, and can help pay costs like copays, coinsurance, and deductibles in exchange for monthly premiums. There are usually 10 Medigap plans to choose from, named by a letter (for example, Plan A). Most Medigap plans don't cover long-term care, dental, hearing aids, eyeglasses, or private-duty nursing.

Note these three things about Medigap policies:

1. In order to get a Medigap policy, you must have Medicare Parts A and B.
2. Medigap policies only cover one person, so spouses must buy separate policies.
3. Some Medigap policies sold in the past included prescription drug coverage, but policies sold after January 1st, 2006 cannot include this. For prescription drug coverage, you can join a Medicare Part D prescription drug plan.



HOW IS A MEDIGAP PLAN DIFFERENT FROM A MEDICARE ADVANTAGE PLAN?

Although Medigap policies and Medicare Advantage policies are similar, there are key differences to note⁴:

Medicare Advantage

- You can only change or drop your policy during an enrollment period.
- You are typically only covered by doctors and hospitals in the plan's network.
- You may need referrals and may need to use network specialists.
- There may be network restrictions, with emergency care covered for travel within the U.S. and sometimes abroad.
- Monthly premiums are typically low or \$0 in addition to Part B premiums, and you pay co-pays, co-insurance, and deductibles.
- Many plans include prescription drug coverage.

Medigap

- You can change your policy at any time during the year after you turn 65 and join Medicare Part B.
- You can select doctors and hospitals if they accept Medicare patients.
- You do not need a referral to see a specialist.
- Coverage goes with you across the U.S., with no network restrictions.
- Costs include a monthly premium in addition to the Part B premium, and out-of-pocket costs are limited.
- Prescription drug coverage is not included.

⁴ <https://mymedicare supplement plan.org/medicare-advantage-vs-medicare-supplement/>



WHY CHOOSE MEDIGAP OVER MEDICARE ADVANTAGE?

You cannot have both a Medigap policy and a Medicare Advantage Plan, and many retirees choose to have one for supplemental coverage. So, how do you know which is right for you? While individual needs vary, Medigap policies offer several distinct advantages over Medicare Advantage policies.

1. CONTROL

Medigap plans are non-network plans, which means they can be used anywhere that accepts Medicare in the U.S. Unlike with a Medicare Advantage plan, you don't have to check to see if a doctor is "in-network," as long as they accept Medicare. Even if your current doctors would be covered by a Medicare Advantage plan, there's no guarantee that a new doctor or specialist you need to see would be covered, or that the doctors covered in the network will stay the same forever. Ultimately, a Medigap policy may be able to give you more control over your healthcare, as the health plan does not decide what tests and procedures are approved for you.

2. COST

As for costs, what meets the eye at first can be misleading: Medicare Advantage premiums are often lower than Medigap premiums. However, out-of-pocket costs can vary considerably with a Medicare Advantage plan, which can require co-pays, co-insurance, and can have high deductibles. In contrast, Medigap plans can offer comprehensive coverage in exchange for a monthly premium. Some plans cover most gaps left by Medicare Parts A and B, so that the Medicare Part B premium would be the only out-of-pocket cost.⁵ Note that Medigap plans don't cover prescription drug costs, but you do have the option to buy a stand-alone Medicare Part D Prescription Drug Plan.

⁵ <https://www.medicare.gov/supplements-other-insurance/whats-medicare-supplement-insurance-medigap>

3. CONSISTANCY

Medigap policies offer the advantage of being “guaranteed renewable.” This means that your plan cannot be cancelled as long as you pay premiums. In contrast, with Medicare Advantage plans, coverage, and plan availability change every year, and can be dropped.⁶

NOTE FOR NEW MEDICARE BENEFICIARIES:

When you first sign up for Medicare, you can choose between Medigap or Medicare Advantage, and can sign up for a policy with no underwriting, health questions, or restrictions. After this initial period, you typically must medically qualify to get a Medigap policy. You can change to Medicare Advantage during the annual enrollment period. This means it's easier to change from Medigap to Medicare Advantage than vice versa.⁷

WHICH MEDIGAP PLAN IS RIGHT FOR ME? WE HAVE THE ANSWERS.

So, which Medigap policy is the best option for you? You have several Medigap plans to choose from, and cost and coverage vary. The right one for you depends on your unique medical needs and financial situation, so consider carefully before choosing. If you already have one, consider that your needs may have changed since you decided on that policy and you should review your options. We can help you compare plans and explain the differences, pros and cons.

If you find Medicare complicated and confusing – you're not alone. A recent Medicare study found that 57% of those asked didn't review or compare their coverage options annually.⁸ Don't let the complexity of Medicare deter you from considering your options and pursuing what could potentially be cost-saving changes. We're here to guide you through the Medicare process, and help you understand how healthcare costs fit into your overall retirement plan. Sign up for a complimentary Medicare and financial review to find out more!

⁶ <https://65medicare.org/medigap-and-medicare-advantage-how-do-they-differ/>

⁷ <https://65medicare.org/medigap-and-medicare-advantage-how-do-they-differ/>

⁸ <https://www.medicareadvantageplans.org/medicare-advantage-plans-2021-coronavirus-survey/>

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