

Medicare Supplemental Insurance

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A "Medicare Supplement Insurance" policy (also called Medigap) is private health insurance which is designed to supplement original Medicare. This means it helps pay some of the health care costs that original Medicare does not cover, like copayments, coinsurance and deductibles. Every Medigap policy must follow Federal and State laws designed to protect the consumer, and the policy must be clearly identified as "Medicare Supplement Insurance". Medigap insurance companies in most states (including Alabama) can only sell "standardized" Medigap policies identified by letters A through N. Each standardized Medigap policy must offer the same basic benefits, no matter which insurance company sells it. COST is the only difference between Medigap policies with the same letter sold by different insurance companies.

The chart below gives you an example of the standardized Medigap plans currently available. Premium amounts vary according to the type plan chosen. It should be noted that insurance companies are required to make Plan A available. If they offer any other Medigap plan, they must also offer either Medigap Plan C or Plan F.

Medigap Plans

Medigap Benefits	A	B	C	D	F*	G	K	L	M	N**
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Blood (First 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Medicare Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Medicare Part B deductible			100%		100%					
Medicare Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			100%	100%	100%	100%			100%	100%
							Out of pocket limit in 2013			
							\$4.660	\$2.330		

As you will note from the chart above, the "letter" of the plan determines what supplemental Medicare charges are covered by the plan. For example, an individual with a Plan F would pay no additional charges above the monthly premium amount. On the other hand, a Plan B (such as the most commonly purchased Blue Cross Blue Shield C+ plan) covers far less than a Plan F and will require payment of more out of pocket expenses on behalf of the policy holder. Because it covers less, Plan B (C+) is less costly than plan F. The difference in the premium amounts can range between \$30 and \$40 per month, depending upon the age of the individual at the time of purchase. Age at purchase, health status and the financial status of the individual should be assessed when determining which type of Medigap policy is most appropriate. An individual who is new to Medicare and is in relatively good health may choose a less costly plan B, while an individual with poor health who may need costly services such as nursing home coinsurance charges might elect a Plan F.