

MEDIGAP: WHY IT MATTERS

Medicare may not cover as much as you think.

Will you be 65 soon? If you're turning 65 in the next few months, you might consider getting a Medigap policy to supplement your Medicare coverage. Most people think Medicare covers more than it actually does.

For 2009, Medicare Part A gives you a \$1,068 hospital deductible per stay; Medicare Part B asks you to pay 20% of physician, outpatient and home healthcare costs after a \$135.00 deductible.¹ With numbers like these, it's easy to see the value of Medigap coverage.

Are you in the GAP (guaranteed acceptance period)? The easiest time to qualify for Medigap

coverage is right around 65 – specifically, the window of time starting three months before and ending six months after your 65th birthday. This is the “guaranteed acceptance” period, in which anybody with Medicare can get into a Medigap plan. Outside of this window of time, you need to be reasonably healthy to get Medigap coverage.²

In most states, there are 12 Medigap plans offered - Medigap A through L. Plans A through J are the “traditional” plans; K and L are high-deductible plans and are far less popular.

The A-J plans all offer you the same set of core benefits: 20% coinsurance after you pass the \$135 Part B deductible, all Part A Hospital coinsurance for hospital stays between 61-150 days, 3 pints of blood (Parts A & B), and 365 more lifetime hospital days. While these basic benefits stay the same among Medigap plans offered through different companies, premiums differ quite a bit among insurance providers.²



Medicare Advantage plans. These private insurance plans are also called Part C plans, and they exist in different varieties - HMOs, PPOs, PFFSs (Private Fee-for-Service Plans), and MSAs (Medicare Savings Accounts). Plan members pay a percentage of the costs for medical services they receive, which means relatively low premiums.

By law, all Medicare Advantage plans are at least as wide-ranging as original Medicare, and many also provide coverage

for drug costs. Most of these plans cap member payments at a certain level annually.³

Unfortunately, federal government subsidies on MA plans will shrink by as much as 5% in 2010, which will likely mean higher premiums and/or fewer benefits.⁴

Read the fine print and shop around. Medigap coverage is not all the same, so be sure to compare and contrast Medigap plans with the input of an experienced insurance professional who understands the medical and lifestyle issues common to mature Americans.

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Citations.

¹ questions.medicare.gov/cgi-bin/medicare.cfg/php/enduser/std_adp.php?p_faqid=2100 [4/8/09]

² senioreducators.com/learn/lrn_hins_medigap [4/23/09]

³ senioreducators.com/learn/lrn_hins_ma [4/23/09]

⁴ online.wsj.com/article/SB124010250670532189.html?mod=dist_smartbrief [4/18/09]