



Understanding Medigap: Your Guide to Medicare Supplement Insurance

Medicare provides essential health coverage for millions of Americans, but it doesn't cover everything. This is where Medigap—Medicare Supplement Insurance—becomes crucial. This presentation explores how Medigap works with Medicare, identifies coverage gaps, and outlines solution options to help you make informed decisions about your healthcare coverage.

What Is Original Medicare?

The Foundation of Senior Healthcare

Original Medicare is a federal health insurance program primarily for people 65 and older, consisting of:

1

Part A (Hospital Insurance)

Covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health care services.

2

Part B (Medical Insurance)

Covers doctor visits, outpatient care, preventive services, and medical supplies.

While comprehensive, Original Medicare typically covers only about 80% of approved healthcare costs, leaving beneficiaries responsible for the remaining 20%.



**Peace of mind.
Covered.**

Original Medicare provides essential coverage but leaves significant gaps that can lead to high out-of-pocket expenses for beneficiaries.

Gaps in Original Medicare Coverage

20% Coinsurance

After Medicare pays its share (80% of approved amounts), you're responsible for the remaining 20% of all Part B services with **no annual limit**.

Deductibles

In 2025, the Part A deductible is \$1,676 per benefit period and the Part B deductible is \$257 annually, which you must pay before Medicare begins to pay.

Copayments

Fixed amounts you pay for services like hospital stays beyond 60 days, skilled nursing facility care beyond 20 days, and certain Part B services.

These gaps create financial vulnerability. With no out-of-pocket maximum in Original Medicare, a serious illness or injury could lead to substantial costs, potentially thousands or even tens of thousands of dollars in a single year.

What Is Medigap?

Medigap, or Medicare Supplement Insurance, is designed to fill the "gaps" in Original Medicare coverage. These policies are:

- Sold by private insurance companies
- Standardized and regulated by federal and state laws
- Designed to work alongside Original Medicare (not replace it)
- Available to individuals enrolled in both Medicare Parts A and B

Medigap policies help reduce your financial exposure by covering deductibles, copayments, and coinsurance that would otherwise come out of your pocket.



"Medigap serves as a financial safety net, protecting Medicare beneficiaries from potentially catastrophic out-of-pocket costs and providing peace of mind."

Medigap Coverage Basics



Medicare Pays First

When you receive medical services, Original Medicare (Parts A & B) pays its share of the Medicare-approved amount for covered services first.



Medigap Pays Second

After Medicare pays, your Medigap policy pays its share of covered costs according to your specific plan's benefits.



You Pay Less

With both Medicare and Medigap working together, your out-of-pocket expenses are significantly reduced or eliminated for covered services.

Medigap typically covers Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up, Part B coinsurance or copayment, blood (first 3 pints), and Part A hospice care coinsurance or copayment.

Some plans also cover skilled nursing facility care coinsurance, Part A and B deductibles, and emergency foreign travel exchange (up to plan limits).

What Medigap Does Not Cover

Prescription Drugs

Since 2006, new Medigap policies haven't covered prescription medications. For drug coverage, you'll need to enroll in a separate Medicare Part D plan.

Vision, Dental & Hearing

Routine vision exams, eyeglasses, dental care, and hearing aids are not covered by Medigap plans.

Long-Term Care

Medigap doesn't cover long-term care like non-skilled assistance with daily activities, whether in a nursing home or at your home.

Private-Duty Nursing

One-on-one nursing care at home or in a facility is not covered by Medigap policies.

Understanding these limitations is crucial when planning your complete healthcare coverage strategy. You may need additional policies or plans to address these gaps.



Standardized Medigap Plans

Medigap policies are standardized into plans labeled with letters (A, B, C, D, F, G, K, L, M, N). Each plan offers the same basic benefits regardless of which insurance company sells it, making comparison shopping easier.

Basic Benefits (All Plans)	Part A coinsurance, Part B coinsurance (generally 20%), first 3 pints of blood, Part A hospice coinsurance
Most Comprehensive	Plans F and G (Plan F only available to those eligible for Medicare before 2020)
Cost-Sharing Plans	Plans K and L (offer partial coverage with lower premiums and out-of-pocket limits)
Popular Choice	Plan G (covers everything Plan F does except the Part B deductible)

The primary differences between plans are the level of coverage for certain benefits and the resulting premium costs. Insurers compete on price and customer service, not benefits, for each standardized plan letter.

How to Enroll in Medigap

Medigap Open Enrollment Period

The best time to purchase a Medigap policy is during your 6-month Medigap Open Enrollment Period, which automatically starts the month you:

- Are 65 or older, AND
- Enrolled in Medicare Part B

⊗ During this period, you have guaranteed issue rights—insurance companies must sell you a Medigap policy, must cover all pre-existing conditions, and cannot charge you more based on your health status.



Outside Open Enrollment

If you apply for Medigap outside your Open Enrollment Period, insurance companies may:

- Deny coverage based on health problems
- Charge higher premiums
- Impose waiting periods for pre-existing conditions

Medigap Costs



Premium Factors

Medigap premiums vary based on:

- Plan type (more comprehensive plans cost more)
- Insurance company
- Geographic location
- Age (at enrollment or current)
- Gender (in some states)
- Tobacco use

In addition to your Medigap premium, you'll continue paying your Medicare Part B premium (\$164.90/month in 2023 for most people). However, Medigap policies are guaranteed renewable as long as you pay your premiums, even if you develop health problems.



Pricing Methods

Insurance companies use three approaches to set premiums:

- **Community-rated:** Same premium for all regardless of age
- **Issue-age-rated:** Based on your age when you buy (doesn't increase with age)
- **Attained-age-rated:** Based on current age (increases as you get older)

Medigap vs. Medicare Advantage

When considering Medicare coverage options, you'll need to choose between supplementing Original Medicare with a Medigap policy or replacing it with a Medicare Advantage plan. You cannot have both simultaneously.

Medigap	Medicare Advantage
Supplements Original Medicare	Replaces Original Medicare
Use any provider that accepts Medicare nationwide	Usually restricted to network providers in a local area
Higher monthly premiums	Lower or sometimes \$0 additional premiums
Lower out-of-pocket costs when you need care	Higher out-of-pocket costs when you need care
No prescription drug coverage (need separate Part D plan)	Usually includes prescription drug coverage
No extra benefits	May include extra benefits (dental, vision, gym memberships)

A close-up photograph of a person's hand holding a bright yellow highlighter, poised to mark a document. The document is open, showing various tables and text, likely a comparison chart or a list of insurance plans. The background is blurred, suggesting an office or study environment.

Important Medigap Considerations

State Variations

While Medigap plans are federally standardized, Massachusetts, Minnesota, and Wisconsin have their own standardization systems with different plan structures.

Some states may also have additional protections or rules regarding enrollment outside the Open Enrollment Period.

Medicare SELECT Plans

Some states offer Medicare SELECT plans, which are Medigap policies that require you to use specific hospitals and, in some cases, specific doctors to receive full benefits.

These plans typically have lower premiums but more restrictions.

Plan Comparisons

When comparing Medigap policies of the same letter from different insurers, focus on:

- Premium costs and pricing methods
- Customer service ratings
- Company financial stability
- Additional services offered

Conclusion: Fitting Medigap into Medicare

Key Takeaways

Financial Protection

Medigap helps limit unpredictable out-of-pocket costs, providing financial security and peace of mind for healthcare expenses.

Personalized Selection

Choose a Medigap plan based on your health needs, travel plans, budget considerations, and risk tolerance.

Timing Matters

Enroll during your Medigap Open Enrollment Period to secure the best rates and guaranteed acceptance regardless of health status.



Next Steps

- Compare plans using the Medicare Plan Finder at [Medicare.gov](https://www.medicare.gov)
- Consult with a licensed insurance agent or Medicare counselor
- Review your coverage annually during Medicare Open Enrollment
- Consider your complete healthcare needs, including prescription drugs