
Medigap Policies

Medigap policies are supplemental health insurance policies sold by private insurers, designed to fill some of the “gaps” in health coverage provided by Original Medicare. Although Original Medicare covers many health care costs, you still have to pay certain coinsurance and deductible amounts, as well as paying from your own pocket for services that Medicare does not cover.



Who Can Buy a Medigap Policy?

Generally, you must be enrolled in the original Medicare Parts A and B before you’re able to purchase a Medigap insurance policy. Other types of health insurance coverage, such as Medicare Advantage, other Medicare health plans, Medicaid, or employer-provided health insurance, do not work with Medigap policies.

Standardized Policies

Under federal regulations, private insurers may only sell “standardized” Medigap policies, identified as plans A, B, C, D, F, G, K, L, M, and N. The various policies differ in the benefits they provide and in their cost.

These standardized policies allow you to compare “apples with apples.” For example, a Plan F policy will provide the same benefits, no matter which insurance company it is purchased from. However, a plan C policy will provide different coverage than a plan D policy. All Medigap policies must provide certain “core” benefits.

Through May 31, 2010, there were 12 standardized Medigap policies, plans A, B, C, D, E, F, G, H, I, J, K, and L. Effective June 1, 2010, plans E, H, I, and J could no longer be sold, and Plans M and N were added. Individuals who had purchased a plan E, H, I, or J before June 1, 2010 were allowed to keep those plans.

Beginning January 1, 2020, Medigap plans sold to those new to Medicare were no longer allowed to cover the Part B deductible. Thus, Plans C and F (including the high deductible version of Plan F) could no longer be sold to people new to Medicare as of that date. An individual who already had one of these plans, or who was covered by one of these plans prior to January 1, 2020, will be allowed to keep the plan. Someone eligible for Medicare before January 1, 2020, but who had not yet enrolled, may still be able to buy one of these plans.

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These standardized plans are not available to those living in Massachusetts, Minnesota, or Wisconsin; there are separate Medigap policies available for residents of these states.

Choosing a Policy

There are two primary factors to consider when choosing a Medigap policy.

- **Needed benefits:** Carefully consider what benefits you are most likely to need; you may not need the most comprehensive plan. However, each individual must have his or her own Medigap policy.
- **Cost:** Once you have decided which benefits you will need, shop for the policy that provides those benefits at the lowest cost.

Policy Costs Can Differ

- **Discounts:** Some insurers may offer discounts to certain classes of people, such as women, non-smokers, or married couples.
- **Medical underwriting:** An insurance company may require you to fill out a detailed questionnaire on your health. The information you provide is used to determine whether or not a policy will be issued, or what premium to charge.
- **Pre-existing conditions:** If you have a “pre-existing condition,” a known health problem, before you apply for a Medigap policy, you may have to wait up to six months before that problem is covered.
- **High deductible:** Plans F and G have two options: (1) a standard option and (2) in some states, a “high deductible” option. Choosing the high deductible option means that you must pay more of the costs before the policy begins to provide benefits. Monthly premiums for high deductible policies are typically less.
- **Medicare SELECT:** Medicare SELECT policies are sold in a few states by a few insurers. Except for emergencies, these policies require you to use pre-selected hospitals and physicians.

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- **Guaranteed renewable:** Medigap policies issued after 1992 are generally guaranteed renewable. This means that as long as you pay the premiums, are honest about health issues, and the insurance company doesn't go bankrupt, the insurer can't drop your coverage. In some states, policies issued before 1992 may not be guaranteed renewable.
- **Insurer pricing methods:** The table below shows three common methods by which an insurance company will price its Medigap policies:

Pricing Method	Payment	Other Issues
Community (No-Age)	Each insured pays the same premium, regardless of age.	Premiums may increase due to inflation.
Issue-Age	Policy premium is based on your age when you purchase the policy.	Younger buyers pay lower premiums. Premiums may increase due to inflation.
Attained-Age	Premiums are based on your age each year, thus premiums increase annually.	Younger buyers pay lower premiums. Premiums can increase each year. Premiums may also increase due to inflation.

Other Resources

Professional guidance in dealing with any aspect of a Medigap policy is strongly recommended. Other available resources include:

- **Medicare:** The federal government's Centers for Medicare & Medicaid Services (CMS) has a great deal of information available on their website at www.medicare.gov. You can also reach them by phone at (800) 633-4227. TTY users should call (877) 486-2048.
- **State Health Insurance Assistance Programs:** Many states operate health insurance assistance programs designed to provide assistance and information regarding Medicare, Medigap policies, and long-term care policies.
- **State insurance department:** Each state has an insurance department that regulates the sale of all types of insurance within the state. These state agencies can provide information about Medigap policies.

Disclosure Notice

The information that follows is intended to serve as a basis for further discussion with your financial, legal, tax and/or accounting advisors. It is not a substitute for competent advice from these advisors. The actual application of some of these concepts may be the practice of law and is the proper responsibility of your attorney. The application of other concepts may require the guidance of a tax or accounting advisor. The company or companies listed below are not authorized to practice law or to provide legal, tax, or accounting advice.

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