



Helpful Terms:

Coinsurance: The percentage of the Medicare-approved amount that you have to pay after you pay the deductible for Part A and/or Part B. In the Original Medicare Plan, the coinsurance payment is a percentage of the approved amount for the service (usually 20 percent).

Copayment: A copayment is usually a set amount you pay for a service. Copayments are used for some hospital outpatient services in the Original Medicare Plan.

Deductible (Medigap): The amount you must pay for health care before Medicare or some Medigap policies begin to pay. Some Medicare deductibles can change every year.

Medigap Policy: A Medicare supplemental health insurance policy sold by private insurance companies to fill “gaps” in Original Medicare Plan coverage.

Medicare SELECT: A type of Medigap policy that may require you to use hospitals and, in some cases, doctors within its network to be eligible for full benefits.

Open Enrollment Period (Medigap): A one-time-only, six-month period after you enroll in Medicare Part B and are age 65 or older when you can buy any Medigap policy you want. You cannot be denied coverage or charged more due to your health history.

Premium: The periodic payment to Medicare, an insurance company, or a health care plan for healthcare coverage.

It is best not to wait until your health coverage ends before you apply for a Medigap policy. If you apply while still enrolled in your current health plan you can usually begin your Medigap coverage as soon as your current health plan coverage ends.

Where can I find more information about Medigap policies?

- Call your State Insurance Department to find out what Medigap policies are available in your state, which companies sell them, and about any other insurance-related issues.
- Contact your State Health Insurance Assistance Program (SHIP) to arrange for free help in deciding which policy is best for you and to see if you qualify for Medigap protections if you lose health coverage.
- Look at www.medicare.gov on the web. Select “Medicare Personal Plan Finder” to compare Medigap policies. Select “Publications” to read or print out a copy of the booklet the *Guide to Health Insurance for People with Medicare: Choosing a Medigap Policy*.
- Call 1-800-MEDICARE (1-800-633-4227, TTY users should call 1-877-486-2048). Ask for a free copy of the *Guide to Health Insurance for People with Medicare: Choosing a Medigap Policy*.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Publication No. CMS-10209
Revised May 2003



Medigap Policies

THE BASICS

CENTERS FOR MEDICARE & MEDICAID SERVICES





What is a Medigap policy?

It's health insurance that private insurance companies sell to help fill gaps in what the Original Medicare Plan covers. Medigap policies are also known as "Medicare Supplement Insurance."

Medigap policies pay most - if not all - of the costs for coinsurance and copayments under the Original Medicare Plan. These policies may also cover the Original Medicare Plan deductibles. Some policies include extra benefits to help pay more of those things that Medicare doesn't cover, like prescription drugs.

Buying a Medigap policy

It's an important decision. Only you can decide if a Medigap policy is right for you. Shop carefully. Compare available plans. Look for a policy that suits your budget. Make sure it gives you the coverage you need.

All states except three (Massachusetts, Minnesota, and Wisconsin) offer 10 standardized Medigap plans named plans "A" through "J". Each plan provides a different set of benefits. You do not need a Medigap policy if you are enrolled in a Medicare + Choice plan. In fact, it is illegal for anyone to sell you a Medigap policy if they know you are in one of these plans.

Certain basic benefits are covered in all 10 plans:

Inpatient Hospital Care – Medicare Part A coinsurance and the cost of 365 days of hospital care during your lifetime after you use up all Medicare hospital benefits

Medical Costs – Medicare Part B coinsurance, and copayment amounts, which may vary according to the service received

Blood – the cost of first three pints of blood you use each year.

How a Medigap policy works

When you buy a Medigap policy, you pay a premium to an insurance company. Any policy purchased after 1990 will be renewed automatically each year as long as you pay the premium.

Medicare SELECT

Medicare SELECT is another type of Medigap policy available in some states. If you buy a Medicare SELECT policy, you'll still have one of the standardized Medigap plans (A-J). With these policies you generally must use specific hospitals and, in some cases, doctors (except in emergencies) to receive full Medigap benefits. For this reason, Medicare SELECT policies generally cost less than the other Medigap policies.

High deductible option

Insurance companies may also offer a "high deductible option" on Medigap plans F and J. If you choose this option, you must pay a \$1,650 deductible for the year 2003 before the plan pays anything. This amount can go up each year.

High deductible options cost less, but if you get sick, your out-of-pocket costs will be higher and you may not be able to change plans.

When should I consider buying a Medigap policy?

The best time to buy a Medigap policy is during your Medigap open enrollment period. It lasts for six months and begins on the first day of the month in which you are

- age 65 or older *and*
- enrolled in Medicare Part B.

During your Medigap open enrollment period, insurance companies cannot

- Deny you insurance coverage
- Place conditions on a policy, such as delaying the start of coverage
- Change the price of the policy because of past or present health problems.

In addition, insurance companies that use waiting periods for pre-existing conditions must generally shorten the period if you had other health insurance before you bought the policy and if you meet certain requirements.

What are Medigap protections?

By law, you have a right to buy a Medigap policy if you lose certain types of health care coverage. Without these protections, insurance companies can refuse to sell you the policy you want or charge you a higher premium if you have health problems. Also, if you drop your Medigap policy, you may not be able to get it back except in very limited circumstances.

You may have the right to buy a Medigap policy if:

- Your Medicare + Choice plan coverage ends because the plan is leaving the Medicare program or stops giving care in your area.
- You move out of the service area of your Medicare + Choice plan.

For information about these and other situations involving health coverage changes and your rights to buy a Medigap policy in certain situations, call 1-800-MEDICARE (1-800-633-4227, TTY users should call 1-877-486-2048). You can also ask for the *Guide to Health Insurance for People with Medicare: Choosing a Medigap Policy*.