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Medicare Advantage

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Medicare Advantage is also referred to as Medicare Part C. Medicare Advantage Plans are private health plan options that operate under contract with Medicare and serve as an alternative to the Original Medicare Program (Part A and Part B). The federal government pays a set amount of money every month to these private health plans for each Medicare beneficiary enrolled in their plan, regardless of whether or not every enrollee uses health-care services.

Medicare Advantage Plans combine "core" Medicare benefits (Part A and Part B) with certain supplemental benefits in one integrated health-care plan. To enroll in such a plan, you must live within its service area and be enrolled in Medicare Part A and Part B.

While enrolled in a Medicare Advantage Plan, you are not covered by Original Medicare at the same time. Therefore, while enrolled, all of your health-care claims must be submitted to and paid by your Medicare Advantage Plan — not the federal government's Original Medicare program.

By law, Medicare Advantage Plans must cover at least the same services and fees as Medicare Part A and Part B. Companies that operate these plans, not the government, manage the Medicare Advantage Plans and determine fees charged and additional benefits provided.

There are several kinds of plans within the Medicare Advantage Program.

- **Medicare Managed Care Programs** are privately managed health-care plans such as Health Maintenance Organizations (HMOs) and local or regional Preferred Provider Organizations (PPOs). Generally, they require that you use only the plan's preapproved physicians, hospitals and other providers within the specified geographic location for all your health-care needs.
- **Medicare Private Fee-For-Service Plans (PFFS)** are also health plans offered by private companies. Unlike a managed care option, you can generally choose your physicians, hospitals and other care providers. The Medicare Private Fee-For-Service Plan pays a share of your medical expense; you pay the remainder. But the company offering the plan, not Medicare, decides how much you pay.
- **Medicare Special Needs Plans** provide health-care coverage for specific groups of individuals, such as:
 - Those eligible for both Medicare and Medicaid.
 - Those with certain chronic or disabling conditions (such as diabetes).
 - Those living in certain institutions (such as nursing homes).

Special Needs Plans are not offered in all areas of the country. Only available since 2005, these plans are designed to provide Medicare health care and services to beneficiaries who can benefit most from special expertise of plan providers and focused-care management.

Overview Of Medicare Advantage

Advantages

- Medicare Advantage Plans combine your hospital and medical coverages into one plan and usually offer benefits and coverages beyond Original Medicare.
- Outpatient prescription drugs may also be covered — these private health plans are called Medicare Advantage Prescription Drug (MA-PD) Plans.
- Most Medicare Advantage Plans will charge you one premium that includes your "core" Medicare benefits, prescription drugs (if offered) and any extra benefits (if offered) — however, some plans do not charge any extra premium beyond your monthly Medicare Part B premium.
- You do not need a Medigap policy to supplement one of the Medicare Advantage Plans; in fact, it is against the law for anyone to sell you a Medigap policy while you are enrolled in one of the Medicare Advantage Plans.
- Generally, you can enroll in one Medicare Advantage Plan at any time.

- Medicare Private Fee-For-Service Plans allow you to choose any physician, hospital or care provider who takes the plan's benefits.

Disadvantages

- Companies offering Medicare Advantage Plans may decide to drop their plans or change the benefits offered on an annual basis — requiring you to select another Medicare Advantage Plan (if available) or return to Original Medicare coverage.
- Unlike Original Medicare (where benefits and costs are identical for all beneficiaries nationwide), with Medicare Advantage, the total benefit package and beneficiary costs vary from plan to plan and from one geographic location to another. Plans are not available in all locations, especially rural areas.
- Your out-of-pocket expenses can vary because the company offering the plan, not Medicare, sets fees, co-payments, etc.
- Some plans limit the number of participants so you may not be able to enroll in the plan of your choice.
- Medicare Managed Care Programs (Health Maintenance Organizations, Preferred Provider Organizations, etc.) restrict your freedom to choose your physicians, hospitals and other care providers. Additionally, approved providers can decide to drop out of your plan's network, causing you to switch to new physicians, etc.
- Coverage for medical services delivered outside your geographic location may not be available or may be extremely restricted — so the plan does not easily "travel" with you.
- If you decide to enroll in Original Medicare at a later date because you would like to expand your care choices, your options for obtaining supplemental insurance may be restricted. For example, Medigap insurers can use medical underwriting to determine if you qualify for a Medigap policy. Without supplemental insurance, you must cover the gaps in Original Medicare yourself.

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Medicare Supplements

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Original Medicare And Medicare Supplement Policies

Because Original Medicare does not cover all common medical fees and services, private insurers provide coverage to help fill these gaps in the government program with health insurance policies called Medicare supplement policies. Also called Medigap policies, they are available only to those who are actively covered by Medicare Part A and Part B. These policies supplement Original Medicare with more comprehensive health insurance coverage and help lower out-of-pocket expenses for care.

Insurers may offer some or all of the government-mandated standardized Medigap plans (in all states except Massachusetts, Minnesota and Wisconsin, these 12 plans are currently labeled A through L).*

* Medigap plans H, I and J are no longer allowed to be sold as new policies effective January 1, 2006.

All Medigap policies must cover "core" benefits such as Medicare Part A and Part B coinsurance fees and co-payments, additional coverage for care in a hospital and other costs. Beyond core benefits, however, each Medigap plan offers a different set of benefits which cannot be changed unless the federal government approves the change and each state government implements such changes.

Overview Of Medigap Policies

Advantages

- Medigap policies help fill gaps in Original Medicare with coverage for Medicare's increasing deductibles, co-payments and coinsurance, as well as for additional services not covered by Medicare — thus reducing beneficiaries' out-of-pocket expenses and easing the claim payment process when health-care services are provided.
- A choice of standardized Medigap plans offers a wide range of benefits to fit most individuals' needs.
- Medigap policies generally allow participants a wide choice of health-care providers — with Medigap and Original Medicare coverage, you can go to any hospital and see any physician, including specialists, anywhere in the country at any time.

Note: Medicare "SELECT" supplements are unique Medigap plans which restrict your choice of health-care providers to a preapproved, geographically limited network of hospitals, physicians, etc., in order for the supplement to pay claims. These policies can charge lower premiums than traditional (non-SELECT) standardized Medigap plans, because they do limit your freedom to choose any health-care provider.

- Coverage is guaranteed renewable as long as you pay premiums — once your Medigap policy is issued, only you can terminate its coverage.
- Medigap plan benefits and coverages cannot be changed unless the federal government approves the change.
- Regardless of your health you may buy a Medigap policy during your initial open enrollment period — the 6-month period that begins on the day you are at least 65 years old and are first enrolled in Medicare Part B. The 6-month open enrollment into Medigap happens automatically and only once starting on your Medicare Part B enrollment date. Once this open enrollment begins, it cannot be changed or restarted.
- If you delay Part B enrollment, your open enrollment period for Medigap will start at the time your Part B coverage first begins.

Disadvantages

- The financial stability and commitment to quality of sponsoring Medigap insurers varies from company to company and may negatively affect claim payments and other service issues.

- Premiums may vary by each insurer and can increase over time.
- If you do not enroll during your initial Medigap open enrollment period, insurers can use medical underwriting to determine if you qualify for the policy you choose and how much it will cost you.

Original Medicare And Other Supplemental Coverage

There are other health-care plans or programs that supplement many of the coverage gaps in Original Medicare. These plans can also reduce out-of-pocket expenses and offer you valuable benefits alongside Medicare Part A and Part B. You can take advantage of these options only if you meet specific criteria, such as employment, military service or income.

- Employer- or union-sponsored health plans protect employees, retirees and eligible dependents.
- Veterans Administration and TRICARE provide health coverage for eligible military servicemembers.
- Medicaid and similar programs offer health-care coverage for those with low income.
- Prescription Drug Assistance Programs such as PACE (Programs of All-Inclusive Care for the Elderly), provide discounts or free medication for those meeting eligibility requirements.

Overview Of Other Supplemental Coverage

Advantages

- These plans or programs supplement many of the coverage gaps in Original Medicare and can reduce out-of-pocket expenses, as well as ease the claim payment process when health-care services are provided.
- Benefits and coverages beyond Original Medicare are usually provided.
- Many are subsidized or are part of a group policy; consequently, they can be less expensive than other supplemental insurance alternatives.
- Enrollment is easy and can be automatic, if you meet requirements.

Disadvantages

- You must meet specific employment, military service or income requirements to be eligible to obtain and keep such coverage — eligibility requirements can change.
- Coverage is not guaranteed-renewable and can be terminated by the plan provider or sponsor.
- Premiums can increase and benefits can be changed or eliminated at the discretion of the plan provider or sponsor with little notice to you.
- If you have employer- or union-sponsored coverage and decide to terminate your coverage, generally you cannot reactivate it.

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