

Signing up for Medigap policies

I've often written about the importance of clients enrolling in Medicare at the right time to ensure that they are not stuck paying delayed enrollment penalties for the rest of their lives.

What may be less obvious, but equally important, is the need to buy a supplemental Medigap policy when you're first eligible to guarantee coverage, regardless of your health status.

Medicare supplemental insurance policies, also known as Medigap policies, are sold by private companies and help pay some of the health care costs that original Medicare doesn't cover, such as copayments, coinsurance, deductibles and, in some cases, medical care when traveling outside the United States.

But Medigap policies don't cover everything. They generally do not cover long-term care, vision or dental care, hearing aids or eyeglasses.

Before you can buy a Medigap policy, you first must enroll in Medicare Part A and Part B.

Medigap policies have a separate six-month open enrollment period which starts the month you turn 65 or when you enroll in Medicare, if you are older than 65. During open enrollment, you can buy any Medigap policy sold in your state, even if you have health problems, for the same price as people with good



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ONRETIREMENT

health. For example, if you turn 65 in June and are enrolled in Medicare Part B, the best time for you to buy a Medigap policy is from June through November.

After the six-month enrollment period ends, you may not be able to buy a Medigap policy and if you are able to buy one, it may cost more due to medical underwriting.

Medigap policies only cover one person. For married couples, each spouse must buy their own policy and pay the Medigap premium in addition to the Part B Medicare premium.

MUST USE NETWORK PROVIDERS

About one-third of Medicare beneficiaries enroll in all-inclusive Medicare Advantage plans, which often provide added benefits and lower overall costs in exchange for using a network of health care providers. People who are enrolled in Medicare Advantage plans cannot purchase Medigap policies.

Clients who select original Medicare can initially switch to a

less expensive Medicare Advantage plan later, but it is only during their initial enrollment period or special enrollment period that they can choose any supplemental Medigap plan without medical underwriting. If they select a Medicare Advantage plan initially, they can switch to original Medicare in later years, but they may not be able to get the Medigap plan of their choice, or they may have to pay more for it as a result of their health status.

Depending where you live, you may have up to 10 different standardized Medigap policies to choose from: A, B, C, D, F, G, K, L, M and N. Policies in Massachusetts, Minnesota and Wisconsin have different names.

KEY POINTS

- Medigap policies help pay for costs Medicare doesn't cover.
- They don't cover long-term care, vision or dental care, hearing aids or eyeglasses.

Each policy offers a different set of standardized benefits, meaning policies with the same letter name offer the same benefits. However, premiums can vary.

Clients should select the plan letter they want and then compare



prices. Medicare.gov offers guidelines on how to compare and shop for Medigap plans.

Currently, Medigap F plans are the most popular and comprehensive, but they are going away. Starting in 2020, Medigap Plan F cannot be sold to new Medicare enrollees.

New Medicare enrollees who like the comprehensive coverage of Plan F should consider buying Plan G, which provides most of the same benefits but does not include the Part B deductible, which is \$183 in 2018 and \$185 in 2019. Existing Plan F policyholders could see premiums rise in the future as the insurance pool shrinks.

Medigap Plan C will also close to new beneficiaries in 2020.

Over the past year, Medigap premiums grew by at least 6%, more than twice as fast as the Social

Security cost-of-living adjustment of 2.8% in 2019, according to a new survey by The Senior Citizens League. The disparity between growth in the COLA and Medigap premiums is likely to be worse in 2020.

"We anticipate Medigap premiums will continue to grow several times faster for a number of reasons," said Mary Johnson, a Social Security and Medicare analyst with The Senior Citizens League.

(Questions about new Social Security rules? Find the answers in my ebook at [InvestmentNews.com/mbfebook](https://www.investmentnews.com/mbfebook).)

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