



Original Medicare vs. Medicare Advantage vs. Medicare Supplement – What To Choose?

Original Medicare lets you see any provider that accepts Medicare. At times, Medicare Advantage may be a better option if you can't afford a Medicare Supplement Insurance plan.

When it's time to sign up for Medicare, one of the first and most substantial decisions you face is whether to choose Original Medicare, and enhance it with a Medicare Supplement (Medigap) plan or go with a Medicare Advantage plan.

In 2022, most Medicare beneficiaries optioned for a Medicare Supplement (Medigap) or Medicare Advantage plan. The decision will depend on several factors, including where you live, your current and potential health care needs and your financial situation.

To better understand how to approach this choice, here's some information on how these different programs work.

Original Medicare

Medicare is government health insurance coverage provided to people age 65 and older and younger people living with certain disabilities. Original Medicare includes two parts: Part A and Part B, which cover different aspects of your health care:

- **Part A** is hospital insurance, covering things like inpatient hospital care, skilled nursing facility care, hospice care and some home health care.
- **Part B** is medical insurance, covering things like doctor's visits, preventive services and durable medical equipment.

If you opt for Original Medicare, you can see any medical provider or use any medical facility in the country that accepts Medicare.

Medicare Supplement Insurance

Medicare Supplement Insurance, or Medigap, is additional insurance you can buy from private health insurance companies to cover certain deductibles, copays and coinsurance that Medicare doesn't cover. Because Medicare has no out-of-pocket spending cap for Parts A and B, experts highly recommend buying a Medigap plan if you opt for Original Medicare.

You can purchase a Medigap plan during the six-month period that starts once you've turned 65 and have enrolled in Medicare Part B. During that time, your health and medical history can't be factored into insurers' pricing or coverage decisions. Afterward, unless you live in one of four states with different rules (Connecticut, Massachusetts, Maine and New York), insurers can charge you more or deny you coverage based on your health status or medical history.

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In other words, if you choose a Medicare *Advantage* plan, you may not be able to switch back later to Original Medicare with a Medigap plan. It doesn't mean you can't switch, but it's certainly not guaranteed. And in many parts of the country it may be impossible.

Medicare Advantage

Medicare Advantage — also called Medicare Part C — is a bundled alternative to Original Medicare sold by private health insurance companies that includes Medicare Part A and Part B and often additional benefits, which may provide some coverage for dental and vision care. Most Medicare Advantage plans also include your Part D prescription drug benefits. Many plans have no premium; however, you'll still be responsible for paying your Part B monthly premiums, unless you sign up for a Medicare Advantage plan with a Part B give back benefit, which covers part or all of your Part B premium.

Medicare Advantage plans work like traditional health insurance plans you may have gotten through an employer, in which there's a network of providers and you must stay within the network to have your care covered. You'll typically pay for care as you seek it, in the form of a deductible, copays and coinsurance. If you're healthy with no significant medical needs, you might spend very little on a Medicare Advantage plan. If you have a serious condition, the out-of-pocket costs can add up. Although these plans are required to have an out-of-pocket cap on spending, it can be as high as \$8,300 (in 2023).

Medicare Advantage networks and coverage can change year to year. It's important to understand that if you have a serious health issue, you may not have access to the specialists you prefer if they're out-of-network.

With a Medicare Advantage plan, the *insurance carrier* is in charge, and *they* get to decide what's medically necessary or not, instead of the government. The insurance carrier is a little more profit conscious, and they're a little bit more stringent on what is medically necessary in some situations.

Original Medicare vs. Medicare Advantage vs. Medicare Supplement: Coverage differences

Plan Feature	Original Medicare	Medicare Advantage	Medicare Supplement
Can see anyone who accepts Medicare	X		X
\$0-premium plans		X	
Preauthorization required for specialized care		X	
Ability to move / travel and keep your plan	X	Possibly, if the Medicare Advantage plan allows	X
Prescription Drug Plan Included		X	
Extra benefits like some coverage for dental, vision and hearing		X	
Cap on out-of-pocket costs		X	X
If you seek medical care	You are responsible for deductibles and coinsurance for Medicare Part A and Part B	You are responsible for deductibles, copays and coinsurance as described by the plan	After you meet the initial annual deductible (average \$220 to \$500), the supplement generally covers all other expenses

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Plan Feature	Original Medicare	Medicare Advantage	Medicare Supplement
Out-of-pocket max	There is no out-of-pocket max for Original Medicare	Average – up to \$8,300 in 2023	The supplement generally covers all other expenses after your deductible

Choosing between Original Medicare, Medicare Advantage or a Medicare Supplement

The choice between Original Medicare, Medicare Advantage or a Medicare Supplement should take into account your financial situation, your health status now and what it might be in the future, plus how much flexibility you want in your medical providers.

Consider Original Medicare and a Medicare Supplement if you:

- **Want provider flexibility.** With Original Medicare and a Medicare Supplement (Medigap) plan, you can see any medical provider or visit any facility in the country that accepts Medicare.

With a Medicare Advantage plan, you have to use the network that is provided by your insurance. Let's say you get cancer, and you want to go to a certain cancer center. If they're not in your network, you can't go there and be covered by the Advantage plan.

- **Are a frequent health care user.** If you have a chronic health condition or otherwise seek regular health care, you have more choices for care on Original Medicare. You also have the option to purchase a Medicare Supplement (Medigap) plan, which will cover certain deductibles, copays and coinsurance for treatment under Medicare Part A and Part B. Note: Once you pass your initial Medicare Open Enrollment window, it can be difficult — if not impossible — to get a Supplement plan later.
- **Can afford a Medicare Supplement Insurance plan.** Original Medicare has no cap on out-of-pocket costs, meaning if you need significant care, you could be on the hook for thousands of dollars in deductibles, copays and coinsurance. Medicare Supplement plans cover certain (and most) out-of-pocket costs.
- **Plan to spend your retirement traveling.** Original Medicare and Medicare Supplements offers access to a national network of providers — no matter where you are in the U.S. If they accept Medicare, you can see them and you will be covered.
- **Like to minimize risk.** Although Medicare Advantage can work for many people, there's the possibility of developing a serious medical issue later. People often want to seek care from the best specialists — who may not be in their plan's network — or are surprised by the high costs of their copays and coinsurance.

For many people, if it's financially affordable, Original Medicare with a Supplement is the most flexible and affordable choice. There are scenarios where, later, people would do anything to go back in time and enroll in a Supplement, but they're stuck with an Advantage plan that is not as flexible and cost-effective as they originally thought.

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Consider a Medicare Advantage plan if you:

- **Live in an area with a broad network.** If there are Medicare Advantage plans in your area with a wide network of providers, including a few top-notch hospitals, you'll have many options when it comes to your health care decisions. There are areas where Advantage plans work very well.
- **Don't plan to spend your retirement traveling.** Medicare Advantage plans typically require that you use care providers within a geographic service area, and once you get outside that area, you'll be covered for emergency care only.
- **Can't afford a Medicare Supplement Insurance plan.** If you can't afford the out-of-pocket costs for a Medicare Supplement (Medigap) plan, Medicare Advantage offers many \$0-premium plans. But you'll still be responsible for any deductibles, copays and coinsurance that are required if you seek medical care — up to the out-of-pocket maximum of the plan — which could be as high as \$8,300 in 2023.

You're also still responsible for your Medicare Part B premiums. If you have expensive medical needs, paying a monthly Medigap premium will often be more affordable.

- **Don't mind getting referrals.** Medicare Advantage plans often limit you to the providers within their network. If you're allowed to go out-of-network, you'll likely need preauthorization and your care will usually be more expensive.

Choosing your Medicare coverage is a big decision, and if you're feeling overwhelmed, a Medicare consultant (like myself) can help guide you. Medicare is not one-size-fits-all. It's completely personalized to meet your needs.

Confusing? You bet, but it doesn't have to be. [Contact us](#) and let us walk you through the process and help you find the best solution that meets your needs.

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