



Original Medicare vs Medicare Advantage

In our new video entitled “Original Medicare vs Medicare Advantage” Hans and Tom use the following document to discuss Medicare.

ORIGINAL MEDICARE MEDIGAP OR MEDICARE ADVANTAGE		
S.S		INCOME
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MED		ESTATE
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401K/IRA		<input type="checkbox"/>
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ORIGINAL MEDICARE	MEDIGAP OR MEDICARE ADVANTAGE
<p>PART D DRUG PLAN</p> <p>PRO</p> <ul style="list-style-type: none"> - FLEXIBILITY IN PROVIDERS - LOWER OUT OF POCKET COST - PREDICTABILITY OF COST - COMPREHENSIVE COVERAGE <p>CON</p> <ul style="list-style-type: none"> - HIGHER MONTHLY PREMIUMS - 3 SEPERATE PLANS - NO EXTRA BENEFITS - (DENTAL, VISION, HEARING) <p>CHOICE OF PROVIDERS, TRAVEL, FLEXIBILITY</p>	<ul style="list-style-type: none"> - LOWER OR NO PREMIUM - ADDITIONAL BENEFITS (VISION, HEARING, FITNESS MEMBER, DENTAL, TRANSPORTATION, FOOD) - INTEGRATED DRUG COVERAGE - ANNUAL OUT OF POCKET MAXIMUM <p>PRO</p> <p>CON</p> <ul style="list-style-type: none"> - NETWORK RESTRICTIONS - HIGHER OUT OF POCKET - PLAN VARIABILITY - YEAR TO YEAR - PRIOR AUTHORIZATION - PLAN RULES - GEOGRAPHIC AREA <p>LOWER PREMIUMS, EXTRA BENEFITS, NETWORK</p>

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Individuals 65+ and covered by Medicare have 2 distinct paths to choose from in receiving their Medicare benefits. The first is to stay on original Medicare Parts A and B and purchase a Medicare supplement policy and a stand alone Part D drug plan. The second path is to elect to receive Medicare benefits from a private insurance company called Medicare Advantage. Medicare Advantage usually includes Part D drug coverage. Medicare supplement insurance is not allowed with Medicare Advantage. For a consumer faced with choosing one of these 2 paths, discuss the pluses and minuses of each path?

Choosing between Original Medicare with a Medicare Supplement (Medigap) plan and a standalone Part D drug plan, or opting for a Medicare Advantage plan, is a significant decision for individuals 65 and older. Each option has distinct advantages and disadvantages. Here's a breakdown of the ****pluses and minuses**** of each path to help consumers make an informed decision:

**Path 1: Original Medicare (Parts A & B) with Medigap and Part D**

This path allows individuals to stay on traditional Medicare and enhance their coverage by purchasing additional policies.

**Pluses of Original Medicare with Medigap and Part D:**

- 1. **Flexibility in Providers**:** Original Medicare is accepted by most doctors and hospitals nationwide. There are no network restrictions, allowing beneficiaries to see any provider that accepts Medicare, which is especially helpful for people who travel frequently or live in multiple locations.
- 2. **Lower Out-of-Pocket Costs**:** By purchasing a Medigap policy, individuals can significantly reduce or eliminate out-of-pocket costs (like copayments, coinsurance, and deductibles) for services covered by Medicare. This can provide financial peace of mind, especially for those who need frequent or costly medical care.
- 3. **Predictability**:** Medigap policies offer predictable expenses because beneficiaries pay a monthly premium for the policy, and out-of-pocket costs for medical services are often very low or nonexistent once premiums are paid.
- 4. **Comprehensive Coverage**:** Medigap policies can cover many of the costs not paid by Original Medicare, such as the 20% coinsurance on Part B services. Some Medigap plans even cover foreign travel emergencies, which Original Medicare does not.

****Minuses of Original Medicare with Medigap and Part D:****

1. ****Higher Monthly Premiums****: Although Medigap policies help reduce out-of-pocket costs, the monthly premiums for both the Medigap policy and the standalone Part D plan can be higher compared to a Medicare Advantage plan, especially if someone is healthy and not using many services.
2. ****Separate Plans****: Consumers must manage and pay for three separate policies—Medicare Parts A and B, a Medigap policy, and a Part D drug plan. This can be cumbersome and confusing.
3. ****No Extra Benefits****: Original Medicare and Medigap generally do not cover additional services like dental, vision, or hearing, which many Medicare Advantage plans include.
4. ****Part D Drug Coverage****: Drug coverage is not integrated into Original Medicare, so individuals must select a separate Part D plan, and formularies (list of covered drugs) can vary between plans.

****Path 2: Medicare Advantage (Part C)****

Medicare Advantage (MA) plans are offered by private insurance companies that contract with Medicare and bundle coverage for Parts A, B, and usually Part D, along with additional benefits.

****Pluses of Medicare Advantage:****

1. ****Lower or No Premiums****: Many Medicare Advantage plans have low or even \$0 monthly premiums (beyond the Medicare Part B premium), which can make them more affordable for individuals on fixed incomes.
2. ****Additional Benefits****: MA plans often include extra benefits not covered by Original Medicare, such as dental, vision, hearing, fitness memberships, and transportation to medical appointments. Some plans also offer over-the-counter drug allowances.
3. ****Integrated Drug Coverage****: Most MA plans include Part D drug coverage as part of the plan, making it convenient to have both medical and drug coverage in one plan.

4. **Annual Out-of-Pocket Maximum**: Medicare Advantage plans have an out-of-pocket spending cap (which Original Medicare lacks). Once the beneficiary reaches the maximum, the plan covers all additional costs for covered services for the rest of the year.

Minuses of Medicare Advantage:

1. **Network Restrictions**: MA plans often have network restrictions, such as HMOs or PPOs. This means that beneficiaries must use a specific network of doctors, hospitals, and pharmacies, and they may need referrals for specialist care. Out-of-network care can be more expensive or not covered at all, depending on the plan.

2. **Higher Out-of-Pocket Costs for Some Services**: While premiums are lower, MA plans often require copayments or coinsurance for doctor visits, hospital stays, and other services, which can add up quickly for those who need frequent care. The out-of-pocket costs can be unpredictable, especially for those with chronic conditions or significant medical needs.

3. **Plan Variability**: Benefits, coverage rules, and provider networks can change annually with Medicare Advantage plans. A plan that works well one year might change its provider network or cost-sharing structure the next year.

4. **Prior Authorization and Plan Rules**: Many MA plans require prior authorization for certain services, meaning the plan must approve the service before it is covered. This can cause delays in accessing care.

5. **Limited Availability of Some Plans**: Not all MA plans are available in every location, and rural areas might have fewer options. Beneficiaries must choose from the plans available in their geographic area.

Summary: Which Path to Choose?

- **Original Medicare with Medigap and Part D** is generally better for individuals who value flexibility in choosing their healthcare providers, want predictable costs, travel frequently, or have significant healthcare needs that could result in high out-of-pocket costs.

- **Medicare Advantage** is more suited for individuals who prefer lower premiums, appreciate the extra benefits (like dental and vision), and are comfortable with using

a network of providers. It's also a good option for those in good health who don't anticipate frequent medical visits or high medical costs.

Ultimately, the decision depends on individual preferences, health needs, financial situation, and comfort with provider networks and out-of-pocket costs.