

Original Medicare or a Medicare Advantage Plan Which One is Right For You?

By
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(Disclaimer: This article is not meant to replace your own research. Circumstances change constantly so it is in your best interest to consider your personal situation and seek accurate advice when ready to make a decision.)

We've had a number of clerks retire in the last few years and we have other clerks quickly approaching retirement so this article is mostly intended for them but there is information in here that could help your any of your family members if they are approaching Medicare age.

What is Medicare?

What is Medicare? Medicare is a government program that provides hospital and medical insurance to those who have reached the age of 65. There are four parts to Medicare.

Part A

Part A covers inpatient hospital care and skilled nursing.

There is no premium if you or your spouse has earned at least 40 Social Security credits.

Part B

Part B covers doctor services and outpatient hospital care. This involves a monthly premium which in 2022 was \$170.10. The deductible for 2022 was \$233.

Part C

Part C is also known as Medicare Advantage. It is optional and is provided by a private insurer.

Part D

Part D is for prescription drug

coverage. It is provided by a private insurer.

Advantages of Medicare

The two main advantages of being in original Medicare are:

- ◆ There is a wide network of physicians and specialists. Any provider that accepts Medicare is one you can see.
- ◆ There is no pre-authorization needed to see a specialist.

These two points might not make much difference to a senior citizen in good health but more than 40% of Americans have chronic health conditions so possibly being limited on who you can see (which could be the case in a Medicare Advantage plan) could affect the treatment you might be able to obtain.

Disadvantages to Medicare

- ◆ Medicare does not cover all your expenses. Prescriptions are a separate plan and there is not coverage for vision and dental in original Medicare.
- ◆ There is not a cap on expenses for the year. A major illness or accident could be costly if you do not have a supplemental plan.
- ◆ For Part B services, you have to pay 20% of costs after the deductible.
- ◆ There is a higher deductible on Part D which is the prescription drug coverage.

As a result of these "gaps," most seniors purchase a supplemental policy called Medigap. This reduces the out-of-pocket costs by covering deductibles, coinsurances, and co-payments.

The Medigap plan also allows you to see your choice of providers as long as they take Medicare patients in general. You also don't need a referral. There are monthly premiums for the Medigap plans which run higher than the Medicare Advantage plans. This supplemental plan pays for your Medicare out-of-pocket costs that Medicare A and B will not pay. It works directly with Medicare.

You can not get a Medigap policy if you have a Medicare Advantage plan. As the rules currently exist, if you attempt to purchase a Medigap plan after the initial enrollment window closes, insurers might be able to turn you down or charge you more because of a pre-existing condition. Remember, the Medigap is provided by a private insurer. Also, Medicare Part D is not part of Medigap so you conceivably be carrying a Part B premium, Part D, and a Medigap.

What will be interesting is to see what happens in 2025 when the health benefits for postal employees are separated from the Federal Employees Health Benefits Program. Will they offer a cost effective plan for annuitants?

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Medicare Advantage Plans

What are Medicare Advantage Plans? They are bundled insurance plans that combine Medicare A, B, and usually D. By law, they must cover all services that original Medicare covers. You must be enrolled in Medicare Parts A and B. Once you choose to be on a Medicare Advantage plan, you no longer use your Medicare card. You only present your Medicare Advantage card as everything will run through that card.

Advantages of Having a Medicare Advantage Plan

- ◆ You can save money. Since they are bundled plans, you are not paying separate premiums for services such as prescriptions and there are usually benefits such as vision and dental included in the plan.
- ◆ They coordinate your medical care and actively communicate between caregivers when providing medical services.
- ◆ MAP's have a fixed plan structure and a cap on out-of-pocket expenses. Once the limit is reached, the insurer will cover all of Part A and B costs.
- ◆ Generally, there is a lower deductible on average for their prescription drug plans.
- ◆ MAP's cover extra benefits such as vision, dental, hearing care, safety equipment, in-house support, transportation, fitness centers, etc. Bear in mind, not all plans have all of these

extras. This varies by the plan you choose. Some plans also provide a stipend to purchase over-the-counter supplements.

The benefits look good but like anything else, there is always another side of the coin.

Disadvantages of Having a Medicare Advantage Plan

- ◆ MAP's have a more limited network of physicians and specialists compared to original Medicare
- ◆ You require a pre-authorization to see a specialist
- ◆ The most common plans in the MA plans are HMO's or PPO's. Your provider and facility need to be in-network to limit additional costs. If you go to someone out-of-network, you will have higher premiums, co-pays, and deductibles.
- ◆ Costs for MAP's are not standardized. Costs vary by plan and your zip code tells you what is available in your area.
- ◆ If you become seriously ill, you could end up paying more in a MAP than with original Medicare. Instead of paying the Part A deductible, you would pay a daily co-pay for each day you are in the hospital. You need to see what this co-pay is and is it reasonable enough that you can handle it.
- ◆ The drugs, vision, and dental are not "free." There is a deductible in the drug coverage and co-pays or coinsurances are expected when receiving services.

Also, prescription drugs and costs associated with the extra benefits do not apply to the out-of-pocket limit.

- ◆ If you live in a rural area, your choices for physicians, hospitals, and care facilities are limited. A recent study found that a number of those who were living in rural areas and had been on a MAP, switched back to original Medicare as they found the MAP networks problematic. If you plan on retiring to a different state, the MAP you have now might not be available if you move elsewhere. Remember, Zip Code matters. Also, if you engage in foreign travel, it's most likely you won't have coverage.

What To Do

As I said in the beginning, there is no cookie cutter answer for everyone. Your individual circumstances are what needs to be front and center.

1. Assess Your Current Coverage

Is your current doctor or hospital in your MAP of choice? What did you spend on vision and dental in the past year? What did you spend on prescriptions?

2. Compare Your Total Out-of-Pocket Costs

Monthly premiums, co-pays, coinsurances, percent of a total bill all need to be factored in. What did you pay in deductibles and co-pays? For some, original Medicare plus Medigap turns out to be less expensive.

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3. What Medical Conditions Do You Have

What are your long term health needs? Do you already have a chronic condition? Are you genetically predisposed to acquiring a disease?

4. Consider the Consequences of Switching

If you try to buy a Medigap plan after the initial enrollment window closes, the insurer can turn you down based on your health or charge you a higher price due to a pre-existing condition. Some states have protections in place to prevent this. If you are in a MAP and don't like it, you can revert to original Medicare or switch to another MAP in open season. Again, check ahead of time to see if there are any pitfalls to changing and make sure you have coverage until a switch is complete.

5. Take Advantage of Helpful Resources

Medicare has a plan finder tool on their website where you can compare Medicare Advantage Plans, plus Part D plans. You can also call Medicare at 1-800-633-4227. Medicare.gov is where you can compare coverages for Medigap plans. Look for policies available in your zip code. The State Health Insurance Assistance Program (SHIP) provides free guidance over the phone. To find your state's program, go to ShipHelp.org or call 1-877-839-2675. When considering plans, Medicare also has a rating system and you can see how well rated a plan you are considering is ranked. The Centers for Medicare and Medicaid Services (CMS) utilize a five star rating system and they release their star rating every year. Make sure you check this.

Conclusion

When I reached retirement age and was inundated by solicitations from Medicare Advantage Plans (including from our own APWU Health Plan encouraging to switch to a MAP), I felt what sounded too good to be true can be the case, especially if your medical health is tenuous. I even participated in a Zoom meeting with the APWU that they held so we could be better informed about MAP's. After researching this article, I realized that, though the meeting was well intentioned, it did leave a lot of unanswered questions now that I have more knowledge on the subject.

Will MAP's Sink Medicare as we know it

Currently, the Senate Finance committee is launching inquiries into "potentially deceptive" marketing tactics being used by private insurers to get you to sign up for a MAP. The Senate is also looking into reports about contractors engaging in aggressive sales practices toward vulnerable seniors. The Senate has sent letters to 15 states in particular requesting more information from state insurance commissioners and state health insurance assistance programs. Ohio is one of the states that has received a letter.

Sen. Wyden, who is spearheading this investigation, said the most recent survey of state insurance commissioners conducted by the National Association of Insurance Commissioners, found that there has been an increase in complaints regarding "false and misleading advertising" of MAP's. Wyden has sent those letters to better understand the nature and extent of these marketing and en-

rollment issues.

Of Medicare's 60 million beneficiaries, almost half are now enrolled in MAP's. Abuses by the corporations managing MAP's have occurred and will continue to occur if not reined in. Despite what we know, the current administration announced in April that MAP insurers will receive one of the largest payment increases in the program's history come 2023. Congressional Democrats have pushed back on this, led by Rep. Katie Porter of California. The argument is that with the financial remuneration that MAP's receive and fewer people choosing to stay in original Medicare, we are headed down the road of privatization. At the recent convention for the Alliance for Retired Americans-Ohio, this very issue was discussed as they feel the privatization scenario is very real. The answer for them is to get Medicare to expand their services, not shrink them, and use their extensive organization as a whole to provide additional services thus negating the need for people to migrate to MAP's.

If there are problems now with seniors being taken advantage of via aggressive marketing and sales tactics, that will only increase as more insurers enter the market and compete for the same pool of people.

As you can see, the issue is complex. MAP's can offer long term savings, a number of options, additional benefits, etc. but for others, they could end up with fewer options, more cost, and lifestyle changes they weren't planning on.

So again, study your situation and make the best possible choice for you. Do your own research.

Yours in Union Solidarity