Comparing Medicare Advantage Plans to Medicare Supplements

By the GWAAR Legal Services Team (for reprint)

The fall Medicare Annual Enrollment Period is a great time for individuals to review both their health coverage and drug coverage under Medicare. The annual enrollment period (AEP) takes place from October 15 through December 7th every year, with coverage changes becoming effective on January 1st.

Here is a very general overview of the differences between a Medicare Advantage plan and a Medicare supplement (also called a Medigap plan). The Advantage plan and supplement are both completely optional, but they help reduce consumer out of pocket costs under Original Medicare. For more information on evaluating the pros and cons of each plan, contact your local Elder Benefit Specialist, or the Board on Aging and Long-Term Care Medigap helpine at (800) 242-1060.

Medicare Advantage Plan	Medicare Supplement
Privatized plan entirely *replaces* Medicare A & B.	Policy is *in addition* to Original Medicare A & B; wraps around A & B coverage.
Typically has network provider restrictions (HMO, PPO, PFFS).	Works nationwide with any provider who accepts Original Medicare.
Must re-evaluate plan costs, premiums, and provider networks *annually* during AEP.	Typically enroll at age 65 and keep same plan for lifetime.
Many include Medicare Part D drug coverage (optional).	No drug coverage. Must enroll in a separate Part D plan.
Plan is required to provide the same level of coverage as Original Medicare A & B.	Policy typically pays Part A & B deductibles, copays, and co-insurance.
Limited or reduced coverage outside provider network unless emergency. (Some Adv plans offer 50% coverage out of network.)	Nationwide coverage. Option of adding foreign travel rider.
Need a special enrollment period (SEP) to get in/out of plan.	Can add/drop at any time of the year.

No underwriting. Anyone is eligible to enroll except for people with end stage renal disease.	May need to pass medical underwriting unless in a guaranteed issue period. A person cannot be turned down for a supplement if they enroll within the first 6 months they turn age 65 or enroll in Part B.
Annual cap on in-network, out of pocket costs for medical services is typically $3,400 or $6,700 (depending on the plan selected).	If Medicare covers the service, typically there are no out of pocket costs for the consumer (depends on the type of policy and options selected).
Consumer must still pay the monthly Part B premium (and Part A premium if applicable).	Consumer must still pay the monthly Part B premium (and Part A premium if applicable).
Governed by CMS/Medicare rules.	Governed by WI Office of Insurance Commissioner.
Do a planfinder, enroll through 800-MEDICARE, or consult a private insurance agent.	Sold by local private insurance agents or by calling the policy directly (not listed on the planfinder; cannot enroll by calling Medicare).

*It is illegal for a consumer to be sold a Medigap plan if enrolled in an Advantage plan. ❒