

# Medigap / Medicare Supplement

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**Medigap** refers to various private supplemental [health insurance](#) plans sold to [Medicare](#) beneficiaries in the [United States](#) that provide coverage for medical expenses not or only partially covered by [Medicare](#). Medigap's name is derived from the notion that it exists to cover the difference or "gap" between the expenses reimbursed by Medicare and the total amount charged. As of 2006, 18% of Medicare beneficiaries were covered by a Medigap policy.<sup>[1]</sup>

## Eligibility

A person must be enrolled in part A and B of medicare before they can enroll in a Medigap plan. During the open enrollment period which begins within 6 months of turning 65 or enrolling in Medicare Part B at 65 or older, a person may obtain a Medigap plan on a guaranteed issue basis (i.e. no medical screening required). Outside of open enrollment, the issuing insurance company may require medical screening and may obtain an attending physician's statement if necessary. Medigap insurance is not compatible with other forms of private Medicare coverage, such as a [Medicare Advantage](#) plan.

## Products available

Medigap offerings have been standardized by the [Centers for Medicare and Medicaid Services](#) (CMS) into twelve different plans, labeled A through L, sold and administered by private companies. Each Medigap plan offers a different combination of benefits. The coverage provided is roughly proportional to the premium paid. However, many older Medigap plans offering minimal benefits will cost more than current plans offering full benefits. The reason behind this is that older plans have an older average age per person enrolled in the plan, causing more claims within the group and raising the premium for all members within the group. Since Medigap is private insurance and not government sponsored, the rules governing the sale and offerings of a Medigap insurance policy can vary from state to state. Some states such as Massachusetts, Minnesota, and Wisconsin require Medigap insurance to provide additional coverage than what is defined in the standardized Medigap plans.

Some employers may provide Medigap coverage as a benefit to their [retirees](#).

## Drug coverage / Medicare Part D

Some Medigap policies sold before January 1, 2006 may include prescription drug coverage, but after that date no new Medigap policies could be sold with drug coverage. This time frame coincides with the introduction of the [Medicare Part D](#) benefit.

Medicare beneficiaries who enroll in a Standalone Part D plan may not retain the drug coverage portion of their Medigap policy. People with Medigap policies that include drug coverage who enrolled in Medicare Part D by May 15, 2006 had a guaranteed right to switch to another Medigap policy that has no prescription drug coverage. Beneficiaries choosing to retain a Medigap policy with drug coverage after that date have no such right; in that case the opportunity to switch to a Medigap policy without drug coverage is solely at the discretion of the private insurance company issuing the replacement policy, but the beneficiary may choose to remove drug coverage from their current Medigap policy and retain all other benefits.

The vast majority of Medicare beneficiaries who hold a Medigap policy with drug coverage and then enroll in a Part D Plan after May 15, 2006 will have to pay a late enrollment penalty. The only exception is for the few beneficiaries holding a Medigap policy with a drug benefit that is considered "creditable coverage" (i.e. that it meets four criteria defined by the Centers for Medicare and Medicaid Services); a Medigap policy with prescription drug coverage bought before mid-1992 may pay out as much as or more than a Medicare Part D plan. Medigap policies sold in Massachusetts, Minnesota, and Wisconsin with prescription coverage may also pay out as much as or more than Part D.

## Enrollment Patterns

In 2006, 18% of Medicare beneficiaries were covered by a Medigap policy.<sup>[1]</sup> Almost a third of Medigap policyholders (31%) live in rural areas; in comparison, roughly a fourth of all Medicare beneficiaries live in rural areas.<sup>[2]</sup> Two-thirds of rural Medigap policyholders (66%) report incomes below \$30,000.<sup>[2]</sup>

## See also

- [Health insurance in the United States](#)

## References

1. <sup>^</sup> <sup>a</sup> <sup>b</sup> "[Examining Sources of Coverage Among Medicare Beneficiaries: Supplemental Insurance, Medicare Advantage, and Prescription Drug Coverage.](#)" [Kaiser Family Foundation](#), August 2008
2. <sup>^</sup> <sup>a</sup> <sup>b</sup> Christelle Chen, "[LOW-INCOME & RURAL BENEFICIARIES WITH MEDIGAP COVERAGE, 2006.](#)" [America's Health Insurance Plans](#), September 2008

## External links

- [Medigap Policy Basics](#) from Medicare.gov (The Official U.S. Government Site for People with Medicare)
- [Choosing A Medigap Policy](#) page found on Medicare.gov
- [AARP](#) article about Medigap
- [Medigap Buyer's Guide](#) Guide to Medigap
- [Medigap Plan Comparison](#) Comparison of Medigap Plan Letters
- [Medicare Interactive's Section on Medigaps](#) — Online Medicare reference guide created by the [Medicare Rights Center](#).
- [Medicare Rights Center](#) — Education and advocacy organization.

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