

# Original Medicare vs. Medicare Advantage: Know the Difference!

There are significant differences in the way you'll use Medicare depending on whether you pick Original Medicare or Medicare Advantage.



## Components of Original Medicare

Medicare Part	Description	Costs
<b>Part A (Hospital)</b>	Helps cover inpatient care in hospitals, skilled nursing care, hospice care, and home healthcare.	<ul style="list-style-type: none"> <li>• \$0 Monthly Premium in most cases.</li> <li>• \$1,632 per benefit period (subject to change)</li> </ul>
<b>Part B (Medical)</b>	Helps cover family practice clinic, specialty clinic, outpatient care, durable medical equipment, preventive services	<ul style="list-style-type: none"> <li>• Monthly Premium \$175 (or higher depending on income)</li> <li>• \$240 Annual Deductible</li> <li>• 20% Co-payment (subject to change)</li> </ul>
<b>Part D (Drug)</b>	Helps cover the cost of prescription drugs, including many recommended shots or vaccines	Varies by plan
<b>Medigap (Supplemental)</b>	Extra insurance you can buy to help pay for your share of costs in Original Medicare	Varies by plan

**\*To get the full array of services, you will likely need to enroll in all four elements**

## Components of Medicare Advantage

Medicare Part	Description	Costs
<b>Part C (Medicare Advantage) **Note, this replaces Part A, Part B, Medigap, and sometimes Part D</b>	Medicare-approved plan from a private insurance company that offers an alternative to Original Medicare for health and drug coverage.	Varies by plan
<b>Part D (Drug)</b>	Helps cover the cost of prescription drugs including many recommended shots or vaccines	Varies by plan

**\*Medicare Advantage plans can carry hidden risks, especially for people with major health issues**

## The Five Main Differences

	Original Medicare	Medicare Advantage
<b>Going to the Doctor</b>	See any provider that accepts Original Medicare. No referrals needed. It's your choice.	Designated primary care physician who directs your care. Referrals are needed to see any other medical professional.
<b>Covered Care</b>	Most medical services are covered, but the program doesn't cover routine dental, vision, and hearing care.	Receive all medical services covered by Original Medicare, but some plans may include additions such as dental, vision, hearing, and gym memberships.
<b>Network</b>	Only one percent of physicians are NOT participating in the Original Medicare Network. This means you can choose to see most any physician and have access to care anywhere in the United States.	Based upon limited networks that are usually self-contained.
<b>Costs</b>	While you may pay a premium, deductible, and coinsurance, there are usually no other cost surprises.	Risk of surprise out-of-pocket costs that may quickly build up if you get sick. Enrollees can be hit with unexpected hidden fees.
<b>Approvals and Authorizations</b>	Rarely requires authorizations and approvals for any medical care	Approvals from the Medicare Advantage plan are needed before your physician can provide services. These typically include inpatient admissions, skilled care stays, home health, outpatient surgery and services, ambulance transport, medical equipment, laboratory and radiology services, dental care, vision care, and possibly more.

## Understanding Medicare Advantage

The savings associated with Medicare Advantage may look enticing, but look further and understand the risks. Savings in your retirement years sound appealing until you are faced with denials and limited choices.

### Pros of Medicare Advantage:

- May provide additional services beyond traditional Medicare, such as vision, hearing, and dental without a supplemental Medigap Plan
- Medicare Advantage has an annual maximum out-of-pocket payment, unlike Original Medicare. In 2024, the maximum cost for a Medicare Advantage plan is \$8,850 and \$13,300 for combined in-network and out-of-network services.
- Many Medicare Advantage plans have the ability to combine drug coverage and medical coverage into one plan, rather than paying for a separate Part D plan to supplement Medicare Part A and Medicare Part B



### Cons of Medicare Advantage:

- Medicare Advantage members generally have very limited provider networks. In 2017, a study found that the average Medicare Advantage plan only includes about half of the physicians in the United States.
- Unlike Original Medicare, Medicare Advantage members usually must seek approval to see a specialist for treatments or other services. If the member is denied approval to see a specialist, the care is not covered.
- Unlike Original Medicare, Medicare Advantage members usually must seek approval for most prescription drugs, inpatient stays, diagnostic services (such as procedures, labs, tests), therapy, dialysis, hearing, and many other services. If the member is denied approval for these tests or treatments, the care is not covered.
- Medicare Advantage members may end up spending more than those on Original Medicare due to hidden costs and denied coverages.

## Steps Before Signing Up for a Medicare Advantage Plan

A comprehensive checklist to ensure you've considered budgets, provider locations, and what-ifs.

### 1. Ask yourself the following questions:

- Do I qualify for any kind of payment assistance or have access to other coverage, such as Medicare Savings Programs, Part D Low Income Subsidy, or Medigap plans?
- Am I comfortable with my care choices being directed by my insurance payer over the advice of my physician?
- Do I travel outside my general home area?
- What medications do I take?
- How important are limits on my annual maximum out-of-pocket costs?
- What is the value of coverage of other possible services, such as dental, hearing, and health club memberships?
- What is the value to have convenience of staying with the Original Medicare option, knowing the services they covered versus annual checking to ensure Medicare Advantage networks and coverage requirements are not changing?
- How do I feel about a Medicare Advantage plan challenging my physician's determination that the care I need is reasonable and necessary?
- Will I be more likely to seek medical care if it is:
  - Easily accessible and almost all physicians and facilities are available?
  - Convenient, and coverage is available for care in most geographic areas?
  - Lower cost?

## 2. Assess your current coverage

If you're already enrolled in Medicare, you received an annual notice of change letter, which details any changes, in your plan's benefits.

## 3. Know your Medicare options

Research the difference between Medicare Part A, Medicare Part B, Medicare Part C, and Medigap.

## 4. Understand the Medicare Advantage plan's network

Medicare Advantage plans have a limited network. Write down any physician, hospital, or medical clinic you may need. Call each of them to ask what Medicare Advantage plans they accept.

## 5. Compare all out-of-pocket costs

Examine your benefit statements and medical bills from the past year and add up what you paid in deductibles and copays plus monthly premium costs; this is when Medicare Advantage can look inexpensive. However, you must dig a little deeper to fully understand your potential out-of-pocket costs with a Medicare Advantage plan. Consider any medical care you may need in the following year, say, a knee replacement, dialysis, or a pacemaker. For many people, opting for Original Medicare plus a Medigap plan offers more financial security with no surprises.

## 6. Investigate managed care requirements

Are you comfortable with your care choices being directed by the insurance payer? Medicare Advantage plans many times require approval to see specialists or to receive healthcare such as tests, treatments, or labs. Many times the insurance payer will decide the care you need over the advice of your physician.

## 7. Call the insurance payer directly and ask questions:

- If a physician I need to see is out-of-network, will the plan cover my visits?
- Will I pay more out-of-pocket for an out-of-network provider or facility?
- What is the service area for this insurance plan and how far may I need to travel to find an in-network specialist or facility for specialized services?
- Does my physician need to get approval from the plan to admit me to a hospital?
- Do I need an approval from my physician to see a specialist?
- Are there higher copays and deductibles for certain types of care, such as hospital stays, home healthcare, or rehabilitation care?
- Does the plan cover any services that Original Medicare does not? Are there any rules, policies or restrictions that I need to be aware of before accessing these benefits?
- Does the plan impose any coverage restrictions on prescription drugs? Can we go through my current prescriptions to determine if they are on the insurance plan's formulary?
- How much will I have to pay for brand-name drugs?
- Will I be able to use my local pharmacy?
- Will the insurance plan cover me when I travel out-of-state?
- Does the plan cover skilled nursing care after hospitalization and are there any rules, policies or restrictions that I need to be aware of?

## 8. Consider the consequence of switching

When you initially enroll in Medicare at age 65, you have a guaranteed right to purchase a Medigap plan. Insurers are required to renew coverage each year as long as you continue to pay your premiums. If you try to buy a Medigap policy after that enrollment window, insurance plans can turn you down or charge you more, due to pre-existing conditions.

## 9. Consult your healthcare provider and local hospital

One way to learn about a Medicare Advantage plan's approval and authorization practices is to ask your healthcare provider and local hospital.

### Original Medicare

Medicare Part	Description	Costs
<b>Part A (Hospital)</b>	Helps cover inpatient care in hospitals, skilled nursing care, hospice care, and home healthcare	<ul style="list-style-type: none"> <li>• \$0 Monthly Premium</li> <li>• \$1,600 per benefit period (please reference Medicare.gov for definition of benefit period)</li> </ul>
<b>Part B (Medical)</b>	Helps cover: <ul style="list-style-type: none"> <li>• Services from physicians and other healthcare providers</li> <li>• Outpatient care</li> <li>• Home health care</li> <li>• Durable medical equipment</li> <li>• Preventive services such as vaccines and wellness visits</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly Premium \$175 (or higher depending on income).</li> <li>• \$240 Annual Deductible</li> <li>• 20% Co-payment on Medicare-covered items after you've met your deductible</li> </ul>
<b>Part D (Drug)</b>	Helps cover the cost of prescription drugs including many recommended shots or vaccines	Varies by plan

\*\*\* A Medigap policy is different from Medicare Advantage Plans (Part C). Be cautious. Medicare Advantage plans can often be purchased with the perception you are purchasing a Medigap plan.

See next page for Medigap Options

### Medicare Advantage

Medicare Part	Description	Costs
<b>Part C (Medicare Advantage)</b> **Note, this replaces Part A, Part B, Medigap, and sometimes Part D	Medicare-approved plan from a private insurance company that offers an alternative to Original Medicare for health and drug coverage	Varies by plan
<b>Part D (Drug)</b>	Helps cover the cost of prescription drugs, including many recommended shots or vaccines	Varies by plan



## Medigap Options

Medigap Benefit	Plan A	Plan B	Plan C	Plan D	Plan F	Plan G	Plan K	Plan L	Plan M	Plan N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance and	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility care coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible			✓		✓					
Foreign travel exchange			80%	80%	80%	80%			80%	80%
Out-of-pocket limit							\$7,060	\$3,530		

