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Does A “Medigap” Health Insurance Plan Make Sense?

If you or a loved one are on Medicare and are considering the purchase of a Medicare Supplement plan, you probably have some questions. Often our clients want to know: What do these plans cover? Do we really need this? How do we choose? Should we still pay for it if we begin to receive Medicaid benefits? While we do not guide our clients in their selection and always offer to refer them to experts who are qualified in this area, we thought a brief explanation of the importance of Medicare Supplement plans might help.

What is a Medigap plan? Medicare pays for many health related expenses, but not all of them. Unlike government-run Medicare, Medicare Supplement plans, also called “Medigap” plans, are offered and serviced by private insurance companies. These companies charge a monthly premium above and beyond the cost of Medicare Part B. To be eligible for a Medigap plan, you must already be enrolled in Medicare parts A and B. Medigap plans cover a single person. Thus, if spouses both want coverage, each must buy a policy. Medigap plans do not cover vision or dental care, hearing aids, the cost of nursing home care, home care attendants or private-duty nursing.

Is Medigap coverage important for me or my loved one? Medigap coverage effectively helps you “close the gap” between the health related expenses Medicare pays for and the costs for which you are responsible. It is likely a good idea for seniors who will be undergoing surgery or have a chronic condition that requires regular hospitalizations. The deductibles, coinsurance, and co-payments associated with hospital admissions add up quickly. Seniors who frequently travel out of the country may also benefit from the purchase of a Medigap plan. Medicare plans provide service only within the United States; some Medigap plans offer emergency coverage for medical expenses incurred in a foreign country. For the rest of us, the older we get, the greater the likelihood that we will experience unforeseen health issues. A stroke, heart attack, neurological illness or cancer diagnosis can quickly derail both personal and financial plans. Medigap coverage helps defray these costs and effectively plan for life’s contingencies.

How do we choose the right Medigap plan? Medigap plans – which range from “Medigap A” through “Medigap N” – offer varying levels of benefits and coverage, though all plans of a certain type offer the same basic benefits. Because insurance companies sell the same or similar Medigap plans for radically different prices, it’s important to get proper advice. The plan you select will ultimately depend on your budget and health care requirements and a trusted insurance agent or broker can explain the similarities and differences and help you make a selection.