

Choosing Your Path in Retirement: Navigating the Medicare Advantage and Medigap Landscape



One of the biggest decisions seniors face is how to approach healthcare in retirement.

Nearly half of all seniors (48%) opt for a Medicare Advantage plan, an "all-in-one" plan that covers the full scope of a patient's needs.¹ Others enroll in Original Medicare, which covers the basics, and supplement their coverage with Medigap plans.

Each route has different implications, but given current healthcare trends, which option is the best fit?

Original Medicare vs Medicare Advantage

¹ <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2022-enrollment-update-and-key-trends/>

Medicare, often referred to as Original Medicare, is a federal health insurance program that serves people over 65 or with certain disabilities. It covers hospital stays, doctor visits, and other medical services, but you'll likely want to purchase supplemental coverage as it doesn't cover everything.

Medicare Advantage, also known as Part C, is an "all-in-one" alternative offered by private insurance companies approved by Medicare. These plans include the benefits of Original Medicare along with extras like prescription drug coverage, vision, dental, and hearing care.

Here's the thing though - Medicare Advantage comes with some caveats. Unlike Original Medicare, which lets you go to every doctor and hospital that accepts Medicare in the US, Medicare Advantage limits you to a specific network of healthcare providers.

Think of Original Medicare and Medicare Advantage as dining experiences. Original Medicare is like a buffet - you have lots of choices (doctors and hospitals), but extras (vision, dental, etc.) cost more. Medicare Advantage is like a set meal - everything's included for one price, but you lack the freedom to choose your dishes (providers).

Medicare Advantage also lacks portability, meaning individuals who relocate to a different state may have to give up their existing coverage and register for a new plan. This poses challenges for seniors wanting to move closer to family, to warmer climates, or for "snowbirds" who split time between multiple locales. Original Medicare enrollees don't face these issues.

Lastly, it's important to understand that Medicare Advantage plans don't all cover the same prescription drugs under Medicare Part D. Each plan provides a specific list, called a formulary, that details which drugs are covered and their costs. This list is organized into "tiers", meaning different plans may cover different drugs or have different charges.

Simply put, it boils down to a choice between freedom and convenience. On one hand, you have the liberty to select your providers and additional services, and on the other, the ease of an all-inclusive plan. However, recent trends suggest that those opting for Medicare Advantage may be getting the short end of the stick.

Implications of Hospital Consolidation on Medicare Advantage Enrollees

In October of 2022, Mayo Clinic, the leading hospital network in the US, informed patients in Florida and Arizona that it doesn't accept most Medicare Advantage plans. Instead, Mayo Clinic advised its patients to switch to Original Medicare and purchase Medigap plans to cover all their additional needs.

Mayo Clinic's messaging highlights the main drawback of Medicare Advantage: the lack of freedom to choose.

This limitation takes on a whole new level of concern when considering an increasingly problematic trend in American healthcare: hospital consolidation.

A patient's freedom to choose their healthcare provider becomes alarmingly compromised when the number of hospitals and clinics is dwindling.

According to the American Hospital Association, nearly 2,000 hospital mergers have been announced since 1998, bringing the overall hospital count down from 8,000 to around 6,000. That's a 25% decrease in 25 years.²

Even more alarming: 631 hospitals across the US, including a quarter of ALL rural hospitals, are operating with a high or immediate risk of closing.³ As the number of hospitals continues to decrease, Medicare Advantage enrollees will find it more and more difficult to locate practitioners that meet their needs.

These circumstances prompt a critical question: Is the convenience of an all-in-one plan like Medicare Advantage worth the sacrifice of provider choice? Especially given the fast-paced trend of hospital consolidation? Current trends suggest that the answer is a big fat “no”.

Building a Well-rounded Medigap Package

Boettcher Insurance Agency has helped hundreds of Original Medicare enrollees build comprehensive Medicare supplement packages. As a result, our Medigap clients enjoy greater freedom to choose their medical providers and receive better quality care, closer to home.

Follow these steps to build a well-rounded Medicare supplement package:

Identify your Needs - Before building a Medigap package, it's essential to identify your specific healthcare needs. Consider factors such as your current health conditions, prescription medications, preferred doctors or specialists, and any anticipated medical services or treatments.

Set your Budget - Determine your budget for your supplemental coverage. Evaluate your financial situation and assess how much you can comfortably allocate towards monthly premiums, deductibles, and out-of-pocket expenses. It's crucial to strike a balance between coverage and affordability to ensure you can access the care you need without straining your finances. Our team will work within your budget to meet your coverage needs.

Reach Out - Once you have a clear understanding of your needs and budget, reach out! Our knowledgeable professionals will guide you through the process, providing personalized

² <https://www.aha.org/>

³ <https://www.beckershospitalreview.com/>

recommendations based on your unique circumstances. We will help you explore various Medigap insurance plans, explain the coverage options, compare costs, and answer any questions you may have.

Please note: Medicare Advantage enrollees are NOT eligible for Medigap plans. To be eligible, you must have Medicare Part A and Medicare Part B and will need to pay a monthly premium for Medigap insurance. Medicare Advantage enrollees can switch to Original Medicare during the open enrollment period, which runs from October 15 - December 7.