

Are you wasting some money on Medicare Supplement Plans? By Paul Davis

You may think this as a devious come-on from an unscrupulous insurance agent. But really my intent is to try to connect with people that are truly overpaying on their present plans without realizing it.

If you watch TV, you cannot avoid all the commercials for Medicare Advantage HMO plans that have zero monthly premium. Those plans are GREAT for people who have doctors that are contracted with those plans and comfortable with the HMO concept. Just FYI: some of those plans include providers contracted with UCLA and Cedars. Many people find that surprising.

But this article is more for those people who want to have freedom of choice and do not mind paying a monthly premium for a Medicare Supplement (also known as a Medi-gap) plan.

If you are on a **Plan J** you are on the richest standardized Medicare supplement plan. It has not been sold since 2010. Plan J has an at home recovery benefit that does not exist on any current plans. But how much extra are you paying for that benefit and is it worth it?

2020 Case studies: We recently had a client that was on a plan J and his premiums were going up to **\$343/mo.** He had been on that plan since 2009. When we shopped his plan this year, we found a Plan G coming in at **\$233/mo.** \$110 a month in savings equates to over \$1300 a year. There are 2 benefit differences. Plan J has an at home recovery benefit of \$40/day for up to 40 days a year after discharge from a hospital and for every day you receive home health care. Sounds good, but I have **never** had a client make use of that benefit. Plan J has no deductibles. Plan G has \$203 deductible for Part B. After reviewing these plan and premium differences my client decided to change plans. He will be net ahead over \$1000 a year.

I also had a client this year whose mother was on a very old Medicare supplement plan and it was costing over \$1100 a month. This plan included nominal coverage for prescription drugs. We moved her to a new plan G @ \$282/mo. and added a part D plan. She must pay a penalty for not having “creditable Part D” coverage, but she is going to save about \$7000 this year.

In both case studies above these people were able to afford their older premiums. But they are much happier and better off paying the lower rates.

This is a great time to review your coverage. Two major carriers currently have an open enrollment going on through February 28. You can change to any of the plans they are offering on a guaranteed basis. You can even upgrade your plan to a richer plan, all without any health history questions.

In California we have a “birthday rule” which guarantees the right of plan participants to change to any carrier’s similar or lesser Medicare supplement plan within 60 days of their birthday – with no health questions. Several other states have similar guarantees. But most states will not let you change plans unless you can prove you are still in good health. When clients tell me they are moving out of California we will strategically put them on plans that will be better for them in the long run in the new state they are moving to.

Plan F has been the richest plan since 2010. Plan F is still available to you if you became eligible for Medicare before 1/1/2020. But, if your 65th birthday was after that date the richest plan you can enroll in is **Plan G.** **The ONLY difference** between Plans F and G is that with G you are responsible for the Part B deductible. That deductible is \$203 this year and will index up yearly.

Over the past few years, we have seen more companies emerge with Plan G offerings, and have also seen companies LOWER their rates on Plan G. Plan G is the competitive battleground for carriers wanting to

capture baby boomers. We are moving 10-15% of our clients each year for meaningful savings. We suggest to everyone that this is something they should be doing.

My office has a mechanism in place where we offer to re-shop all of our clients Part D prescription drug plans during the Annual Election Period (Oct. 15 – Dec. 7). We also re-shop all of our California clients' Medicare supplement plans around their birthday every year. I know of no other agent or agency that is doing that.

Paul Davis of Paul Davis Insurance Services is an independent insurance agent licensed for over 36 years and focused on Medicare plans for more than 10 years. His practice is entirely devoted to this market segment, CA license 0669770, 0M47932. More information at pdinsure.com or reach Davis at 818 888-0880 or via email paul@pdinsure.com.