Picking Medigap Plans

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A good number of people have asked me for advice about Medigap plans. For example, whether it makes sense to transition from an outside medical insurance plan of Medigap Type F or G (the most popular plans) to one offered through the Via exchange. I do not purport to be even close to a maven, but neither is the University. Nor, by my personal experience, is Via. This analysis is written in a hurry, since enrollment has started today and people are making their choices. At the same time, Via has listed the important Humana plans only yesterday on its website. The sensible or hurried reader can skip to the conclusion section. Others might want to educate themselves on the system and work their way through the next pages.

For a general governmental overview: https://www.medicare.gov/health-drug-plans/medigap/basics.

I will address only the *Medigap* (Medicare Supplement) plans, which can be taken on top of *"original" Medicare*. "If you have a Medigap, it pays part or all of certain remaining costs after Original Medicare pays first. Medigaps may cover deductibles, coinsurance, and copayments. Medigaps may also cover health care costs that Medicare does not cover at all, like care received when travelling abroad… Medigap plans generally do not cover long-term care (like in a nursing home), vision, dental care, and hearing aids. There are 10 Medigap plans available: A, B, C, D, F, G, K, L, M, and N. For details see https://www.healthline.com/health/medicare/what-is-medigap. Of Medigap Types, I will analyze only the two most popular ones, Types F and G, and their low- and high-deductibility variants.

The other major options are *Medicare Advantage* plans, which are cheaper and may cover dental, vision, and drugs, but have more restrictions. They are not discussed here.

Prices for Medigap plans vary, even within the same insurance company, by zip code. (Numbers that follow are for zip code area 10027.) They also vary, at least for New Jersey, by medical history. On top of that, the Via exchange, for its own commercial reasons, offers different plan options in different states. Prices are mostly public information, except for Humana, which is non-transparent.

1. ***Medigap Type F or G?*** Those are the most popular options. Plan F is available only to older retiree cohorts who became eligible before 2020 for Medicare Part B. Part B is what most people think of as 'Medicare', which can kick in at age 65, and for which people, depending on income, may pay a hefty monthly premium out of Social Security checks. Plans of type F have no deductible, which seems to make them more attractive than Plans G. However, the federally set deductible is $240 per year, whereas the extra cost of Plan F premiums over Plan G, for the 10027 zip code at

AARP/UHC, is $636 for UHC. Thus, you would be clearly ahead financially with UHC's Plan G, at least for New York and New Jersey.

For Humana, it is almost impossible to provide a clear answer on F vs G, since that company does not offer side-by-side prices, giving you only one option, depending on whether you turned Medicare eligible before 2020. If one tries to get around this, the results are odd. For the 10027 zip code, plans of Type G (the one with a deductible and for younger cohorts) are substantially more expensive than those of Type F, which makes no obvious sense relative to the company's cost, so the high price must be based on Humana's assessment that the younger cohorts are less price sensitive and can be charged more. Or, alternatively, that the company wants to actively discourage people from picking that plan instead of the company's high-deductibility plan discussed below. For New Jersey, on the other hand, Humana's Plan Type G is slightly cheaper, but the difference is smaller than the $240 annual benefit of the non-deduction of Plan F for that state. Thus, for New Jersey, Humana's plans Type F are the better deal, if you are old enough to be eligible. But, keep in mind that in New Jersey prices vary by age and medical history.

Also, a more subtle point: Plan F is an older pool with higher medical needs relative to those youngsters in Plan G. In consequence, its premium cost is rising faster and will do so even more in the future, by my assessment. This year, the price of UHC's Plan G rose in NY by 10%, but of its Plan F rose by 13%, so the premium gap widened from $480 a year to $636. For all of those reasons, I will pick Plan G for myself, even though I am eligible for Plan F, too.

2. ***Medigap by AARP/UHC or Humana?*** As the Federal website cited above states: "All Medigap policies are standardized. This means, they offer the same basic benefits no matter where you live or which insurance company you buy the policy from. There are 10 different types of Medigap plans offered in most states, which are named by letters: A-D, F, G, and K-N. **Price is the only difference** between plans with the same letter that are sold by different insurance companies."
The prices are:
Via, per its website, offered two days ago (Oct 30) only UHC Type F ($361/mo) and Type G (308/mo.). Yesterday, just one day before the Open Enrollment period started, its website hurriedly added Humana plans F and G. As I read the prices, they are, for the 10027 zip code:
AARP/UHC: Plan F $361/mo; Plan G $308/mo. (Please note that for these plans, one must also become a member in AARP, for a fairly nominal extra $1.30 a month.)
Humana: Plan F: $486/mo; Plan G: $529/mo.
Humana only offers Plan F or Plan G, not both depending on the eligibility of the retiree for Plan F. Oddly, their Plan G is priced higher than their plan F, but a normal customer would never see them priced side by side. Both are priced much higher than their UHC-AARP counterparts: Humana Plan F $486 vs. UHC Plan F $361; Humana Plan G $529 vs. UHC Plan G $308.

In New Jersey, Humana Plan G costs $346 vs. UHC's $230. For Plan Type F, it's Humana $355 vs. UHC $312 . UHC is clearly cheaper.
In New Jersey, in contrast to New York's 10027, several other options for Plan G are available: Cigna ($231 for Plan G), and AmeriHealth ($253).

Prices in NJ are well below NY's. But, keep in mind that NJ numbers vary with age and medical history, and one can thus end up with a higher (or lower) actual price.

Given the numbers, and given Humana's non-transparency, the regular AARP/UHC plans are clearly more attractive. They are ranked by *Investopedia* as #1 when it comes to price. https://www.investopedia.com/best-medicare-supplement-plan-g-providers-5078378. No review of Humana is provided. Note that while the product is standardized, the service quality might vary, and I have no information about that. However…

3. ***High-deductible vs lo-deductible or no-deductible?*** High-deductible plans require you to pay the first $2,800 of claims, left after Medicare coverage, out-of-pocket. For New York, Humana offers a High Deductible Plan F ($103) and High Deductible Plan G (also $103). These have the same coverage as the Plan F and Plan G, but have a $2800 deductible before coverage kicks in. In both cases the High Deductible Plan makes more financial sense: New York Humana High Deductible Plan F $1236 annually + $2800 deductible = $4036 < Low Deductibility Plan F $5830 annually. Similarly,
New York Humana High Deductible Plan G $1236 annually + $2800 deductible = $4036 < Low-deductibility Plan G $6346.20 annually. In both cases, the high-deductibility scenario is cheaper, at least when it comes to Humana.
Via offers no AARP/UHC high-deductible plan for 10027 by for New York or New Jersey, neither Type F or G. However, it offers such plans for New Jersey through Cigna (Plan F) and AmeriHealth high-deductible plans (Plan G).
For New York, as mentioned, talking Humana's *high* Deductibility Plan G will cost with out of pocket = up to $4,036. In comparison, the UHC *low*-deductibility Plan G will cost $3,696 + $240 out-of-pocket = $3,936. You are slightly ahead with the UHC low-deductibility plan. Conclusion: If you expect out-of-pocket medical expenses (not covered by Medicare) to be lower than $200/month, the Humana high-deductibility plan makes more sense. If the expected expenses are higher, the UHC low-deductibility plan is very slightly better.
Note that by being part of a medigap plan you will normally be charged the lower negotiated rate, even if you have not yet reached the out-of-pocket ceiling when insurance starts to pay.

4. **Keeping one's old plan?** If you are already taking an UHC plan *outside* of Via, you will not be able to transfer to the same plan *inside* Via's exchange, even though Via offers it to the other Columbia retirees. This happened to me last year. The nefarious reason is that Via cannot collect its sign-up commission from UHC for an

already existing UHC customer, and therefore precludes you from a simple transfer, unless you upgrade your plan to a higher tier. I had to switch to the higher-priced Empire insurance plan to be inside the Via system and get the Columbia contribution that is tied to it. But Via 'helpfully' suggested that I could switch back to UHC after one year. (This way Via collects the full newcomer commission a second time.) This is what I am doing this year.
There is a second way, which is to nicely ask UHC to let you stay in their plan but through Via, while they pay some commission to Via anyway. (Via would have to be listed as the 'agent of record'). It's in UHC's discretion and they seem to be reluctant. I did so last year and they approved, but only in December, which was too late for the enrollment period for 2023.

5. **Transfer from an independent outside plan?** In principle, no problem, except: If you are already enrolled in an UHC Plan G or F and want to receive the Columbia contribution, it seems that you cannot keep the UHC plan, at least for one year, and instead your only option are the Humana plans. (In NJ, also Cigna and AmeriHealth). For Plan type G, Humana will then cost a very stiff $529 (the price quoted to me). As mentioned, one strategy might be to bear this cost for one year and then switch. A second option, as mentioned, is to petition UHC to list Via as the agent of record. A third option is to switch out of an UHC outside plan to an outside plan of yet another insurance company for one year outside the Via system, such as with Emblem ($302) and then come back into the system in a year and elect UHC. And the recommended fourth option is to take the Humana high-deductibility Type G plan through Via, and consider switching to UHC after a year.

6. **Pre-existing conditions?** There is a second important wrinkle about switching into Via's options: in principle, you lose what is known as a "guaranteed issue" and instead become subject to the newly chosen insurance company's checks on your medical pre-conditions, which might result in higher premiums and delays. Fortunately, several states require guaranteed issue, and New York and Connecticut are two of them. "Insurers must accept a Medigap application at any time, regardless of health status, and insurers can't charge an enrollee a higher rate because of a health condition." But this is not the case if you live in New Jersey. https://www.valuepenguin.com/switching-medicare-supplement-guaranteed-issue.

7. **Is the Columbia subsidy worth all of this?** In 2023, with a measly $220 subsidy, it seemed hardly worth the trouble. But starting with 2024, we have achieved a significant raise. Taking an outside plan without the Columbia contribution will therefor forego $900 +$450 spousal support for each year. (We might get the University to raise that number. Also, we advocate to make that contribution independent of a nexus to the Via exchange. But that is for the next round of talks with the Administration.) However, for the first year, if you live in the 10027 zip code, if you already have an UHC plan as many retirees do, according to New York

State website numbers you will have to pay an outrageous extra $2,344 to Humana (and double that for a couple) just to get access to the Columbia contribution of $900 on Medigap Plan G, the most popular option. (After a year, you can switch to the more reasonably priced UHC plan.) This is purely due to Via's limited offerings for Type G, consisting of one plan that is unavailable to many retirees as they move back to the Columbia-supported system, and as the only alternative a hugely expensive plan. I wonder whether the Columbia HR people are aware of this.

8. **Can you wait?** The University provides the contribution only to those who have not left the Columbia system for more than 5 years. This was a concession made this year in response to our arguments. It might be lengthened in the future, but that's a goal, not a certainty. The point is that if you keep staying outside of Via you should be mindful that for a return to the Columbia subsidy there is a clock ticking.

9. **Conclusion.** Within the universe of the most popular medigap plans of type F and G,
   a. The Humana High deductibility plan G makes most sense if you expect low out-of-pocket medical expenses.
   b. The AARP/UHC plan has a slight advantage if you expect higher out-of-pocket expenses.
   c. If you are currently on an UHC plan outside of the Via exchange and want to keep that plan while benefitting from the Columbia subsidy, the best strategy is to get, for one year, the Humana high deductibility plan and then switch back to UHC after one year.
   d. If you are currently on a Humana high-deductibility plan outside of the Via exchange, consider switching into an UHC plan through Via and switch back to Humana after one year.

It's simpler to be hired by Columbia than to retire from it.