



Medicare Supplement or Medicare Advantage Coverage – Which is best for you?

The short answer is - it depends. It is important to know how the two kinds of plans differ so you can make an informed choice.

First type: Medicare Supplement is a contract between you and an insurance company. The contract does not change from year to year. An insurance company cannot unilaterally change the benefits in a Traditional Medicare Supplement policy contract. If any change were to occur, the change to the contract is made as a result of a change in the law.

Second type: Medicare Advantage is a contract between the Medicare Advantage Company and the Center for Medicare and Medicaid Services (CMS). The Medicare Advantage company agrees with CMS to provide your Medicare health care. That is, the Medicare Advantage company you sign up with replaces your Medicare A, B and your Part D if offered. Sometimes Medicare Advantage is called a replacement plan because in essence it replaces your federal Medicare A&B coverage.

Each year the Medicare Advantage Company sends their enrollees an Explanation of Coverage (EOC). The EOC outlines your benefits the Medicare Advantage company is obligated to provide to you on behalf of CMS. The insurance company can make changes to your premiums deductibles and co-payments each year. Any changes made to your coverage are not by operation of law, but at the discretion of the insurance company.

Essentially, there is a greater risk with the Medicare Advantage plan because of the possibility of changes to the coverage each year. A Medicare Supplement contract does not change from year to year. If you are comfortable with your plan coverage changing each year, you may
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be a candidate for a Medicare Advantage plan. If you are not comfortable with your coverage changing each year, a Medicare Supplement is a safer choice.

The Costs: A Medicare Supplement costs about \$125 - \$150 a month for a 65 year old. Some Medicare Advantage plans do not charge a premium – but do have co-payments each time you receive medical care.

Understanding your policy options before you decide helps you choose one based on your own circumstances. If you are in good medical health now and expect to stay in good health, a Medicare Advantage plan could be for you. “How can I predict if I will stay in good health?” The best indicator to your health is if you are doing all the right things, . . . eating right, getting exercise, regularly seeing your doctor, and you have good family health history. The Advantage plan choice is a calculated risk that can pay off. If you are in poor health or expect to be at some point in the future, a Medicare Supplement is a better choice.

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