

MEDICARE ADVANTAGE



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Group Medicare Advantage Plans

By Elaine Floyd, CFP®

A relatively new animal has popped up in the world of Medicare insurance and it has the potential to both negatively affect retirees' health care and cost taxpayers more money. It's the employer group Medicare Advantage plan.

Like a regular Medicare Advantage plan, an insurance company promises to provide all care under Parts A and B, and receives a generous fee from the federal government for doing so. Unlike a regular Medicare Advantage plan, it's a private arrangement between an employer and an insurance company that can be designed any way the two parties want; it may even skirt certain CMS requirements. Both employers and insurers receive generous incentives from the federal government which could end up costing taxpayers more money and could even threaten the solvency of Medicare itself.

Retirees often are not given a choice or even an explanation of what the plan entails. They are simply ushered into the plan at retirement and told that this will be their plan going forward. Their doctor may or may not be in the new plan network. Patients may or may not be able to receive needed care—or care may be delayed—if prior authorization is

required and the request is denied. And the plan can change at any time, such as by narrowing the provider network so that access to specialists becomes difficult or impossible. When this happens patients must either go without care or go out of network and pay the higher associated copayments.

The worst part about the popularity of these group Medicare Advantage plans is that retirees are skating through their Medigap open enrollment period without realizing that once that guaranteed-issue period slams shut, if their health deteriorates, they may never be able to switch to Original Medicare with a Medigap policy. Under federal law (state laws may be different) if you buy your Medigap policy within six months of signing for Part B, they have to sell you one regardless of health status. After that they don't, and if you are in poor health, you probably won't be able to get one. Medicare Advantage plans are fine while people are active and healthy, but Original Medicare with Medigap

offers more provider options and better access to care. We've been seeing cases lately of clients who went on their employer's Medicare Advantage plan at retirement and later become disenchanted with it as their health deteriorated—and now they are not able to get a Medigap policy.

Please be aware of these plans. They seem attractive at first—an employer that previously didn't offer retiree health insurance because of the cost now makes it available at no cost to the retiree—but such plans carry hidden disadvantages, the most serious one being the possible inability to get sufficient insurance via a Medigap policy when it's discovered that coverage under the group MA plan is not enough.

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