

Medicare supplements vs med advantage

By Joe Venuti

One of the hidden problems which face seniors on Medicare is the scam perpetrated by the insurance companies which provide “supplemental insurance”. You may have seen, over and over, the TV commercial showing the lady with the heavy NY accent telling everyone that after receiving her Medicare ID card, she realized she needed an “AARP supplement card”. Everyone on Medicare has to decide whether they purchase a “supplement” or not. Because of the Medicare rules, there is a cap on what Medicare will spend on any one patient, so the supplement is a bet against your developing a major problem which will cost hundreds of thousands of dollars. Typical conditions would include heart attack/surgery, stroke, or cancer.

I do not remember all of the specifics involved with the passing of the Medicare Act in 1965. It is just another of the social programs to help Americans that was enacted under a Democratic administration over the objections of the GOP. It is my suspicion, without any research on my part to verify this, that these expensive supplemental policies giving insurance companies obscene profits, were a concession to the GOP in exchange for some of their support to pass Medicare.

Bear in mind that the supplemental insurance is (1) expensive, (2) usually has a deductible, and (3) still has a co-payment for the medical expenses. My personal experience with medical insurance (after early retirement) was that, prior to age 65, my company group plan cost me \$45 per month for a primary health care plan. It paid all the bills, and there was a reasonable deductible and co-payment schedule.

Then I turned 65, and Medicare became my primary health care provider. My group plan with the same company changed to a Medicare supplement (a secondary policy), with a higher deductible and higher co-payments. For this, my monthly premium went from \$45 per month to \$175 per month. It is insane! It is secondary, it covers less, costs me more in terms of deductible and co-payments, and the premium is about 4 times as much. These companies get away with this travesty because our government allows it to happen. Insurance companies spend billions of dollars each year courting legislators to make sure nothing changes.

Then, when I was 67, I was invited to a luncheon presented by a small corporation from St. Pete, to explain their “new” Medicare Advantage Plan (MAP). The plan was presented, fully explained, and caught my attention immediately. This plan had no premium, was based on fee for service, included a membership to a health club, and did not require a Medicare supplement. It sounded too good to be true, but it turned out to be everything as advertised. I have been getting excellent care since I switched to this plan, and by my accounting, I am saving approximately \$3500 per year by being on this MAP compared to being on traditional Medicare and paying some huge insurance company for a supplement

Unfortunately, plans like the one I belong to are not offered all over the country. Some of the same big insurance companies that offer supplements also offer MAPs. They often require premiums to belong to their plans, and they do not offer all of the same benefits as my plan offers. There are also deductibles, and higher co-payments than my plan has.

If the government were really concerned about the “costs of health care” for us citizens, they would require the insurance companies to charge less for a secondary supplement than they do for a primary policy. They would also encourage more small, localized companies to offer MAPs similar to mine.

There has been some rumblings about the government ending the MAP system, but I am sure these ideas were planted by lobbyists for the major insurance companies who are losing out on supplement profits by people switching to MAPs. Sooner or later, someone in our government is going to actually start being concerned about the cost of health care to the individuals in this country, and not focus on preserving corporate profits.