

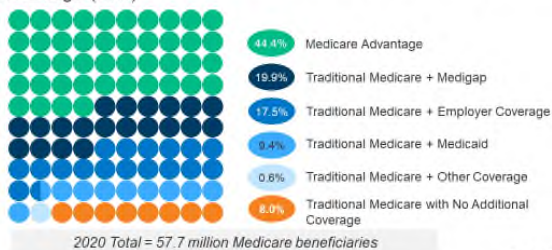
# Medicare Advantage vs. Medicare Supplement

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Medicare is a critical federal health insurance program that provides coverage for [65 million people in the U.S.](#), including 57 million adults over 65 and 8 million adults with disabilities. However, the Medicare landscape is complex, with different options available to suit individual needs. Two popular choices are Medicare Advantage (Part C) and Medicare Supplement (Medigap, Med Sup) plans.

According to the 2020 [Snapshot of Sources of Coverage Among Medicare Beneficiaries](#) KFF released in August of 2023, more than 90% of Medicare enrollees had either Traditional Medicare with other supplemental coverage or were enrolled in a Medicare Advantage (MA) plan.

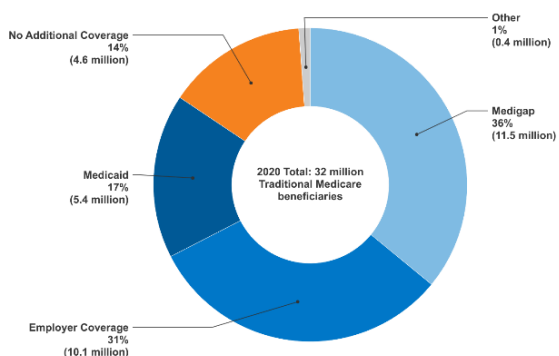
In 2020, More Than 9 In 10 Medicare Beneficiaries Either Had Traditional Medicare With Some Other Type of Coverage (48%) Or Were Enrolled In Medicare Advantage (44%)



NOTE: Estimates do not sum to 100% due to rounding. Total excludes beneficiaries with Part A only or Part B only for most of the year (n=4.8 million) or Medicare as a Secondary Payer (n=1.5 million). SOURCE: KFF analysis of CMS Medicare Current Beneficiary Survey, 2020 Survey File. **KFF**

Supplemental coverage is important to Medicare enrollees, as only 14% of Traditional Medicare enrollees had no additional or supplemental coverage.

Among Medicare Beneficiaries in Traditional Medicare, 1 in 7 (14%) Had No Additional Coverage in 2020



NOTE: Total excludes beneficiaries with Part A only or Part B only for most of the year (n=4.8 million) or Medicare as a Secondary Payer (n=1.5 million). SOURCE: KFF analysis of CMS Medicare Current Beneficiary Survey, 2020 Survey File. **KFF**

## Q: What is Medicare Advantage, and how does it differ from Traditional Medicare?

A: Medicare Advantage (MA) is an alternative to Traditional Medicare (Parts A and B). Unlike Traditional Medicare, which is administered by the federal government, MA plans are offered by private insurance companies approved by Medicare. These plans combine the coverage of Parts A and B, often include prescription drug coverage (Part D, PD), and may offer additional benefits like dental, vision, and fitness programs.

## Q: What are the key benefits and potential drawbacks of Medicare Advantage plans?

A: MA plans offer all the same benefits provided by Traditional Medicare, plus some coverage for other services. According to a study done by the [Better Medicare Alliance](#), in 2021 the top benefits offered included meals, food & produce, social needs benefits, non-medical transportation, and even pest control. These benefits don't have to come with a huge cost either, as many MA plans have a \$0 premium. Even when the premium isn't \$0, it is still likely to be lower than the combination of a Traditional Medicare and a Medigap plan while offering a lot of the same (and maybe more) benefits. MA plans also typically offer Part D benefits as well, as the ease of having all your benefits bundled into one plan simplifies the plan upkeep.

While MA plans are generally the cheaper premium option, they do tend to have tighter network restrictions, require prior authorization for certain services, and can have higher out-of-pocket costs.

## Q: What is Medicare Supplement (Medigap), and how does it differ from Medicare Advantage?

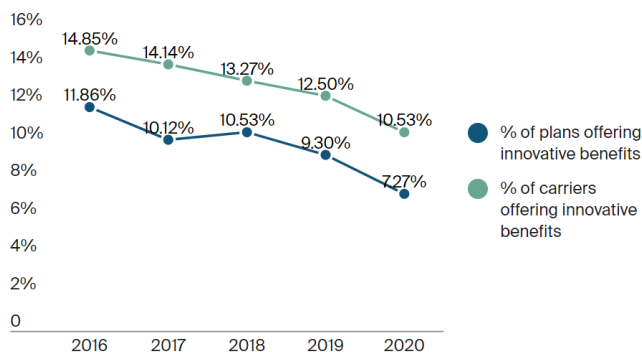
A: Medigap is supplemental insurance offered in conjunction with Traditional Medicare. Medigap plans are also offered by private insurance companies but are designed to cover the gaps (hence the name) in Traditional Medicare coverage, such as deductibles, copayments, and coinsurance. Unlike Medicare Advantage, Medigap plans do not replace

Traditional Medicare, but simply complement it (i.e., supplement).

**Q: What are the key benefits and potential drawbacks of Medicare Supplement plans?**

A: While Medigap is meant to cover the gaps in Traditional Medicare coverage, there are no gaps in the doctors available to people with Medigap plans. Medigap plans allow the member to visit any healthcare provider that accepts Medicare, and does not limit members to a specific network of doctors or hospitals. For the most part, Medigap plans usually stay consistent from year to year with the benefits and coverage offered.

When it comes to the services Medigap covers, only a small (and declining) portion of plans in 2020, 7%, provided access to additional benefits such as vision, dental, and hearing that are not offered in Traditional Medicare, often referred to as “Innovating Benefits”. These innovating benefits are only offered in a few plan types, and 65% of Medigap enrollees who have access to these additional benefits are concentrated into one plan, Plan G.

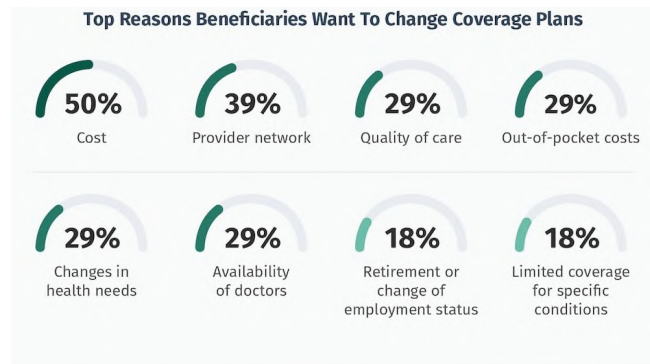


Prescription drug coverage isn’t widely offered among Medigap plans, so a separate Part D plan must be purchased alongside the Traditional Medicare and Medigap combination. Medigap plans typically will have higher monthly premiums than MA plans with an estimated average monthly premium of \$150-\$200.

**Takeaways**

According to the [2023 Retirement Living Survey](#), despite the drawbacks and challenges that MA plans have, 71% of MA beneficiaries say they’re satisfied with their plans, and 61% even believe their current coverage outperforms their previous plans. Among the more commonly available benefits, only 27% of beneficiaries were satisfied with their plan’s telehealth services, and 18% with their online and mobile access. The survey confirmed that additional benefits are important to beneficiaries also, for example, only 7% were satisfied with their meal support and transportation.

The beneficiaries surveyed listed “Limited-service providers” and “Limited coverage for certain services and procedures” as the most common disadvantages of their MA plan, but the biggest reason beneficiaries want to change their plan is due to the cost. The survey found that only about 1 in every 10 enrollees has the desire to change their coverage plans within the next year.



Source: 2023 Retirement Living Survey

RetirementLiving

With the differences in MA and Medigap plans, the choice in plan is ultimately up to the enrollee and what is best to fit their care needs. Even though enrollees do express frustration with their coverage, most express satisfaction with the benefits, and say that their greatest sources of frustration can be resolved with a better understanding of their plan.