What Is a Medigap plan?

A Medigap plan, commonly called a Medicare Supplement plan, picks up costs that Original Medicare usually places on the beneficiary. Depending on the type of Medigap, it can pick up all of the co-insurance, deductibles and co-pays associated with Original Medicare. Medigap policies are issued through private insurance companies, and have additional premiums that must be paid to the carrier. Medicare is still the primary payer when someone has a Medigap policy.

Medigap plans are standardized by federal law in 47 states. (Minnesota, Massachusetts and Wisconsin are exception to the rule.) There are a number of standardized Medigap policies, and each is designated by a letter ranging from A to N. Generally, the only difference between a plan of the same letter offered by any carrier is the premium. Some plans do offer additional benefits, such as discount plans or gym memberships, but the core benefits are standardized.