



Getting Medicare right

Differences between Original Medicare and Medicare Advantage Plans

People with Medicare can get their health coverage either through Original Medicare or a Medicare Advantage Plan. Here's a look at the differences between these two options.

Original Medicare

- The traditional program administered directly through the federal government.
- Includes **Part A** (hospital) and **Part B** (medical) coverage if you enroll in both.
- You pay a deductible and/or coinsurance when you get health care (usually 20% of the Medicare-approved cost for outpatient care).
- Most people pay a monthly premium for Part B. There's no Part A premium if you have at least 10 years of United States work history.
- You can go to any doctor or hospital in the country that accepts Medicare.
- No referrals needed to see specialists; no prior authorization for services.
- You can buy a **Medigap** plan as supplemental coverage.
- If you want Medicare drug coverage, you must buy a separate **Prescription Drug Plan** (PDP) from a private insurance company.

Medicare Advantage Plans

- Plans sold by private insurance companies that provide Medicare benefits.
- Must cover the same Part A and Part B benefits as Original Medicare. Some also cover extra benefits such as vision and dental care.
- The most common types are **HMOs** (Health Maintenance Organizations), **PPOs** (Preferred Provider Organizations) and **PFFS** (Private-Fee-for-Service) plans.
- You still have Medicare but you're no longer in Original Medicare—you're in a private plan that typically has different costs and restrictions.
- You pay a deductible and/or copay for services (usually a fixed copay, like \$15 per office visit).
- You still pay Medicare premiums, and your plan may charge an extra premium.
- You typically are required to use doctors and hospitals in the plan's network.
- You may have to choose a Primary Care Physician, get referrals to see specialists, and/or get prior authorization for certain services.
- You can't buy Medigap supplemental insurance to help pay your out-of-pocket costs.
- Plans must have yearly limits on your out-of-pocket health care costs (an out-of-pocket maximum), after which you pay nothing for the rest of the year.
- If you want Medicare drug coverage, sign up for a plan that includes both health and drug coverage, called a **Medicare Advantage Prescription Drug Plan** (MA-PD). You usually can't have a separate Part D plan, unless you're in a Medicare **Medical Savings Account** (MSA) or a **PFFS** plan.

Differences Between Original Medicare and Medicare Advantage Plans

| | Original Medicare | Medicare Advantage Plans |
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| Costs | You pay Medicare premiums, deductibles, and coinsurances (usually 20% of the Medicare-approved cost for outpatient care). | You pay Medicare premiums and your plan's premium , if it charges one. Your plan sets its own deductibles and copays (usually a fixed cost for each office visit). You may pay the full cost if you don't follow your plan's rules. |
| Supplemental insurance | You can buy a Medigap policy. (But only at certain times, depending on where you live.) | You can't buy a Medigap policy to help pay your out-of-pocket costs in a Medicare Advantage plan. |
| Covers extra services like vision and dental? | No. Covers medically-necessary inpatient and outpatient health care. Doesn't cover certain services such as routine vision, hearing or dental care. | Maybe. May cover some services Original Medicare doesn't cover such as routine vision, hearing and dental care. All plans must cover the same inpatient and outpatient services Original Medicare covers. |
| Lets me see providers nationwide? | Yes. You can go to any doctor or hospital in the U.S. that accepts Medicare. | Usually not. Most people have HMOs, which typically have local networks of providers you must use for the plan to cover your care. PPOs and PFFS plans should cover care you get outside the network, but you will pay more. |
| Need referrals to see specialists? | No. You don't need a referral. | Maybe. You often need to get a referral from your Primary Care Physician if you want to see a specialist. |
| Covers drugs? | No, but if you want Medicare prescription drug coverage, you can buy a separate Part D plan. | Usually. Most plans include Part D drug coverage. You usually can't get a separate Part D plan if you have a Medicare Advantage plan (some exceptions). |
| Out-of-pocket limit? | No. There's no cap on what you spend on health care. | Yes. Plans must have an annual out-of-pocket limit, which can be high but protect you if you need expensive care. The plan pays the full cost of your care after you reach the limit. |

Definitions

Premium: The monthly fee you pay to have Medicare

Deductible: What you must pay before Medicare starts paying for your care

Copayment / Coinsurance: The amount you pay for each service

Part A: Medicare hospital insurance for inpatient care

Part B: Medicare medical insurance for outpatient care

Part D: Medicare drug coverage

Medigap: Supplemental insurance that helps pay your out-of-pocket costs in Original Medicare