A guide for senior physicians on Medicare coverage—as a patient

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Don’t wait to choose a supplementary Medicare plan. Older adult physicians approaching 65 this year should start researching what they need and how much the plans will cost, according to Mark Shaffer, vice president of marketing and analytics at AMA Insurance Agency Inc., an AMA subsidiary.

“Anyone who is going to be eligible for Medicare should take time prior to turning 65 to research their options,” Shaffer said. “Medicare is complex and it’s important to understand the available coverage choices, but also the timing of when you need to sign up.”

Medicare Advantage open enrollment started Jan. 1 and runs through March 31. Advantage members can switch to a different Medicare Advantage Plan or switch back to original Medicare, purchase a Medicare supplement plan to cover expenses not covered by original Medicare, and join a part D plan once during this time. Open enrollment for traditional Medicare is Oct. 15–Dec. 7, with new coverage taking effect the following Jan. 1.

But physicians and others turning 65 this year can enroll in Medicare as soon as three months before their birthdays and up to three months after they turn 65, without having to wait for the open enrollment period. Those turning 65 can buy Medicare supplemental coverage up to six months after their birthday. What new Medicare beneficiaries choose and how much they pay depends upon which services they buy, Shaffer said.

Medicare services are divided into three parts. Part A, which pays inpatient hospital expenses is free of charge to Medicare beneficiaries. Part B pays 80% of doctor and other outpatient expenses but requires a regular premium payment to Medicare, either directly or through Social Security. Part D pays for prescription drugs and is purchased independently or with a Medicare Advantage plan through an insurance company.
Buying supplemental coverage

Most Medicare participants buy supplemental insurance to pay for medical expenses not covered by Parts A and B. Medicare supplement insurance plans are available in standardized forms defined by Medicare with pricing based on region, and they are available from insurance companies.

“Medicare supplement plans are standardized across the marketplace. Everyone is selling the same product,” Shaffer said. “The differences you can find between companies are in their pricing, level of service and claims management.”

Medicare Advantage plans, or Medicare Part C, are a different kind of supplement. Such plans are highly advertised, typically provide low rates and provide benefits that may exceed Medicare supplement plans but can also have restrictions, such as limitations to their network of physicians and hospitals. You could end up paying much more out of pocket, as much as $7,550 in one year on health care costs. Prices vary widely based on benefits offered.

“Medicare Advantage plans may not offer the flexibility that a member might be looking for,” Shaffer said, “Advantage plans are like preferred provider organizations or health maintenance organizations because they generally restrict members to a more limited network of providers and may require referral from a primary care physician to see a specialist.”

Pay close attention to Rx drug plans

AMA Insurance offers Medicare supplement insurance sponsored by the AMA, and is working with eHealth, an online agency to offer Medicare Part D plans from a wide range of highly rated insurers, according Shaffer. AMA Insurance coverage is available to physicians and their spouse or domestic partner. The agency does not market Medicare Advantage plans.

Part D prescription drug coverage is complicated, Shaffer said, but it also provides opportunity to cut costs. Shaffer noted that prescription drugs vary widely in cost from plan to plan and Part D plans benefits vary by deductibles, co-pays and the costs of specific drugs listed in individual plan formularies. Shaffer recommended that buyers shop their Part D plans annually, reviewing the cost of filling prescriptions.

Each plan pays for prescriptions based on tiers of drugs and contracts with pharmaceutical suppliers. Costs can vary from very small charges for generic drugs to higher costs for newer and brand name drugs, depending on agreements with suppliers.
Shaffer also recommended tapping the informative resources at the Medicare website and the AMA Insurance website as part of the shopping process. In addition to Medicare supplement plans, AMA Insurance also offers life, disability, home and auto insurance and provides access to other financial services products through Millennium Brokerage Group LLC, a strategic marketing partner of AMA Insurance.

Learn more about the AMA Senior Physicians Section, which gives voice to and advocates for, issues that affect physicians age 65 and older, both active and retired.