Sam's Economics

Medicare Advantage or Medigap?

What each really costs over twenty years, healthy and sick, and the six-month deadline that decides whether Medigap is ever available to you again.

THE DEADLINE THAT MATTERS MORE THAN THE MONEY

6 months, once

Your Medigap open enrollment starts the month you're 65 or older and enrolled in Part B. For six months, any insurer must sell you any Medigap plan at the standard price, with no health questions. After that, in most states, they can refuse you.

1. The two paths

	ORIGINAL MEDICARE + MEDIGAP (PLAN G) + DRUG PLAN	MEDICARE ADVANTAGE
Premium beyond Part B	Medigap about $220/month at 65 (rises with age in most states) + drug plan about $41	Often $0
When you use care	Part B deductible (about $292 in 2027, projected), then almost nothing	Copays and coinsurance
Yearly limit	None needed: Plan G covers almost all gaps	Plan's out-of-pocket limit, up to $9,850 in network in 2027
Doctors	Any doctor or hospital in the US that accepts Medicare	Usually a network
Approvals	No referrals or prior authorization for Medicare-covered care	Many services need prior authorization
Extras	None	Often dental, vision, hearing, gym

You pay the Part B premium either way (projected about $209.50/month in 2027; CMS announces it in November). 55% of eligible Medicare beneficiaries were in Medicare Advantage in 2026 (KFF).

2. Elena and Greg, 65 to 85

SCENARIO	ELENA: MEDIGAP G + DRUG PLAN	GREG: $0-PREMIUM ADVANTAGE	ADVANTAGE AHEAD BY
First year	$3,428	$1,000	$2,428
First 7 healthy years	$25,381	$7,000	$18,381
A bad year at 72	$3,905	$5,400	−$1,495
20 years, sick from 72	$82,522	$77,200	**$5,322**
20 years, healthy throughout	$82,522	$20,000	$62,522
20 years, sick from 72, plan limit $9,850	$82,522	$135,050	−$52,528

Assumptions: Plan G $220/month at 65 rising 2.4% a year ($279 at 75); drug plan $41.33/month; Part B deductible $292; Advantage $0 premium, $1,000 copays in a healthy year, $5,400 limit (close to the 2026 average of $5,421) every year from 72. Drug copays assumed similar either way. Today's dollars.

> **The money is often close. The door is not.** In most states, if Greg wants Medigap at 72 with a new diagnosis, insurers can ask about his health, charge more, or refuse.

3. Exceptions to the six-month rule

- **Trial right:** if you join Medicare Advantage when you're first eligible at 65 and leave within 12 months, you can buy any Medigap plan without health questions.
- **If you dropped Medigap for Advantage** and leave within 12 months, you can usually get your old policy back.
- **State rules:** a few states (including New York and Connecticut) allow Medigap purchases year-round; some others have yearly windows (for example, around your birthday).
- Other guaranteed-issue rights exist (for example, if your Advantage plan leaves your area). Ask your SHIP counselor.

4. Who each one fits

MEDICARE ADVANTAGE CAN FIT YOU IF...	MEDIGAP CAN FIT YOU IF...
You're comfortable with a network and your doctors are in it	You want any doctor or hospital that takes Medicare
You could pay the full out-of-pocket limit in a bad year	You want predictable costs
You value lower premiums and extras	You travel or split the year between states
You're fine with prior authorization	You can afford the premium for the long run

5. Compare two plans

ITEM	MEDIGAP PLAN + DRUG PLAN	ADVANTAGE PLAN
Monthly premium(s)		
Deductible		
Out-of-pocket limit	—	
My doctors in network?	Any that take Medicare	
Nearest major cancer center in network?	Any that take Medicare	
My drugs covered (tier, cost)?		
Healthy-year cost		
Worst-year cost		

Questions to ask before you enroll

1. When does my Medigap open enrollment window end?
2. What is this Advantage plan's in-network and out-of-network out-of-pocket limit?
3. Which services need prior authorization, and how are denials appealed?
4. Are my doctors, my hospital and a major cancer center in network, and for how long?
5. What are my state's Medigap rules if I want to switch later?

6. Checklist

- [ ] I marked my Medigap open enrollment window: six months from 65 and Part B.
- [ ] I checked the plan's out-of-pocket limit and could pay it in a bad year.
- [ ] I looked up my doctors, hospitals and a major cancer center in the network.
- [ ] I asked how prior authorization works for scans, surgery and specialists.
- [ ] I checked my state's Medigap rules and talked to my free SHIP counselor (shiphelp.org).

Sources: CMS final CY2027 Part C benefit standards (in-network out-of-pocket maximum $9,850; combined $14,800); CMS 2027 Part D base beneficiary premium $41.33; 2026 Medicare Trustees Report projections for 2027 Part B ($209.50/month, $292 deductible); KFF (2026 average Advantage out-of-pocket limit $5,421; 55% Advantage enrollment); MoneyGeek 2026 Medigap averages (Plan G about $220 at 65, $279 at 75); Medicare Medigap open enrollment and trial-right rules. Figures are illustrations rounded to the dollar.

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