

Saving Money on Your Insurance

BY JOSE MONTEMAYOR

TEXAS COMMISSIONER OF INSURANCE

Original Medicare or a Medicare HMO?

DEPENDING ON WHERE THEY LIVE, Texans eligible for Medicare may have a choice between original fee-for-service Medicare and enrolling in a Medicare HMO.

There are pros and cons to both. Either choice involves tradeoffs. Your decision will boil down to which best fits your medical needs, your checkbook and your lifestyle.

If you decide on original Medicare, you might also need Medicare supplement ("Medigap") insurance to pay some of the expenses that Medicare doesn't cover. To see what Medigap costs, consult the Texas Department of Insurance's Medicare Supplement Insurance Handbook and Rate Guide. It's on our Web site, www.tdi.state.tx.us, or you can get a printed copy by calling our toll-free Publications Line, 1-800-599-7467.

Retirees who remain in their former employers' group health plans may not need Medigap insurance. Some retirees, however, supplement limited-benefit group coverage with Medigap policies.

More than 380,000 Texans belong to Medicare HMOs. This choice is available only if you live in an HMO's service area.

The biggest advantages of Medicare HMOs are they save you money and usually provide more benefits than original Medicare. To receive the savings, you must use the HMO's network.

Some Medicare HMOs charge no premium, other than the amount already deducted from your Social Security check for the Medicare Part B premium. Others may charge a small premium. A Medicare HMO member doesn't need a Medigap policy. Medicare HMOs usually pay for annual physical examinations, which Medicare doesn't cover. Some Medicare HMOs provide prescription drugs. Medicare HMOs don't have original Medicare's large deductibles, and their copayments when you see a doctor or enter a hospital tend to be smaller.

You might prefer a Medicare HMO if:

- Saving money is your primary consideration.
- You tend to have high prescription drug bills and a local HMO offers

prescription drug coverage.

- You don't travel frequently or for long periods.
- You don't mind changing doctors or hospitals if necessary.

The biggest advantage of original Medicare, compared to Medicare HMOs, is flexibility and certainty.

While Medicare HMOs pay only for treatment (except for emergency care) within their service areas and by providers on their networks, original Medicare and Medigap insurers cover you anywhere in the United States. (An exception is the occasional Medicare HMO that offers a "point of service" option that, for an additional copayment, lets you use off-network doctors.) Medicare HMOs require a referral from your primary care physician to see a specialist. With original Medicare and a Medigap policy, you're not limited to network doctors and you can see a specialist without getting a referral.

Medicare HMOs contract with the federal government one year at a time and can pull out of the Medicare market when their contracts expire. On January 1, 2000, five Texas HMOs withdrew from Medicare. Thirty-one thousand Texans had to find new HMOs or return to original Medicare. Another uncertainty is whether your doctor will be on a particular Medicare HMO's provider list.

Original Medicare might be your best choice if:

- You travel a lot or spend considerable time away from your home county.
- You can afford Medigap insurance or have good retiree coverage through your former employer.
- Having a wide choice of doctors and hospitals is important to you, or you're strongly attached to a particular doctor who may not be on an HMO's network.
- You want the freedom to get specialized care when you feel you need it.

To learn more about Medicare HMOs and other available options, call our Publications line or check our Web site for the consumer booklet, *Managed Care Choices for Medicare Beneficiaries*. ★

Editors:

- If you need further information, call: **Texas Department of Insurance Public Information Office (512) 463-6425**

We welcome your questions and suggestions about this column.