Medigap Premium Increase Letter: How to Understand It and What To Do Next

Description

Few things create more anxiety for Medicare beneficiaries than opening the mail and seeing a **Medigap premium increase notice**. Even people who rarely go to the doctor are often surprisedâ??and frustratedâ??when their monthly premium jumps.

The good news is this: a Medigap premium increase does **not** automatically mean you made a bad decision, and it does **not** always mean you need to switch plans or companies.

What it does mean is that itâ??s time take some time to understand *why* the increase happened and decide whatâ??if anythingâ??you should do next.

This guide walks you step by step through how to read your premium increase letter, what the most common causes are, and how to make a smart decision that protects both your coverage and your budget.

default watermark

First Things First: Donâ??t Panicâ??and Donâ??t Cancel Yet

The most important rule when you receive a Medigap rate increase letter is simple:

Do not cancel your current Medigap policy until you fully understand your options.

Canceling first can leave you exposed to medical bills, create gaps in coverage, or make it harder to enroll in a new plan if underwriting applies. In many cases, the increase is manageableâ??or at least understandableâ??once you see the full picture.

Instead, treat the letter as an information trigger, not an emergency.

What a Medigap Premium Increase Actually Means

A common misconception is that Medigap premiums go up because *you* personally used the insurance. That is not how Medigap works.

Medigap rate increases are based on:

- The overall claims experience of everyone in your plan
- Medical inflation
- Changes in utilization patterns
- How the plan is priced and structured in your state

Your individual health or claims history does **not ever** cause your premium to increase.

Step 1: Identify the Type of Increase Youâ??re Seeing

Before you decide what to do, you need to determine **what kind of increase** youâ??re dealing with. Most Medigap premium changes fall into oneâ??or a combinationâ??of the following categories.

default watermark

General Rate Increase (Rate Action)

This is the most common type of Medigap increase.

A general rate increase applies to a group of policyholders and reflects rising healthcare costs, higher claims, changes to Medicare itself (the plans expand to fill the â??gapsâ?•), or long-term pricing adjustments. These increases are approved at the state level and typically affect everyone in the same policy form or block.

Key characteristics:

- Usually shown as a percentage increase
- Applies regardless of your age or health
- Often happens annually, but not always

A single moderate rate increase does not necessarily indicate a problem. Patterns matter more than one yearâ??s change.

Age-Related Increase (Attained-Age Pricing)

Some Medigap plans are priced using **attained-age** rating. With this structure, premiums increase as you get older, in addition to any general rate increases.

If your plan uses attained-age pricing, your letter may not clearly say â??this is an age-related increase,â?• but clues often include:

- The increase happens around your birthday or policy anniversary
- The increase amount is fairly predictable year over year

This type of increase is structural, not discretionary. It doesnâ??t mean the company raised rates aggressivelyâ??it means the plan was designed that way from the start.

Medigap Pricing Methods â?? What are the Differences?

Discount Changes or Discount Expiration

Many Medigap plans include discounts that lower your premium, such as:

- Household discounts
- Electronic funds transfer (EFT) discounts
- â??New to Medicareâ?• or introductory discounts

Some discounts are permanent, but others **phase out over time** or can change if eligibility conditions change (for example, if a spouse is no longer on a policy).

Household discounts can be as much as 20% or more. So, when a discount ends, the premium can jump noticeablyâ??even if the base rate didnâ??t change much at all.

Important: A discount ending can *feel* like a rate increase, even though itâ??s technically a pricing adjustment.

default watermark

Tobacco or Rating Class Changes

Less common, but still possible, are changes related to:

- Tobacco rating
- Underwriting class changes (in rare situations)

If this applies, your letter usually mentions a class or rating change explicitly.

Step 2: Read Your Increase Letter Like a Pro

Most Medigap premium increase letters are written in formal insurance language and can be hard to interpret. Hereâ??s how to break it down.

Pull out and write down:

- Your **current premium**
- Your **new premium**
- The **effective date** of the change
- Any mention of discounts, rate adjustments, or policy class

Then calculate:

- The dollar increase
- The percentage increase
- Whether the timing lines up with a birthday, policy anniversary, or calendar year

These clues help you determine whether the increase is primarily age-related, discount-related, or a broader rate action.

Step 3: Ask the Most Important Questionâ??Can You Switch?

Once you understand the increase, the next question is not â??Can I save money?â?• but:

default watermark

â??Can I realistically change Medigap plans or companies?â?•

In many states, switching Medigap plans outside your initial Medigap Open Enrollment Period requires **medical underwriting**. That means:

- You may be asked health questions
- Certain conditions or medications could result in a decline or higher premium
- Approval is not guaranteed

If you are still within your Medigap Open Enrollment Period or have guaranteed issue rights, switching may be straightforward.

Medigap Underwriting â?? Can I Get Approved?

If underwriting applies, your current planâ??*even with an increase*â??may still be your best option.

Step 4: When Switching Medigap Companies Might Make Sense

Switching Medigap carriers can be a good move when:

- The increase is large and recurring
- Your premium is no longer competitive for your age and area
- You are healthy enough to pass underwriting
- You are early enough in retirement that long-term savings matter

However, switching solely because of one increase can be a mistake if the new plan is priced aggressively and may increase faster later.

This is where **rate history and pricing strategy** matter more than brand recognition.

Medicare Supplement Insurance Companies: Top 10 to Consider

Step 5: An Alternative Strategyâ??Changing Plan Letters

In some situations, lowering your premium doesnâ??t require changing companies at all. Instead, it may involve changing **plan letters**, such as moving from Plan G to Plan N.

This approach may reduce your premium but comes with trade-offs, including:

- Office visit copays
- Emergency room copays
- Potential exposure to excess charges

This strategy works best for beneficiaries who:

- Donâ??t visit the doctor frequently
- Want to reduce fixed monthly costs
- Understand and accept some cost-sharing

default watermark

Underwriting often still applies when changing plan letters, but the math can sometimes make sense even with those hurdles.

Choosing Between Plan G and Plan N

Step 6: What Not to Do When You Get a Rate Increase

To avoid costly mistakes:

- Donâ??t cancel your Medigap before new coverage is approved
- Donâ??t assume a Medicare Advantage plan is the only alternative
- Donâ??t shop based only on the lowest advertised premium
- Donâ??t ignore the letter and hope it goes away

Ignoring an increase doesnâ??t make it smallerâ??it just limits your planning window.

A Realistic Example

Letâ??s say your Plan G premium increases from $165 to $192 per month.

At first glance, that feels significant. But after review, you discover:

- $18 of the increase is due to a household discount ending
- The remaining increase is consistent with similar plans in your area
- You have health conditions that make underwriting uncertain

In this case, staying put may be the safest and smartest decisionâ??even though the increase isnâ??t pleasant.

On the other hand, if the same increase occurs repeatedly over several years, reevaluating becomes more urgent.

If you have a Medigap broker, he or she should be able to provide valuable comparative information about other Medigap options. As an independent brokerage, we proactively provide that information when there are known rate increases and provide on-demand any time of the year when requested. This can be a valuable way to stay on top of your coverage and decide if/when it makes sense to change Medigap plans.

Final Checklist: What to Do This Week If You Got the Letter

default watermark

1. Note the effective date of the increase
2. Identify the type(s) of increase involved
3. Determine whether underwriting applies to you
4. Compare your *net* premium to similar plans
5. Decide whether staying, switching, or adjusting plans makes sense

If you take these steps methodically, youâ??ll almost always end up with a better outcome than reacting emotionally.

Bottom Line

A Medigap premium increase letter is not a failureâ??and itâ??s not a signal to make a rushed decision.

The right response depends on:

- Why the increase happened
- Whether you can pass underwriting
- How your current premium compares long-term
- Your comfort with future risk and cost-sharing

When you understand those factors, you regain control of the decision.

_____

65Medicare.org is a leading, independent Medicare insurance agency for people turning 65 and going on Medicare. We have worked with 10,000+ Medicare-eligible individuals over the last 10+ years, assisting with understanding and comparing the plans. You can get a list of Medigap quotes in your area. Or, if you have any questions about this information, you can contact us online or call us at 877.506.3378.

default watermark

Category

1. Medigap Plans

Tags

1. attained-age pricing
2. how much does medigap increase
3. medigap premium
4. medigap premium increase
5. medigap rates
6. rate increase
7. rate increase letter

Date Created
January 27, 2026
Author
65medicare