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Here's why Medicare could hit you with a surprise doctor's bill

It all comes down to something called Medicare Plan B excess charges

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| October 9, 2018

You might think that once you're on Medicare picking a doctor that takes your insurance and paying the bills gets simpler. Think again. Even on Medicare you could owe more than you expect for your care, and the culprit is a something called Medicare Part B excess charges.

Medicare Part B excess charges are the difference between how much a doctor charges for a treatment or procedure and how much Medicare has agreed to pay for it. As a patient, you have to pay Medicare Part B (<https://considerable.com/guides/guide-to-medicare/basics-of-medicare/#what-is-medicare-part-b>) excess charges out-of-pocket, unless you have a Medigap plan that covers those bills.

The good news is that while Medicare Part B excess charges could add up quickly, actually owing them is fairly uncommon. And you can avoid excess charges altogether by sticking with doctors who've agreed not to charge them, or by purchasing the right Medigap insurance plan.

Just as with the rest of Medicare (<https://considerable.com/guides/guide-to-medicare/>), however, understanding Medicare Part B excess charges can be tricky. Here's what you need to know.

Why not all doctors bill for Part B excess charges

Doctors who accept Medicare fall into one of two categories: participating and non-participating.

The vast majority of physicians who take Medicare are participating and therefore “accept assignment,” which means that they agree to charge the Medicare-approved amount for their services. If you are treated by a participating doctor, preventive services are free, and you’ll owe 20% of the cost of all other care.

Non-participating providers can decide on a service-by-service basis whether or not to accept the Medicare-approved payment amount. If they don’t, they’re allowed to charge you as much as 15% more than the approved amount for your care.

How excess charges can add up

If you see a non-participating provider, you’re on the hook for the coinsurance and deductible, plus the excess charges, unless you have a Medigap policy that pays the difference.

So, for example, if Medicare has assigned \$1,000 to a particular service (based on its typical cost and your location), with a participating doctor Medicare would pay the physician \$800, assuming you’ve hit your Part B deductible (<https://considerable.com/guides/guide-to-medicare/out-of-pocket-costs/#what-is-the-medicare-part-b-deductible>), and you’d pay the \$200 coinsurance.

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Non-participating doctors could charge up to \$1,150 for the same service. Medicare would still be good for \$800, but you'd be responsible for the remaining \$350.

But the tab can be far worse. In the case of a serious health care condition or medical crisis, bills for \$10,000 or \$50,000 or worse could easily carry excess charges in the thousands.

Plus, suppliers of medical devices and equipment can levy Medicare Part B excess charges—but they're not limited to the 15% cap. And Medicare does not place an annual ceiling on your out-of-pocket spending (<https://considerable.com/guides/guide-to-medicare/out-of-pocket-costs/>).

How to know if you're at risk of paying more

Some states require that all doctors who take Medicare "accept assignment," or promise not to charge more than the agreed-upon rates. If you get care in Connecticut, Massachusetts, Minnesota, New York, Ohio, Pennsylvania, Rhode Island, or Vermont, your doctor cannot bill you for Medicare Part B excess charges.

If you're not in one of those states, the easiest way to find out whether you may owe Medicare Part B excess charges is to ask your doctors whether they accept assignment. If they do, you're in the clear.

You can also use the [Physician Compare tool](https://www.medicare.gov/physiciancompare/) (<https://www.medicare.gov/physiciancompare/>) at Medicare.gov to look up whether any doctor in the country takes Medicare, as well as whether he or she accepts Medicare-approved payment amounts.

How Medigap plans can help with the excess

If you end up seeing a non-participating doctor, you can offset your out-of-pocket costs with a Medigap insurance policy, also known as a [Medicare Supplement plan](https://considerable.com/guides/guide-to-medicare/medicare-supplement-medigap/) (<https://considerable.com/guides/guide-to-medicare/medicare-supplement-medigap/>).

These plans, which are offered by private insurers, come in 10 varieties and are standardized across most states (excluding Massachusetts, Minnesota, and Wisconsin).

So the coverage you get with any [Medigap F](https://considerable.com/guides/guide-to-medicare/medicare-supplement-medigap/#what-is-medicare-supplement-plan-f) (<https://considerable.com/guides/guide-to-medicare/medicare-supplement-medigap/#what-is-medicare-supplement-plan-f>) policy, for example, will be identical to what you'd get with any other, although your monthly premium could vary by provider. (That premium, which is charged by the insurance company, is on top of the Medicare Part B premiums you owe.)

It's important to choose the Medigap option that's best for your healthcare needs—and your budget

Buying a Medigap plan that covers Medicare Part B excess charges may be a smart idea if you know that your current doctor or hospital doesn't accept assignment. It may also make sense if you want the flexibility later to see doctors that don't accept Medicare-approved amounts.

Medicare Supplement plans F and G cover 100% of Part B excess charges. With a Plan F, you'll pay higher premiums than you would with [Plan G](#) (<https://considerable.com/guides/guide-to-medicare/medicare-supplement-medigap/#what-is-medicare-supplement-plan-g>), but the plan will also cover the Part B deductible (\$183 in 2018). Plan F, currently the most popular Medigap plan, is scheduled to be phased out starting in 2020.

Why else you might want a Medigap policy

Medicare Supplement Plans F and G are just two of the Medigap plans available, and it's important to choose the option that's best for your healthcare needs (now and down the road) and your budget.

Anyone who has [Original Medicare \(Parts A and B\)](https://considerable.com/guides/guide-to-medicare/original-medicare-parts-a-and-b/) (<https://considerable.com/guides/guide-to-medicare/original-medicare-parts-a-and-b/>) is eligible to buy a Supplement plan. (You can't if you opt for a [Medicare Advantage plan](https://considerable.com/guides/guide-to-medicare/medicare-advantage-part-c/) (<https://considerable.com/guides/guide-to-medicare/medicare-advantage-part-c/>), instead of Original Medicare.)

Beneficiaries who went without a Medigap plan spent an average of \$5,374 on out-of-pocket costs in 2016, according to a [study by the Commonwealth Fund](https://www.commonwealthfund.org/publications/issue-briefs/2017/may/medicare-beneficiaries-high-out-pocket-costs-cost-burdens-income) (<https://www.commonwealthfund.org/publications/issue-briefs/2017/may/medicare-beneficiaries-high-out-pocket-costs-cost-burdens-income>), more than twice what those with a Supplement plan spent.

The best time to purchase a Medicare Supplement plan is during [your open enrollment period](https://considerable.com/guides/guide-to-medicare/medicare-enrollment/#when-can-i-enroll-in-medicare-supplement) (<https://considerable.com/guides/guide-to-medicare/medicare-enrollment/#when-can-i-enroll-in-medicare-supplement>), which is the first six months after you're both 65 years old and enrolled in Medicare Part B. You can still buy a plan later, but you may have to go through medical underwriting, which could mean higher premiums or having a pre-existing condition not covered.

How to pay your Medicare Part B excess charges

If you don't have Medigap coverage and see a non-participating doctor, you may owe more money upfront. Doctors who do not accept assignment could bill you in

full when you're treated instead of waiting until after they are reimbursed by Medicare.

Either your doctor's office will file the Medicare claim on your behalf for the portion covered by Medicare, or you'll file it yourself with a form CMS 19490S.

Then you'll be reimbursed directly from Medicare. If your doctor's office submits the claim for you, it cannot charge you for doing so.

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