

A hand is holding a large, three-dimensional orange number 3 against a dark blue background.

MEDICARE OPEN ENROLLMENT MYTHS

Everybody Needs To Dispel!

65 Sixty-Five
INCORPORATED

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www.i65.com

MEET YOUR PRESENTER:

Melinda A. Caughill, CSA

- Co-Founder of 65 Incorporated® and the i65® Medicare Guidance Software
i65.com, 65incorporated.com
- Professional Medicare educator
- Almost two decades of helping business and consumers make sense of Medicare
- Featured in national news media
- Speaker at national events for Charles Schwab, Raymond James, LPL, and more

CR Consumer Reports

THE
WALL STREET
JOURNAL

MORNINGSTAR

U.S. News & World Report

Forbes

The
Washington
Post

**Myth: Once you're enrolled in Medicare,
you're done.**

29%

The percentage of people enrolled in Medicare who review their coverage during Open Enrollment (Oct. 15 - Dec. 7).

KFF, Nov, 2022



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Reality: Failing to review coverage annually means you're essentially giving insurance companies a blank check.



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**I'm happy with
my plan. Why do I
need to review it?**



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Part D & MA plan change every year.

- Premiums
- Deductibles
- Out-of-pocket copays
- Medications covered
- Spending limits
- Pharmacy networks
- Provider networks
- Restrictions (prior authorization, step therapy)

... All while
keeping the same
plan name!



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Our company's record...

**\$235,000
SAVED**



**2024 is the
MOST IMPORTANT
Open Enrollment Period
in Medicare's history.**

INFLATION REDUCTION ACT

The Inflation Reduction Act requires that Medicare Part D *(through a stand-alone Part D plan or through Medicare Advantage)* implement **a \$2,000 out-of-pocket spending limit** beginning in 2025.



WARNING!

**THIS MAY NOT BE GOOD
FOR SOME MEDICARE
BENEFICIARIES.**



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In 2023, Medicare Part D had **four payment stages**.

Stage 1:
Deductible

Stage 2:
Initial Coverage

Stage 3:
Coverage Gap

Stage 4:
Catastrophic Coverage



In 2023, Medicare Part D had **four payment stages**.

Stage 1:
Deductible



The standard plan includes a deductible (\$545 in 2024), but plans can reduce or eliminate this. Plan members must meet the deductible before coverage of Tier 3, 4, 5, 6 medications begins. Typically, Tier 1 and 2 medications skip this stage.

In 2023, Medicare Part D had **four payment stages**.

Stage 1:
Deductible

Stage 2:
Initial Coverage



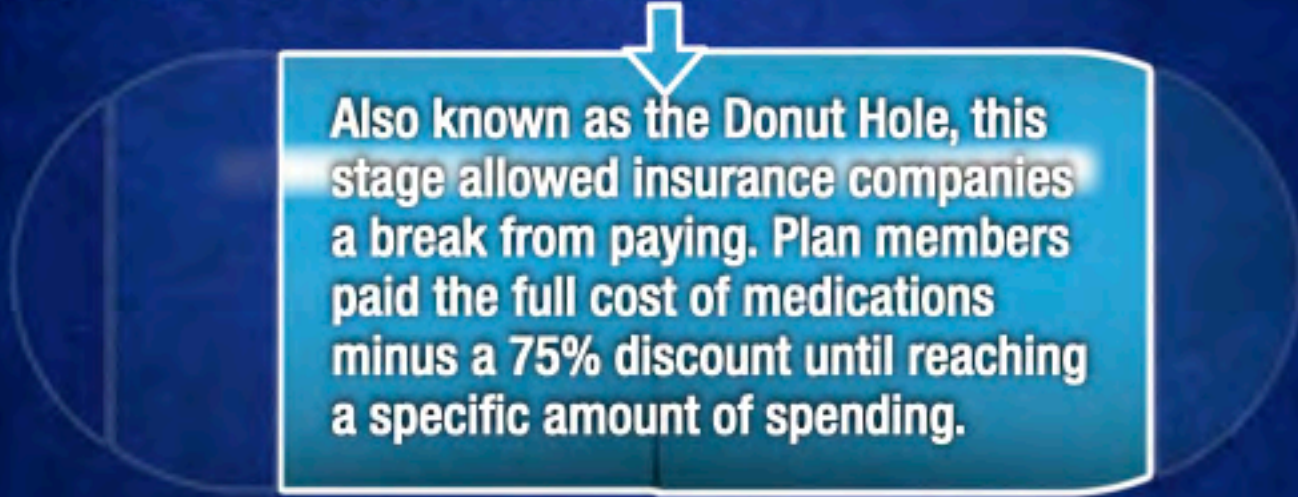
The beneficiary pays about 25% of medication costs through pre-determined copayments or coinsurances, such as a \$10 copay or 40% coinsurance, until a certain amount is paid.

In 2023, Medicare Part D had **four payment stages**.

Stage 1:
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Also known as the Donut Hole, this stage allowed insurance companies a break from paying. Plan members paid the full cost of medications minus a 75% discount until reaching a specific amount of spending.

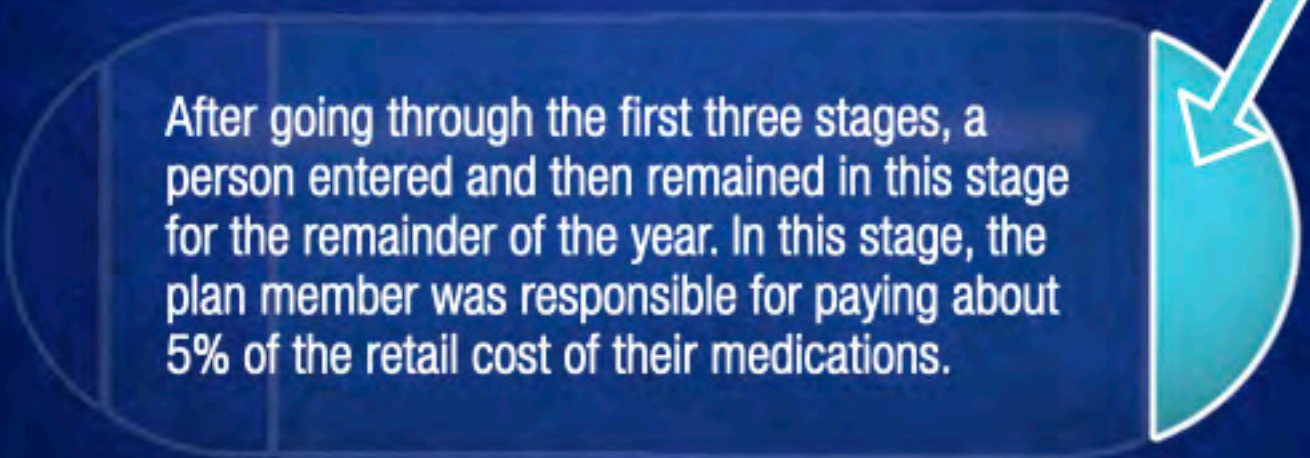
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After going through the first three stages, a person entered and then remained in this stage for the remainder of the year. In this stage, the plan member was responsible for paying about 5% of the retail cost of their medications.

In 2024, **the consumer's 5% share of costs in the Catastrophic Coverage phase is gone.**

Stage 1:
Deductible

Stage 2:
Initial Coverage

Stage 3:
Coverage Gap

Stage 4:
~~Catastrophic Coverage~~
No Cost to Consumer



In 2025, **the Coverage Gap will go away.**

Stage 1:
Deductible

Stage 2:
Initial Coverage

Stage 3:
~~Coverage Gap~~
No Cost to Consumer



In 2025, **the Coverage Gap will go away.**

Stage 1:
Deductible

Stage 2:
Initial Coverage



This essentially caps Part D costs at \$2,000 per year... *but that doesn't magically make medications free.*

Who picks up those costs?



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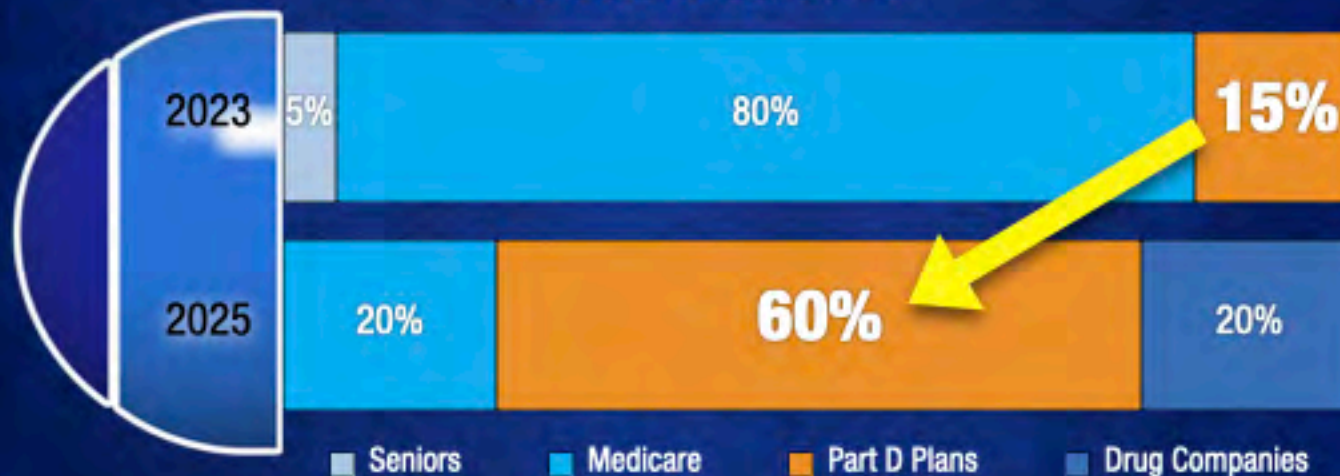


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Catastrophic Coverage:
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<https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflection-reduction-act-and-how-enrollees-will-benefit/>

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In 2025, **the Coverage Gap will go away.**

Stage 1:
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Do you think Part D insurance companies will take a
MUTLI-BILLION dollar hit?



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<https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflection-reduction-act-and-how-enrollees-will-benefit/>



How Part D insurance companies pass on these costs:

- ~~- **Plan premiums increase overall**~~

- ~~▸ In review of three zip codes, Part D plan premiums increased an average of 23% in 2024~~

HOT OFF THE PRESS!

This did not happen overall!

Thanks, in part, to the **Part D premium stabilization demonstration** which reduces the premium of stand-alone Part D plans by \$15 per month.

But, premiums in certain areas (like CA) are skyrocketing.

How Part D insurance companies pass on these costs:

- **Plan premiums increase overall**

- In review of three zip codes, Part D plan premiums increased an average of 23% in 2024

- **Increased cost sharing for all**

- Higher co-pays (\$0 to \$3, \$5 to \$10, etc.)
- Co-pays change to coinsurances
 - Flat amounts change to a percentage of total cost
 - **Example:** Eliquis (Retail price: \$550)
 - ✓ With a Copay: \$47 refill cost
 - ✓ With a Coinsurance of 25%: \$137.50 refill cost

How Part D insurance companies pass on these costs:

HOT OFF THE PRESS!

- **Plans being discontinued.**

- ▶ About 25% of Part D plans are disappearing in 2025.
- ▶ Notable plans being discontinued include:
 - All Mutual of Omaha Part D drug plans
 - AARP Medicare Rx Walgreens
 - SilverScript Smart Saver and Plus plans

How Part D insurance companies pass on these costs:

- **Dropping medications from the plan.**



People will pay **FULL RETAIL PRICE** for medications not covered by their Part D drug plans.

The \$2,000 limit ONLY applies when medications are covered by the plan.

“Part D plan formularies include at least 2 drugs in the most commonly prescribed categories and classes.”

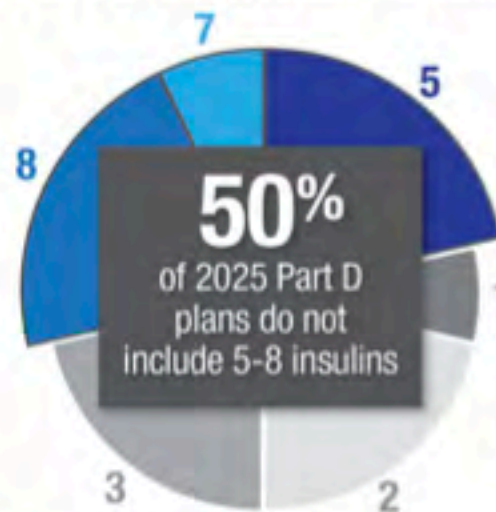
medicare.gov – www.medicare.gov/drug-coverage-part-d/what-medicare-part-d-drug-plans-cover

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medicare.gov – www.medicare.gov/drug-coverage-part-d/what-medicare-part-d-drug-plans-cover

HOT OFF THE PRESS!

An analysis of non-covered insulins in 2025 Part D drug plans within a three ZIP codes



According to an analysis by 65 Incorporated, 50% of 2025 Part D drug plans in three ZIP codes with 14 plans available do not cover 5 to 8 of the most common 9 insulins.

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The study looked at the coverage of 9 insulins prescribed for 65 Incorporated clients.

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Plan selection appears to be very individualized...

Meaning one plan is clearly the best. Any other plan is a fair amount, if not a lot, more expensive.

**Myth: You can change Medigap policies
during Medicare Open Enrollment.**

Reality: In most states, **you must go through medical underwriting** to change Medigap policies.



Guaranteed Issue Right (GIR)

- ▶ Ensures that you can get a Medigap policy **without medical underwriting**
 - Insurance companies cannot deny coverage or raise premiums based upon medical history
- ▶ This GIR begins when you are 65 or older **AND** enrolled in Medicare Part B
 - It lasts 6 months—or 12 months after first enrolling in a Medicare Advantage plan (if you qualify)
- ▶ **Without a GIR, you may NOT be able to get OR change a Medigap policy, depending on the state**
 - Go through medical underwriting to get a policy



Guaranteed Issue Right (GIR)

- ▶ Some states offer additional opportunities to make changes:
 - **"Birthday rules"** in CA, ID, IL, KY, LA, MD, NV, OR give the ability to change policies in a specific period of time around your day of birth
 - **"Anniversary rules"** in MO allow you to change policies in a time period around the date you purchased your policy
 - **"Continuous open enrollment rules"** in ME, WA allow you to change policies any time during the year
- ▶ Other rules can apply



Guaranteed Issue Right (GIR)

- ▶ States in which you always have a Guaranteed Issue Right:
 - **In NY, CT,** you get or change Medigap policies any time
 - **In MA,** you get or change Medigap policies between Feb. 1-March 31
 - **In ME,** you can get a Medigap Plan A only at any time

**Myth: You can always change the
type of coverage you have.**

Reality: People can change plans each year...

But, changing Medicare paths can be a
permanent decision.



The two main paths of Medicare
are NOT the same.

**Your costs and coverage
are vastly different
depending on your path.**



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The **two** paths of Medicare





- A budget-able approach to healthcare expenses
 - Pay monthly premiums for Part B, Medigap & Part D drug plan to have few out-of-pocket costs for healthcare services
- Freedom of choice
 - Go to any doctor/hospital that accepts Medicare
- Prior authorization requirements are limited
 - Doctors & hospitals are in charge of medical decisions — not insurance companies.



Parts A & B Costs are Identical on Either Path	
Part A	\$0 <small>As long as you qualify</small>
Part B	\$174.70
Medigap Policy	\$183
Part B Annual Deductible	\$240 <small>(\$20 per month)</small>
Part D Plan	\$33
Out-of-Pocket Healthcare Costs	Basically \$0

Original Medicare
TOTAL: About \$400

- With Medicare Advantage, you give up the government's version of Medicare.
- You must follow the rules of the insurance company.



- **RULE #1**
 - Networks matter:
 - Networks can change at any time
 - Having out-of-network coverage does NOT necessarily mean you can see out-of-network providers...



Financial Management

26 health systems dropping Medicare Advantage plans | 2024

Jakob Emerson - Updated Wednesday, September 25th, 2024



Medicare Advantage provides health coverage to [more than half](#) of the nation's older adults, but some hospitals and health systems are opting to end their contracts with MA plans over administrative challenges.

Among the most commonly cited reasons are excessive prior authorization denial rates and slow payments from insurers.

In 2023, *Becker's* began [reporting](#) on hospitals and health systems nationwide that dropped some or all of their Medicare Advantage contracts.

Data on this topic is limited. In January, the Healthcare Financial Management Association released [a survey](#) of 135 health system CFOs, which found that 16% of systems are planning to stop accepting one or more MA plans in the next two years. Another 45% said they are considering the same but have not made a final decision. The report also found that 62% of CFOs believe collecting from MA is "significantly more difficult" than it was two years ago.

26 health systems dropping Medicare Advantage plans in 2024:

Editor's note: This is not an exhaustive list. It will continue to be updated this year

1. Nashville-based [Vanderbilt Health](#) will no longer be in network with BCBS Tennessee Medicare Advantage, effective in 2025.

- **RULE #2**

- Subject to prior authorization (PA) rules:
 - You must get PA from the insurance company before using services, especially costly ones like surgery, hospitalization, and skilled nursing stays
 - PA delays critical care
 - No PA means NO COVERAGE and NO SPENDING LIMIT applies



- **RULE #12** **Prior Authorization is used most often when patients are in dire need.**

- Subject to prior authorization

- You must have insurance before using services, especially surgery, and skilled nursing

- PA delay

- No PA means NO COVERAGE SPENDING



- **RULE #3**

- Must pay deductibles, co-pays and coinsurances up to an out-of-pocket limit
 - 2024 max:
 - \$8,850 in-network
 - \$13,300 in- and out-of network
 - Beware that these are not small limits



- Pay no monthly premiums but then pay every time you use healthcare services up to plan's spending limit
 - But, if you don't follow the rules, you will pay the **full cost of the health care service**
 - **The spending limit only applies when you follow the rules of the plan**



Parts A & B Costs are Identical on Either Path	
Part A	\$0 As long as you qualify
Part B	\$174.70
MA-PD plan	\$0 – \$100+
Out-of-Pocket Healthcare Costs	? You pay every time you use healthcare services up to the plan limit

Medicare Advantage
TOTAL: \$174.70 – ??
Cost depends on total healthcare needs



The **two** paths of Medicare



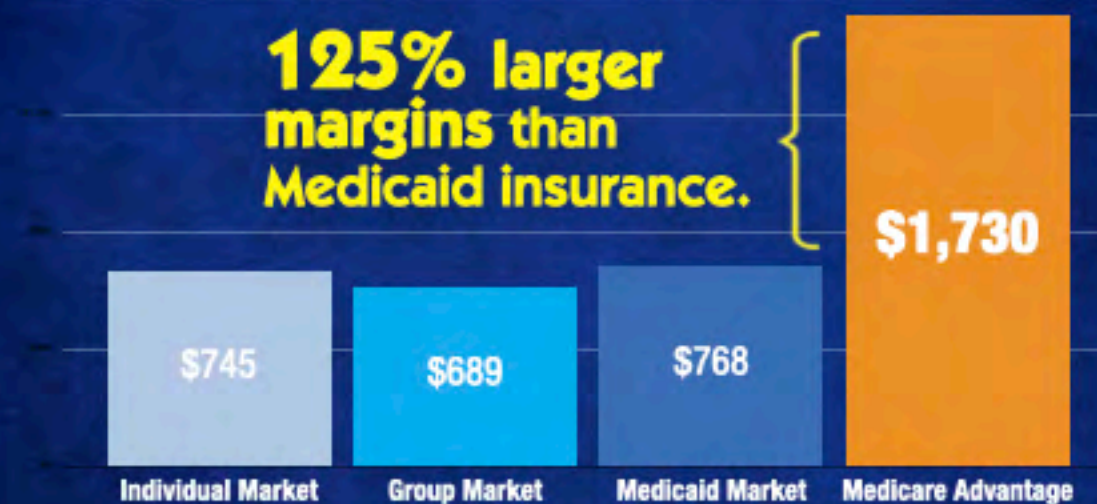
Making Open Enrollment matters worse...
The business of Medicare insurance
sales is **NOT** designed with the
consumers' best interest in mind.

Percentage of Medicare Beneficiaries Choosing Medicare Advantage



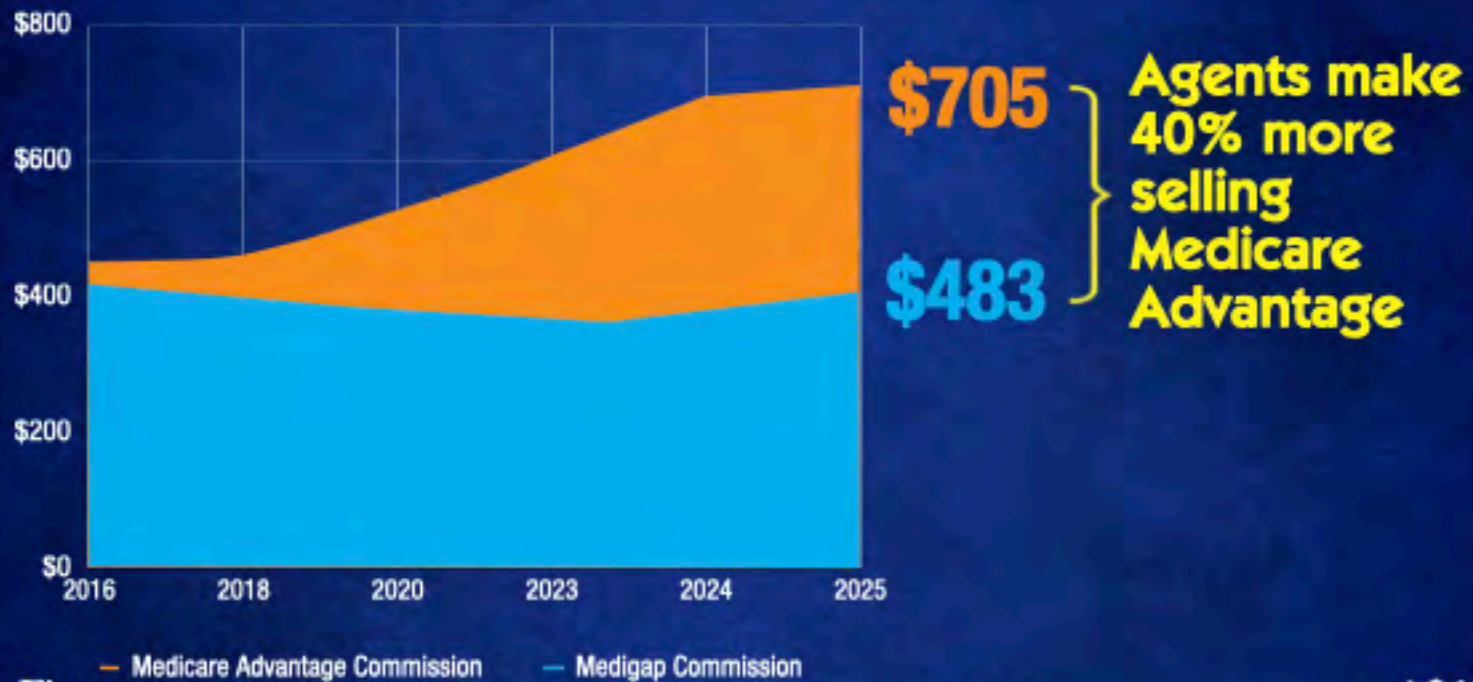
<https://www.65.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/>

Gross Margins Per Enrollee, By Type of Insurance



<https://www.kff.org/medicare/presentation/medicare-advantage-insurers-report-much-higher-gross-margins-per-enrollee-than-insurers-in-other-markets/>

Insurance Agent Commissions By Type of Coverage



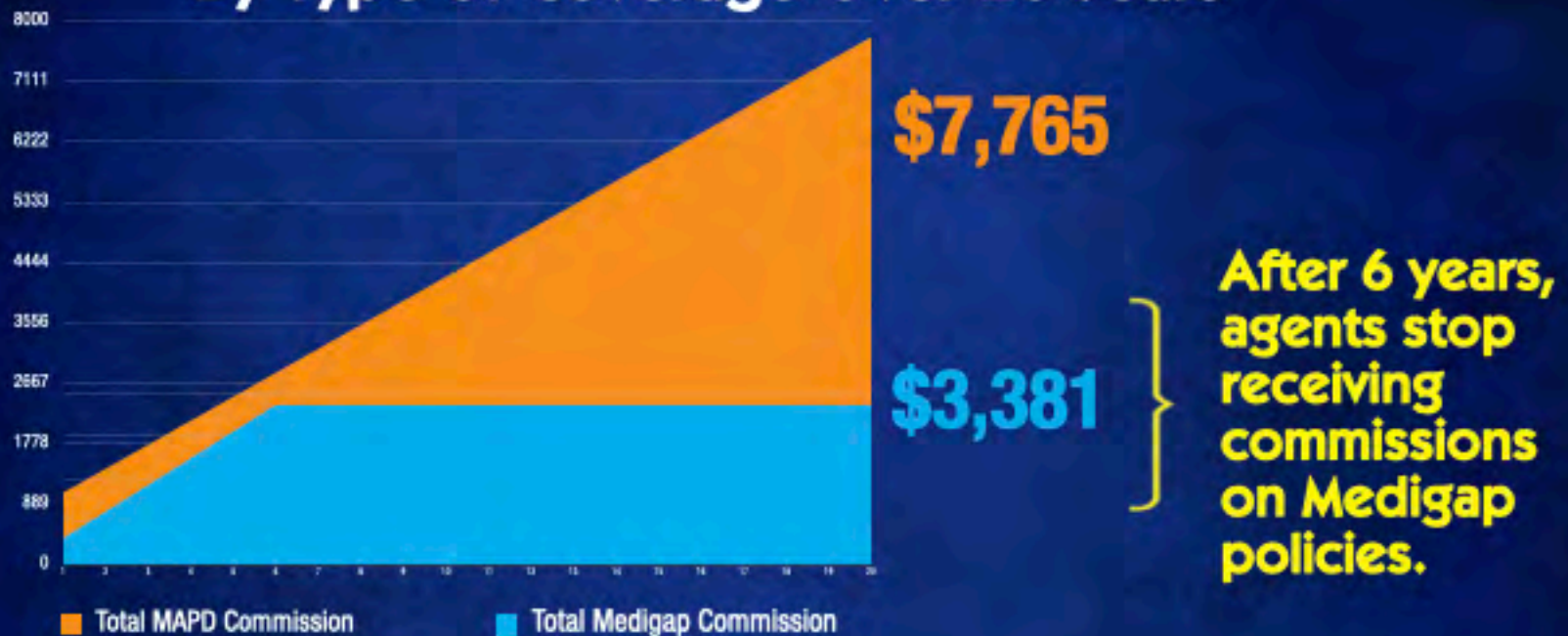
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<https://www.rbsim.com/blog/2023-maximize-broker-commissions-for-medicare-advantage-medicare-part-d>
<https://61.documentcloud.org/documents/23131243/mc-32-level-8-sheet.pdf>



Insurance Agent Commissions By Type of Coverage Over 20 Years



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<https://www.rfa.com/blog/2023-maximize-broker-commissions-for-medicare-advantage-medicare-part-d>
<https://65documentscloud.org/documents/22131243/mec-32-level-8-sheet.pdf>



This does not mean Medicare Advantage plans or insurance agents are “bad”...

It means that the business of Medicare insurance sales incentivizes agents to promote one type of product over another, **regardless of what may actually be in the consumer's best interest.**

Tips to Qualify an Insurance Agent:

1. Do you sell Medicare Advantage, Part D and Medigap policies?
2. What is your sales ratio of Medicare Advantage v. Medigap policies?
3. How many companies are you allowed to sell?
4. Pay attention during the sales conversation.
 - Does the agent prioritize discussions about low monthly premiums and extra free benefits? **(Not good.)**
 - Does the agent talk about today only, stating that you can always change your coverage later on? **(Not good.)**
 - Does the agent talk about provider networks, medication formularies, prior authorization, and Guaranteed Issue Right? **(Good!)**

An Open Enrollment Triage

People who can answer yes to ANY of these questions have a **critical need** for reviewing their coverage.



- ✓ Has it been more than 2 years since you last reviewed your Medicare Part D or Advantage plan?
- ✓ Has your health changed since you last reviewed Medicare plans?
- ✓ Do you take any brand name medications or do you take 5 or more medications?
- ✓ Do you and your spouse have the same Part D coverage "because it's easier?"



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Where to get help:

✓ Medicare.gov Plan Finder tool

- Government-provided comparison tool
- Must understand plan basics

✓ Medicare insurance agents

- Paid commissions by insurance companies
- Often, they'll only compare plans they sell

✓ Local Pharmacies

- No cost, but will only show costs at their pharmacy

✓ State Health Insurance Programs (SHIPs)

- Funded by the Federal Government
- Services provided by volunteers
- Skills and services available vary greatly by location

✓ Financial Advisors/Fee-for-service Advisors

- Fiduciary services, but you must pay a fee
- Only funding source is their clients
- www.HeyMOE.com



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