
3
MEDICARE
OPEN ENROLLMENT
MYTHS
Everybody Needs
To Dispel!
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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 Blue Trust, Schwab, Raymond James, LPL, and more

CR Consumer Reports · THE WALL STREET JOURNAL · MORNINGSTAR · U.S.News & World Report · Forbes · The Washington Post

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

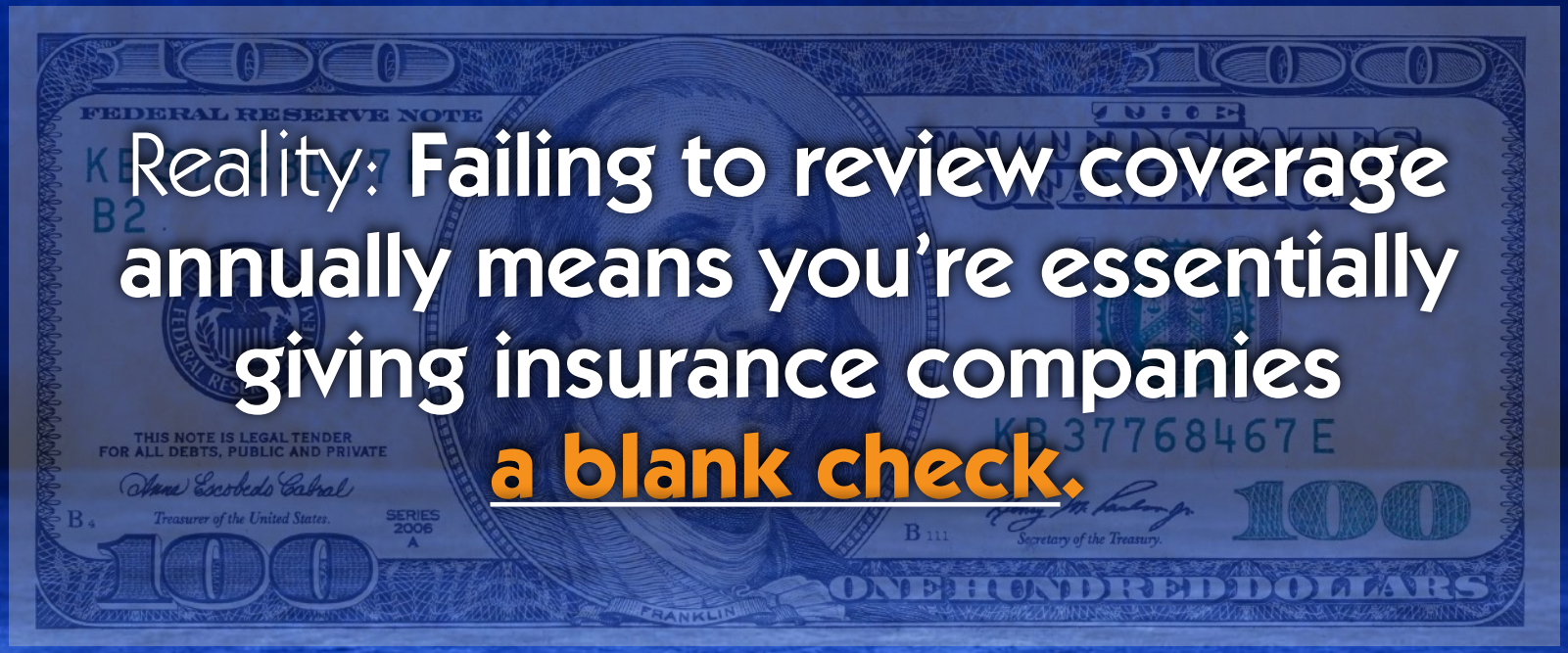
32%

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

MedPAC, June 2026 Report to Congress, Chapter 2, Table 2-B1

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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.

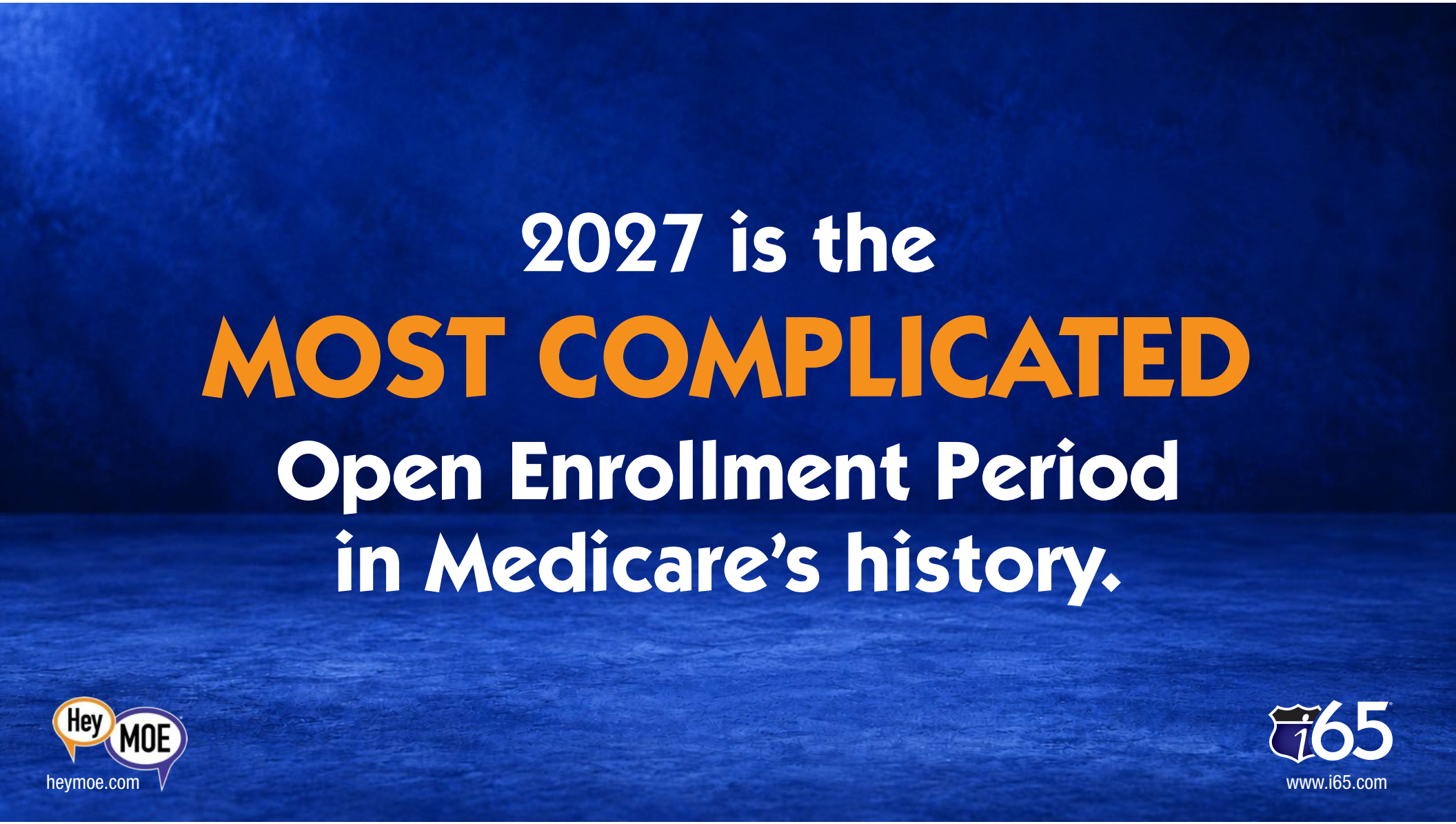
- Premiums
- Deductibles
- Out-of-pocket copays
- Medications covered
- Spending limits
- Pharmacy networks
- Provider networks
- Restrictions (prior authorization, step therapy)
- Total number of plans available

… All while keeping the same plan name!

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Our company's record…
$292,000
SAVED


2027 is the
MOST COMPLICATED
Open Enrollment Period
in Medicare's history.
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INFLATION REDUCTION ACT of 2022

The Inflation Reduction Act required Medicare Part D plans *(through a stand-alone Part D plan or through Medicare Advantage)* to implement **an out-of-pocket spending limit**, $2,000 in 2025.

That spending limit increases to $2,400 in 2027.

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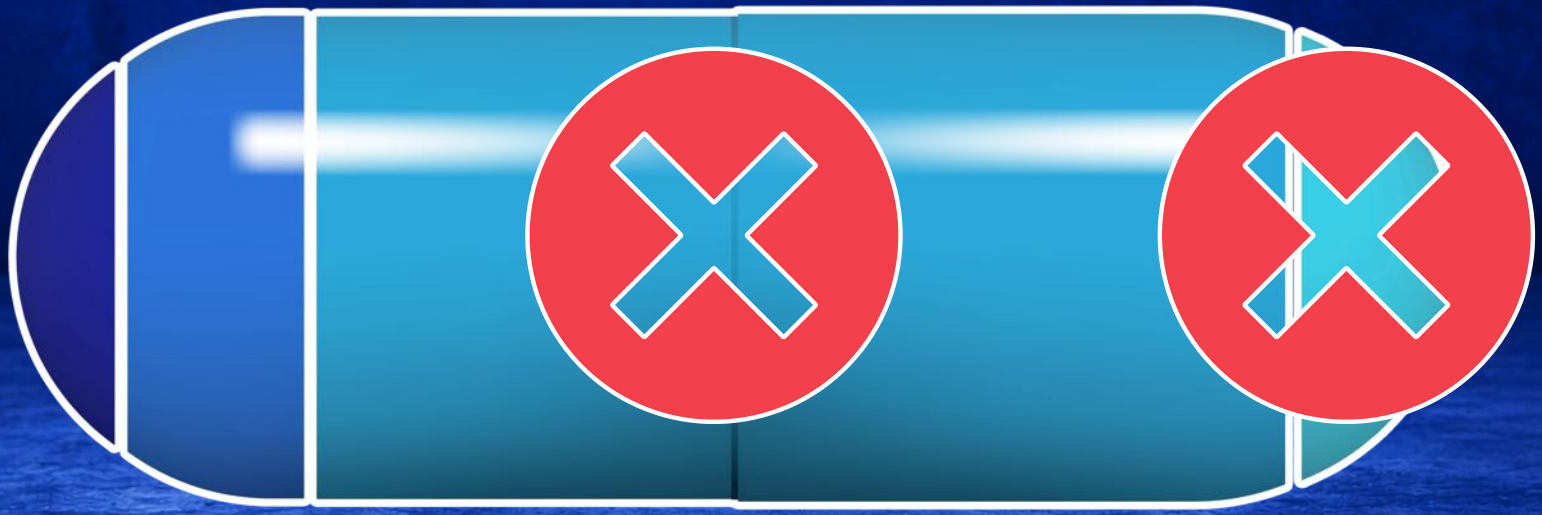
Before the IRA, Medicare Part D had **four payment stages**.

Stage 1: Deductible

Stage 2: Initial Coverage

Stage 3: Coverage Gap

Stage 4: Catastrophic Coverage



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Today, **it has essentially two.**

Stage 1:
Deductible

Stage 2:
Initial Coverage

Stage 3:
The Out-of-Pocket Spending Limit



With the spending limit, the out-of-pocket costs under Part D are essentially capped… *but that doesn't magically make medications free.*

Who picks up those costs?

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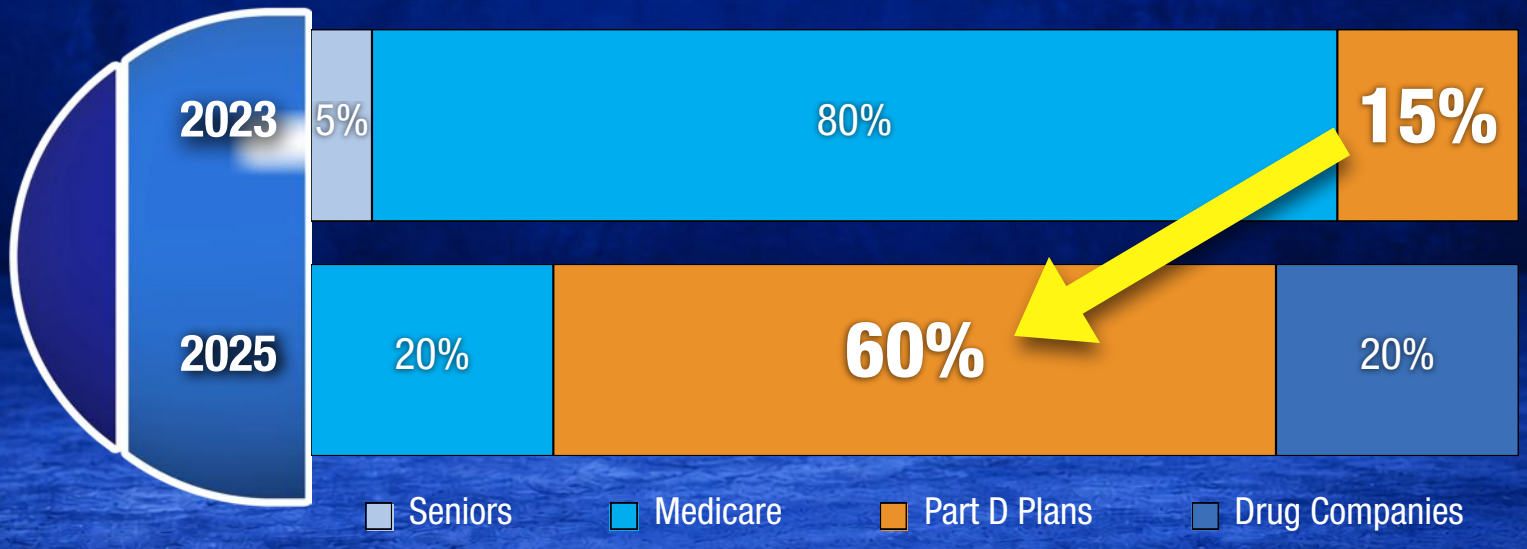
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Today, **it has essentially two.**

Stage 1: Deductible

Stage 2: Initial Coverage

Stage 3: The Out-of-Pocket Spending Limit



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

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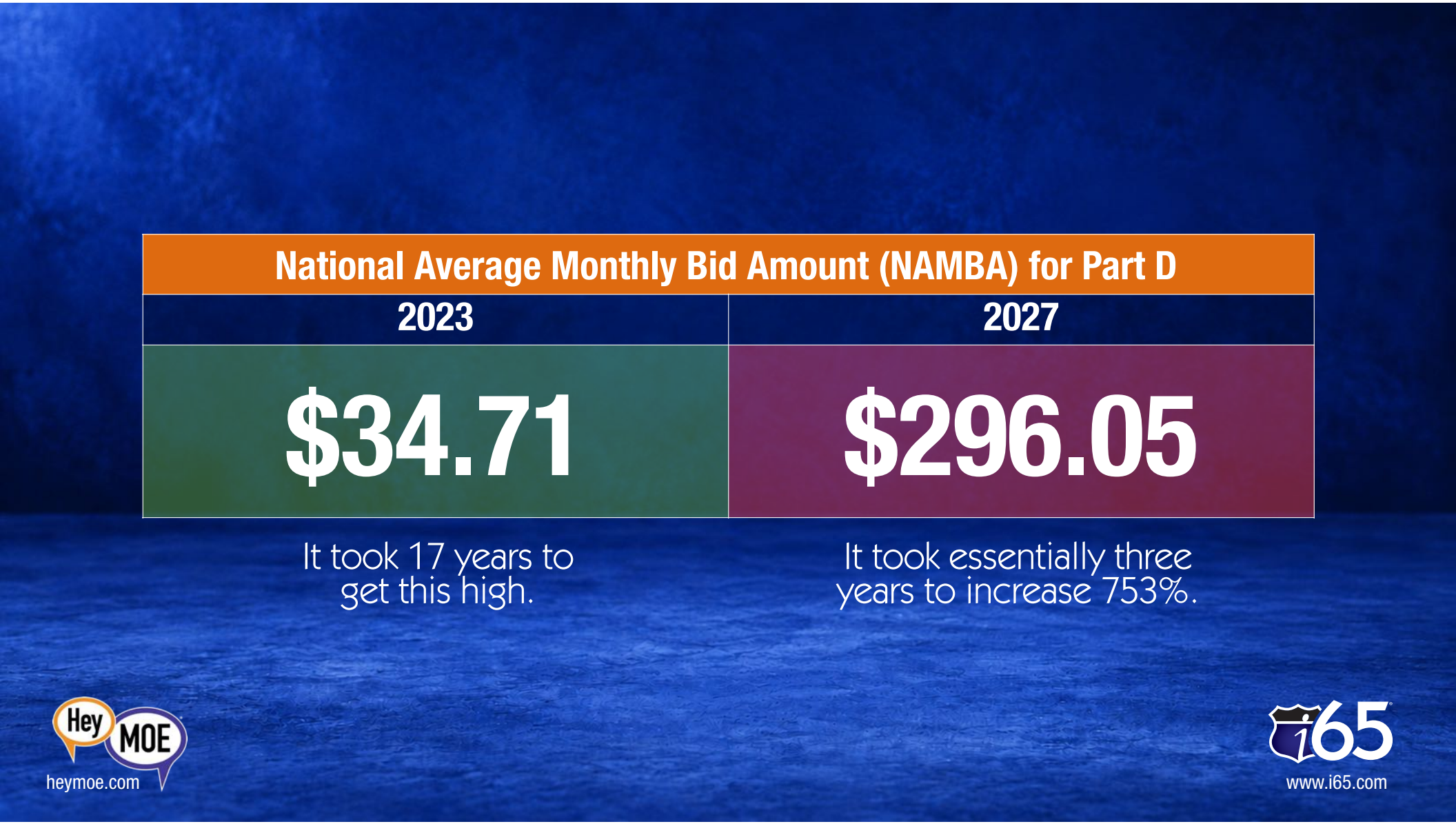


WARNING!

This is dramatically changing the Medicare insurance landscape, top to bottom.

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National Average Monthly Bid Amount (NAMBA) for Part D
2023
2027
$34.71
$296.05
It took 17 years to get this high.
It took essentially three years to increase 753%.
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The IRA of 2022

The Good	The Bad	The Ugly
▸ Out-of-pocket costs for covered drugs are capped ($2,400 in 2027) ▸ Covered insulin copays are $35 per month, no deductible ▸ Recommended vaccines are free ▸ Medicare now negotiates prices for certain drugs ▸ More people qualify for Extra Help for drug costs	▸ Part D plans and rural-area Medicare Advantage plans are disappearing ▸ Many costs came back as premiums ▸ Predictable costs became unpredictable ▸ Plans got pickier about which drugs they cover ▸ People lost help choosing	▸ *The future role of insurance agents and private plans within Medicare is in question*

Essentially Medicare's 3-Legged Stool...



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Essentially Medicare's 3-Legged Stool...

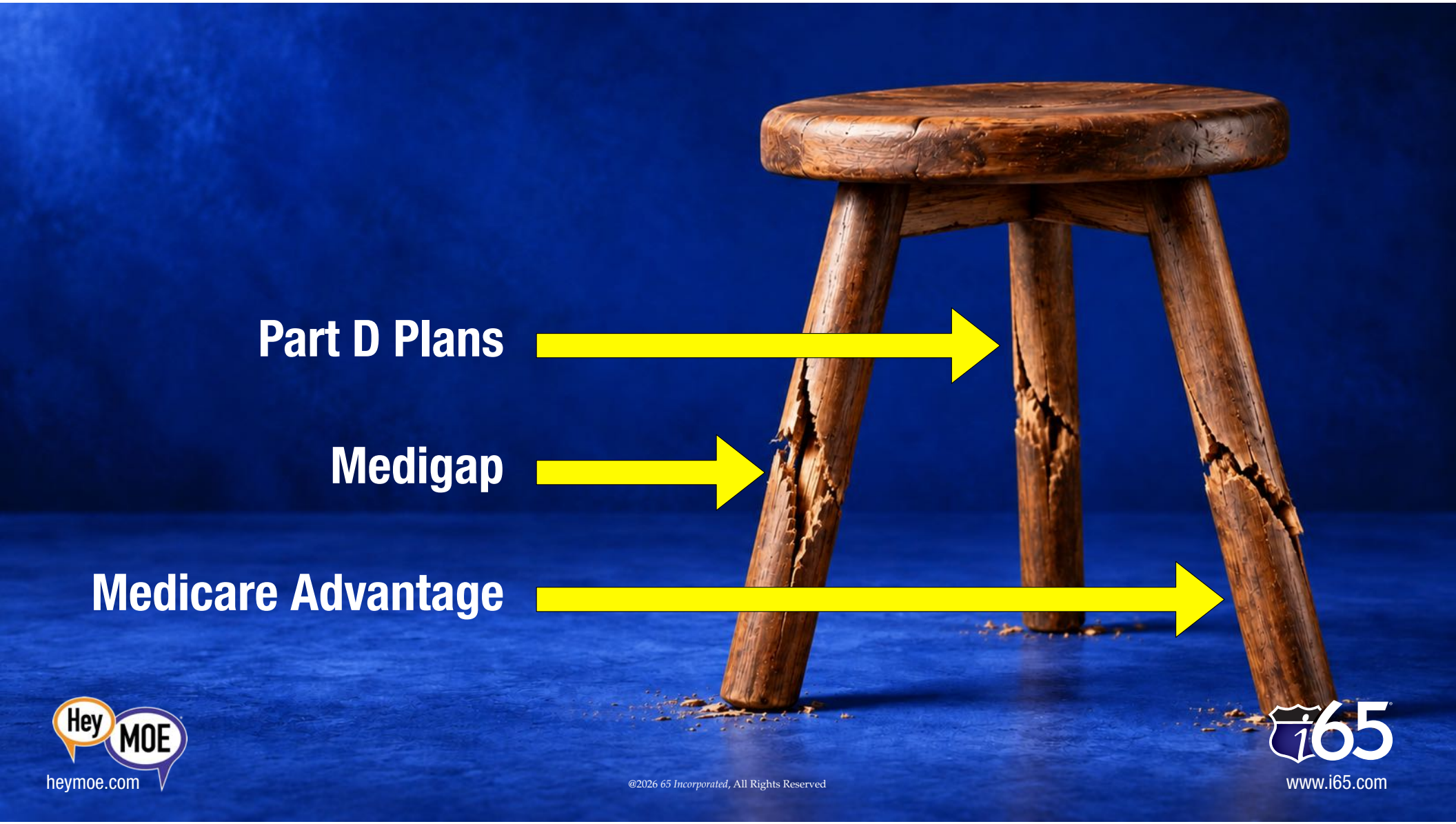
...is breaking.



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What's happening: Medicare Advantage

- **Fewer plans almost everywhere**
  - 3.2M people losing their plan for 2027
- **Part D drug deductibles keep climbing**
  - Average of $64 in 2024, $495 in 2027
- **Higher out-of-pocket maximums**
  - Average of $5,348 to $5,873 in-network
  - 3.5M people see increasings of $1,000+
- **PPO plans disappearing**
  - Down 21% in two years
- **Many rural counties have no plans at all**



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What's happening: Medigap

- **Medicare Advantage plans dropping out increases costs for those on Medigap policies**
  - Average premium increases 2020-2023: 5%
  - In 2026 16.8%
- **More states are adopting birthday rules**
  - When states add birthday rules, carriers start exiting the market and premiums for all go up



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What's happening: Part D Plans

- **Dramatically decreasing plan options**
  - 2023: 804 plans
  - 2027: 316 plans
- **Zero premium plans are gone**
- **States with a $0 deductible plan**
  - 2023: 50 states
  - 2027: 6 states
- **Number of people losing their plan in 2027**
  - 1.2 Million
- **If no one switches plans for 2027, people will pay $3.5 billion more in premiums**



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BOTTOM LINE:

The law protected the people with the worst drug bills, and paid for it by making coverage more expensive, less predictable, and harder to choose for almost everyone else.



WARNING!

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

The $2,400 limit ONLY applies when medications are covered by the plan.

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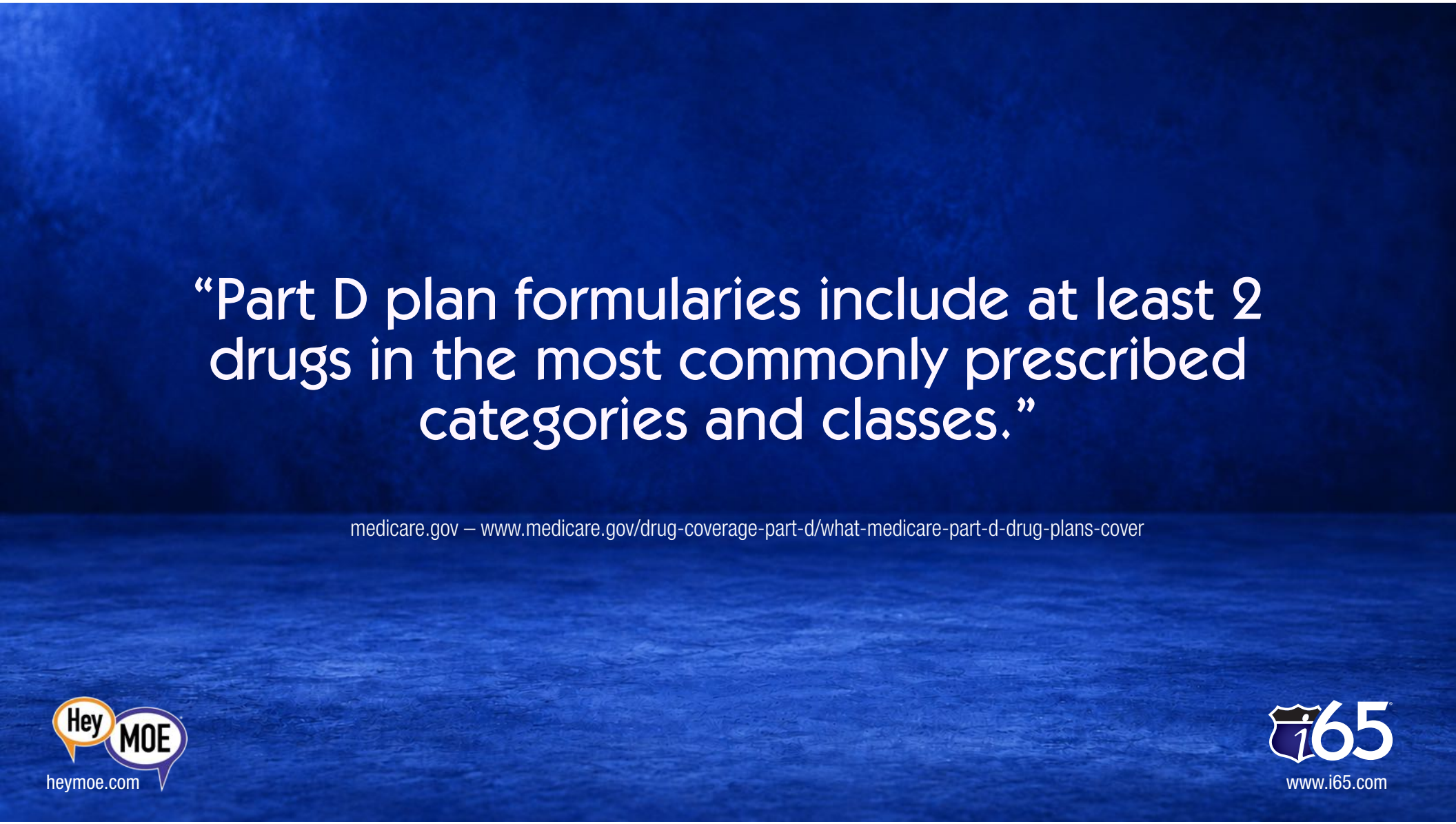
WARNING!

Stelara
Xarelto
Humira
Entresto

No Part D drug plan will cover these meds in 2027!

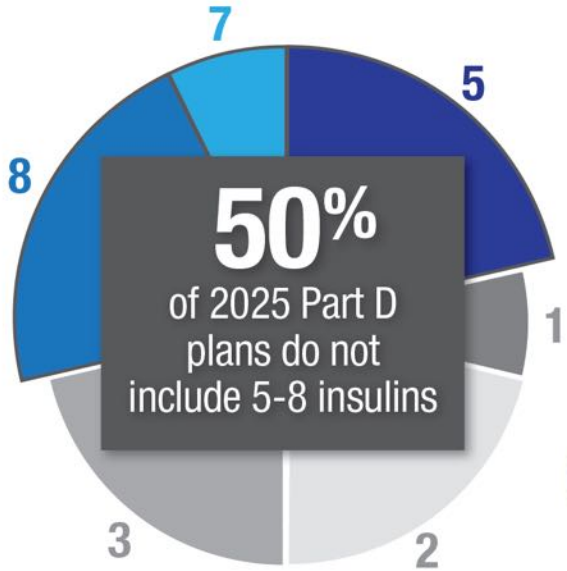
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"Part D plan formularies include at least 2 drugs in the most commonly prescribed categories and classes."
medicare.gov – www.medicare.gov/drug-coverage-part-d/what-medicare-part-d-drug-plans-cover
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An 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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Part D Negotiated Drugs

- Help lower Medicare spending by requiring the federal government to negotiate the price of some high-cost drugs
- Improve coverage of drugs: Law requires all Part D plans to cover each drugs (all dosages and forms)
- Save beneficiaries $1.5 billion out of pocket costs
- Looking ahead to 2027:
  - 15 drugs with estimated discounts of 38% - 85% off the list price
  - About 5.3 million beneficiaries use these 15 medications
  - Of note, Wegovy, Ozempic, Vraylar, Tradjenta, Xtandi

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www.cms.gov/files/document/infographic-negotiated-prices-ipay-2027.pdf

https://

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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.

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Myth: You can always change the type of coverage you have.
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Reality: People can change plans each year…
But, changing Medicare paths can be a
permanent decision.
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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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- Administered by the U.S. Government
- Also known as Traditional Medicare or Fee-for-service Medicare
- See any provider who accepts Medicare
  - **99% of physicians accept Medicare**
  - Including Mayo Clinic, Cleveland Clinic, etc.
  - Your doctors are in charge; Prior Authorization is rare



- Starts with Part A , Part B
  - Part A: $1,736 hospitalization deductible
  - Part B: 20% coinsurance on healthcare services
  - **No out-of-pocket limit**
- For comprehensive coverage, add:
  - Medigap policy
  - Part D prescription drug plan



- 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.

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What is a Medigap policy?

- Also called a Medicare Supplement
- It is NOT health insurance—It is COST INSURANCE
  - It covers the payment "gaps" of Medicare
- Federally-standardized Plans A through N
  - Every standardized plan must provide **the same basic coverage regardless of carrier or price**
- MA, MN, WI use unique standardizations
- **IMPORTANT** — A **Guaranteed Issue Right** ensures that you can get a Medigap policy.



- Pay a monthly premium for Part B, Medigap and the Part D drug plan
- **Then have little to no out-of-pocket costs for healthcare services**
- A predictable approach to getting healthcare and budgeting expenses



Parts A & B Costs are Identical on Either Path	
Part A	$0 As long as you qualify
Part B	$202.90
Medigap Policy	$183
Part B Annual Deductbile	$283 ($20 per month)
Part D Plan	$39
Out-of-Pocket Healthcare Costs	Basically $0

Original Medicare

TOTAL: About $400

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- Medicare administered by a private insurance company:
  - Insurance company is in charge
  - Identified by an insurance card





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



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- **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…



BECKER'S

Hospital CFO Report

Updated Oct. 25, 2024

Physicians Leadership Strategy Executive Moves Transaction & Valuation GLP-1s HR Capital Nursin

Patient Experience Pharmacy Care Coordination Legal & Regulatory Compensation Payer Rankings

Financial Management

30 health systems dropping Medicare Advantage plans | 2024

Jakob Emerson - Updated 6 hours ago

Save Post Tweet Share Listen

Medicare Advantage p lts, but some hospitals and he administrative challeng

Among the most comm nd slow payments from insurer

In 2023, *Becker's* bega ed 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.

Updated to between 40-71, depending on the day & source

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- **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

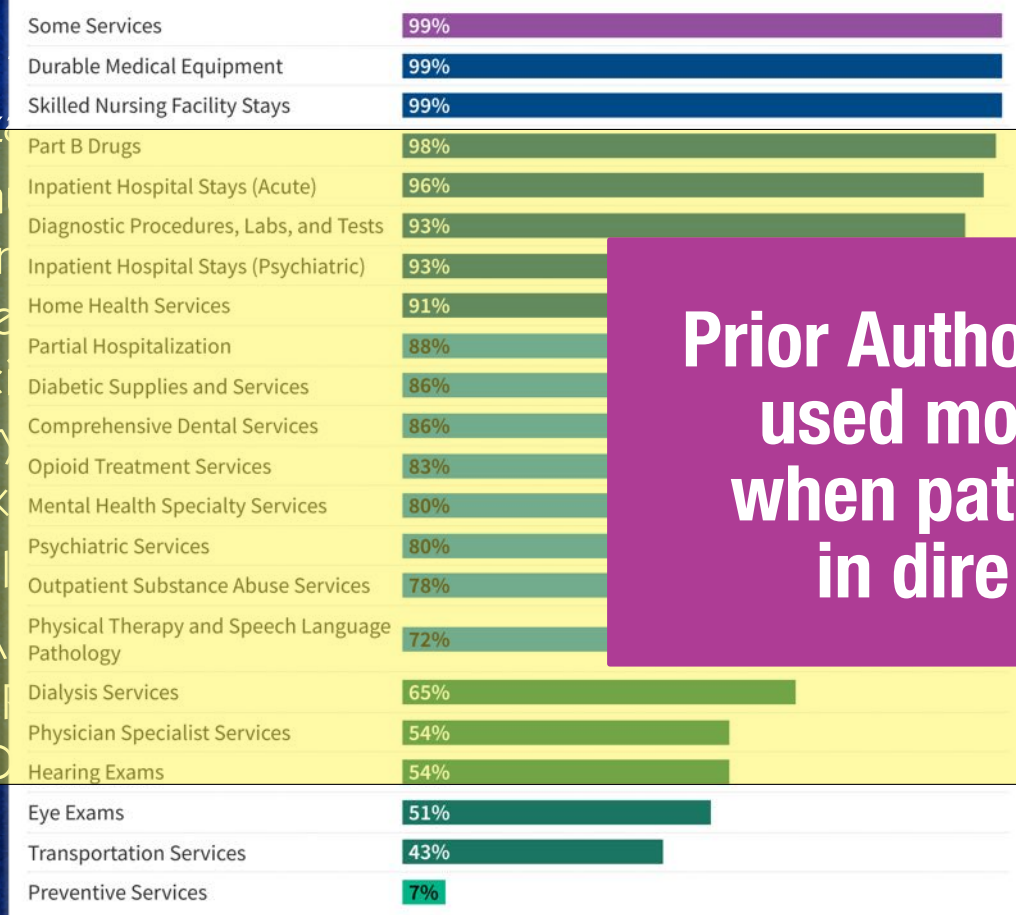


RULE #2

- Subject
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  - You m
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    and sk
  - PA del
  - No PA
    COVE
    SPEND

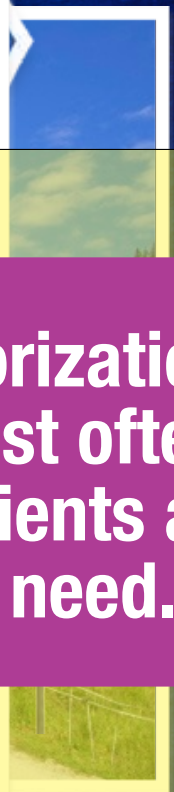
Figure 9

Share of Medicare Advantage Enrollees Required to Receive Prior Authorization, by Service, 2025



Note: Excludes employer group health plans and special needs plans. Preventive services are Medicare-covered zero-dollar cost-sharing preventive services. For supplemental benefits, including dental, hearing, vision, and transportation, the share of enrollees required to receive prior authorization are based on the enrollees in plans that offer those benefits.

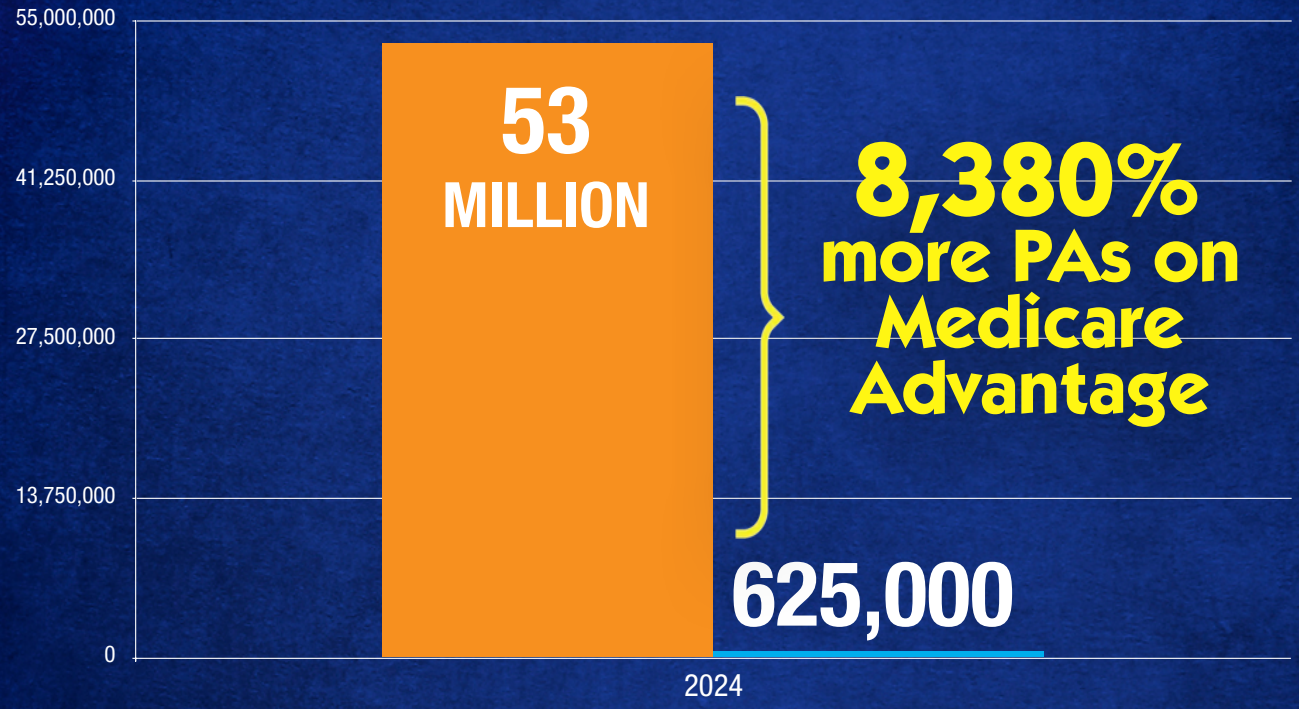
Prior Authorization is used most often when patients are in dire need.



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Prior Authorizations By Type of Medicare Coverage



https://www.kff.org/medicare/medicare-advantage-insurers-made-nearly-53-million-prior-authorization-determinations-in-2024/#6e420acb-2fc1-4707-8689-ac19594e493a

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- **RULE #3**
  - Must pay deductibles, co-pays and coinsurances up to an out-of-pocket limit
    - 2026 max:
      - $9,250 in-network
      - $13,900 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	$202.90
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: $202.90 – ??

Cost depends on total healthcare needs

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Myth: You can change Medigap policies during Medicare Open Enrollment.
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Reality: In most states, you must go through medical underwriting to change Medigap policies.
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Guaranteed Issue Right

- Ensures that you can get a Medigap policy ***without medical underwriting***
- Insurance companies cannot deny you coverage or raise your premiums based upon your medical history
- Have this right for the first six months after Medicare Part B enrollment (or, depending on if you qualify, for 12 months after first enrolling in a Medicare Advantage plan)
- **After this period, you may NOT be able to get OR change a Medigap policy, depending on the state.**
- NY, CT, MA provide extra guarantees, MN allows one-time get/change rule with penalties



Guaranteed Issue Right

- Some states offer additional opportunities to make changes:
  - **"Birthday rules" (BR)** in CA, DE, ID, IL, IN, KY, LA, MD, NM, NV, OK, OR, UT, VA, WV, WY 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" (COE)** in ME, WA, allow you to change policies any time during the year
  - ***You must have an existing policy to change policies.***
    - ➡ Additional rules dictate which Medigap policies you may switch to without underwriting.

The PROBLEM with Continuous Guaranteed Issue and Birthday Rules



More freedom to consumers means more restrictions placed upon insurers.

More restrictions means fewer ways to control costs.

Fewer ways to control costs means lower profits for insurers and higher premiums for consumers.

Higher premiums means fewer consumers in Medigap policies and insurers leaving the market.

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New birthday rules immediately result in:

- **Increased premiums**
- **Carriers leaving the market**

Recent birthday rules in ID, LA, MD and NV resulted in:

- Premium increases going from 9.9% in 2024 to 13.0% so far in 2025
- Carriers leaving the market
  - In Nevada,
    - ➡ 34 carriers in 2024
    - ➡ 25 in the beginning of 2025
    - ➡ 21 carriers today

38% decrease!

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The "New York Effect"

Restrictions on Medigap Policy Carriers in New York:
Community-rated Plans Only and Continuous Open Enrollment

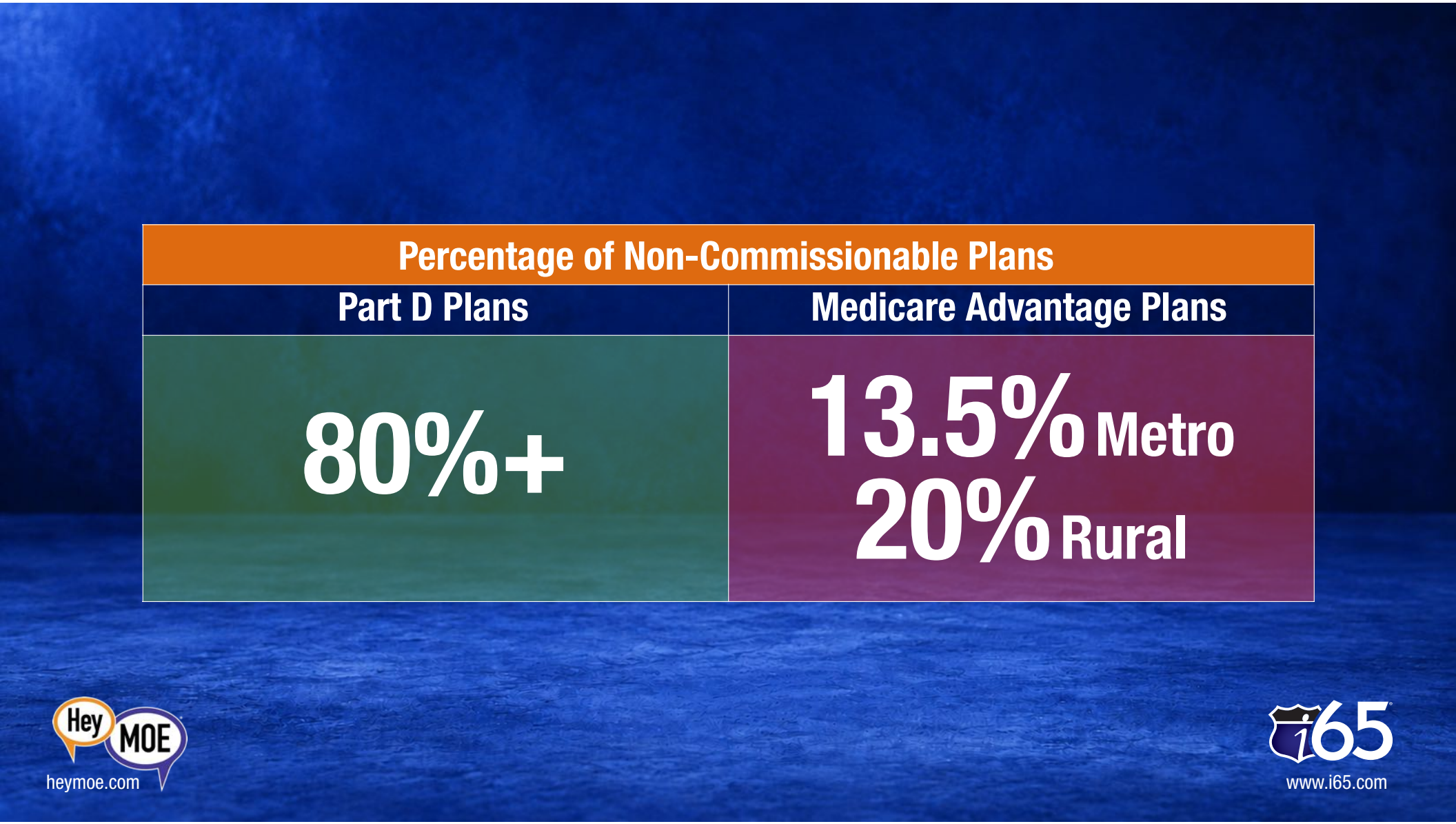
Percentage of Medicare Recipients Enrolled in a Medigap Policy	USA **23%**	NY **13%**	*45% Lower!*
Average monthly premiums for a Plan G Medigap policy	USA **$180**	NY **$360**	*100% Higher!*
Total number of carriers selling plans (Using TX, a state with no restrictions, as the comparison)	TX **50**	NY **7**	*714% Lower!*

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Making Open Enrollment worse...
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Making Open Enrollment worse...insurance agents are actively being pushed out of being able to help people.
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Percentage of Non-Commissionable Plans
Part D Plans
Medicare Advantage Plans
80%+
13.5% Metro
20% Rural
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Where to get help:

✓ Medicare.gov Plan Finder tool

- Government-provided comparison tool
- Must understand plan basics

✓ Medicare insurance agents

- Many insurance agents will no longer compare Part D plans at all
- 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, 40% of calls go unanswered

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- Subscription SaaS
- Only funding source is their clients
- **www.HeyMOE.com**

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Auto Pilot is Now Officially Crash & Burn!



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