




Ignoring Medicare Open Enrollment can cost you. With the Annual Enrollment Period coming, it's essential to spend a couple of hours doing homework. The time spent could save you hundreds of dollars in premiums. Open enrollment begins on October 15 and runs through December 7.

## **The state of healthcare premiums overall.**

First, due to the lingering effects of COVID, the outlook for ACA healthcare premium inflation is a bit fuzzy. Insurers must submit their filings to the Feds by October 15 for the upcoming year. My initial thought is that premium inflation will range between the current CPI and the higher end of the Atlanta Fed's flexible cut of CPI of 6.3% annualized. The flexible cut analysis gets based on a weighted basket of items that change prices relatively frequently. As of September 14, 2021, the flex cut inflation component is up an eye-popping 13.7% year-over-year.

For consumers, the early retirees (those under 65), seeking healthcare 'bridge' coverage to Medicare, prepare for the continued sticker shock of the ACA open marketplace and plan accordingly. At RIA, we recommend most clients remain employed until they're eligible for initial or special Medicare enrollment. In addition, some clients can obtain bridge healthcare coverage through a spouse's employer or have a retirement healthcare benefit available.

**According to the Kaiser Family Foundation through the Peterson-Kaiser Health System Tracker, U.S. health care spending per capita had risen at a historically low rate. Still, it accelerated in 2014 with the inception of the ACA.**



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## **Now back to Medicare Open Enrollment.**

The 2021 Medicare Annual Report of the Boards of Trustees outlines the following:

**Part D costs have averaged an annual growth rate of 3.2 percent over the last five years compared to 2.8 percent for GDP. The Trustees project that cost growth over the next five years will average 6.1 percent for Part D.**

In other words, premium inflation for Medicare prescription drug coverage will rise. Therefore, retirees should use the open enrollment period to research existing plans and comparison shops. According to KFF.org, Medicare Part D gets dominated by three firms - UnitedHealth Group, Humana, and CVS Health. Generally, Medicare recipients with standalone plans pay more than those with Part D under Medicare Advantage.

The Senior Citizens League analysis outlines that Medicare recipients frequently overpay for 12 of the most commonly prescribed drugs. The difference in cost for the same drug can cost hundreds, sometimes thousands of dollars, making comparison shopping during open enrollment more than worth a couple of hours spent.

Per seniorsleague.org, free one-on-one plan comparison assistance is available through state health insurance assistance programs. Check out: <https://www.shiptacenter.org>.

Keep in mind; the comparison homework isn't tricky. Navigate to [www.medicare.gov](http://www.medicare.gov). Search at the top for health & drug plans through Plan Finder. Then proceed through a series of simple questions, and enter your zip code. Be ready with the dosage, quantity, and frequency for each drug prescribed to you.

From the Plan Finder, Medicare Part D (or Advantage) consumers can enter the drugs taken and pharmacies to see a list of current plan alternatives. So, grab a pencil and paper and get to saving money!

## What do I need to know?


Also, don't forget to review your Annual Notice of Change that outlines changes in cost, coverage, or services. Even if your plan remains the same, an investigation is still essential to determine whether you can find a similar plan at lower out-of-pocket costs.

According to a report by [EHealth](#), only 10% of those in Medicare are enrolled in plans that cover their prescriptions at the lowest possible prices.

During Open Enrollment Period, a recipient may switch Medicare Advantage plans, return to Original Medicare (Part A & B), or switch from Original Medicare to Medicare Advantage. It's like an annual opportunity to rearrange things or shop new.

Medicare Advantage is exploding in popularity. The [Congressional Budget Office](#) (CBO) projects that the share of all Medicare beneficiaries enrolled in Medicare Advantage plans will rise to about 51 percent by 2030.

The majority of Medicare Advantage Plans are inclusive, which means they cover all services of Original Medicare, including prescription drugs. In addition, most offer extra coverage like vision, hearing, dental, and wellness plans. Two-thirds of the plans provided are through closed-physician network HMOs.

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## Medicare Advantage vs. Medigap.

**Advantage Plans have lower premiums than Medigap (*also known as Medicare Supplemental Insurance*) and get offered without evidence of insurability.** However, out-of-pocket costs can be costly. Medicare Advantage is most suitable for healthier participants who don't visit the doctor often.

As a Medicare participant, you're overwhelmed with advertisements. Even my childhood heroes like Joe Namath and William Shatner promote Medicare Advantage plans on television. You can't get away from them! Ignore them for now and focus on the Annual Notice of Change (ANOC) and Evidence of Coverage (EOC) documents that outline the new terms of conditions of your Medicare Advantage plan.

Naturally, you'll want to see if premiums have increased. Also important is to determine whether co-payments (the coverage costs you're responsible for in addition to premiums) are going higher. Equally important is to see whether your pharmacy option has changed and your current prescription drugs are still covered. Remember, Advantage providers have the option to change their plan benefits every year.

**Medicare annual open enrollment is an opportunity to fine-tune or at least scrutinize current coverage.** Consider the assistance of a financial professional qualified to provide guidance.

Remember - **Ignoring Medicare Open Enrollment can cost you!** Our certified financial planning team can help you make sense of the alphabet soup of Medicare plans. To ask a question, [click here](#).