

A new twist on Medicare open enrollment

Many of your retired or soon-to-be retired clients probably think of enrolling in Medicare as a once-in-a-lifetime event that's timed to coincide with their retirement date and Social Security claiming decisions. But such a set-it-and-forget-it attitude about health care coverage options in retirement can be a costly mistake.

Each year, insurance companies can make changes to Medicare plans that affect out-of-pocket costs for monthly premiums, deductibles, drug costs and health care provider networks and pharmacies.

KEY POINTS

- Choosing health care options in retirement is not a one-time deal.
- Medicare beneficiaries can reshuffle their health care and drug coverage choices during open enrollment.

Medicare beneficiaries have the opportunity to reshuffle their health care and drug coverage choices during the annual open enrollment season which runs from Oct. 15 through Dec. 7 every year for coverage that begins the following Jan. 1. In reality, few do.

The stakes are higher than usual during this year's open enrollment period because there are new rules for prescription drug coverage, changes for new enrollees in Medigap supplemental insurance plans and new benefits available in all-inclusive Medicare Advantage plans in 2020.

PLAN FINDER TOOL

On top of that, the federal government unveiled a newly redesigned Plan Finder tool to help beneficiaries find their best coverage options.

"The redesigned Medicare Plan Finder allows users to shop and compare Medicare Advantage and Part D plans as well as compare pricing between original Medicare, Medicare prescription drug plans, Medicare Advantage plans and Medicare supplemental insurance policies," the Centers for Medicare and Medicaid Services said recently when it unveiled the new tool and also projected lower costs for Medicare Advantage plans and prescription drug plans next year.

Fred Riccardi, president of the Medicare Rights Center, an advocacy group for older



adults and people with disabilities, applauded the new tool's streamlined design and improved user experience, but urged CMS to make additional revisions to make the tool clearer, more accurate and more functional before open enrollment begins later this month.



During Medicare open enrollment, clients can move from original Medicare to a Medicare Advantage plan, switch from Medicare Advantage to original Medicare, swap one Medicare Advantage plan for another or choose a different Medicare prescription drug plan.

Original Medicare includes Medicare Parts A and B. Medicare Part A is free and covers hospital costs. Medicare Part B covers doctors' fees and outpatient services and has a monthly premium.

PRESCRIPTION DRUG PLAN ELIGIBILITY

People who choose original Medicare during their initial enrollment period, which usually begins three months before their 65th birthday and continues through the three months after their birthday, can also enroll in a Medicare Part D prescription drug plan and select a supplemental Medigap policy to pay for

costs such as Medicare's annual deductible and co-payments.

However, it is only during their initial enrollment period that they can select any Medigap policy. If they want to switch Medigap policies later, they could be subject to medical underwriting and be denied coverage or charged more.

Over one-third of the current 60 million Medicare beneficiaries forgo the Medicare/Medigap route and opt instead for a private Medicare Advantage plan, also known as Medicare Part C, which includes all the hospitalization and outpatient services of original Medicare and often offers prescription drug coverage, too.

Many Medicare Advantage plans provide additional benefits that original Medicare doesn't cover, such as vision, hearing or dental services and even a free gym membership.

While they're less expensive than original Medicare, most Medicare Advantage plans restrict access to in-network health care providers, so they're not a good choice for snowbirds or people who travel extensively.

Enrollment in Medicare Advantage plans is forecast to grow to an all-time high of 24.4 million beneficiaries in 2020 from 22.2

million this year, as the plans expand their benefits and lower their premiums next year, according to CMS.

The agency expects the average monthly premium for Medicare Advantage plans to decline 14% next year, to \$23 per month. Medicare Advantage plan members also pay the Medicare Part B premium each month.

In 2019, the basic Medicare Part B premium is \$135.50 per month for most beneficiaries, but higher-income retirees pay more. The basic Part B premium is expected to rise to about \$144 per month in 2020.

NEW 2020 BENEFITS

In 2020, some Medicare Advantage plans will add new supplemental benefits for enrollees with special needs, such as adult care services and caregiver support services as well as reduced cost sharing for plan members with diabetes and congestive heart failure. Some chronically ill enrollees may be able to receive meal delivery, transportation for non-medical needs such as grocery shopping, and home modifications.

The average monthly premium for a Part D prescription drug plan is expected to decline by 13.5% in 2020 to \$30 per month, the lowest level since 2013. Actual premiums vary and clients should base their decisions on whether the plan covers their specific medications and dosage.

If a client's health conditions or prescription medications have changed over the past year, a Medicare checkup is in order. And urge clients not to delay. With the newly redesigned Plan Finder tool, even pros may be confused by the changes.

Have clients contact their local State Health Insurance Assistance Program, or SHIP, for help or consult the open enrollment guides from the National Council on Aging or AARP.

(Questions about new Social Security rules? Find the answers in my ebook at InvestmentNews.com/mbfebook.)

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