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Title: Medicare Part D Facts

I have the pleasure of working with seniors and those close to retirement age regarding their Medicare decisions. Several common questions arise throughout the year about the many parts and functions of Medicare. In this article, I want to address one of the parts of Medicare that came into existence long after the original program started in 1965. Medicare Part D.

The Medicare Modernization Act (MMA) of 2003 created the Medicare Part D prescription drug program, with coverage first available in 2006. The MMA's purpose is to provide prescription drug coverage to Medicare beneficiaries through private insurance companies called plan sponsors. People with Medicare Part A, Part B, or both, are eligible to sign up for Part D prescription coverage.

There are two ways to get Medicare drug coverage through plan sponsors:

1) Through stand-alone Prescription Drug Plans (PDP)
2) Through a Medicare Advantage (MA) plan, or health plan, that operates under Medicare Part C.

The standard design established by law for a Part D drug plan includes: a) an annual deductible, b) 25% coinsurance, and c) a coverage gap. Some plan sponsors follow this standard model while others modify their plan, which the MMA allows. For example, plan sponsors can include features such as tiered copayments instead of the 25% coinsurance charge.

Enrolling in a Part D program is voluntary. Beneficiaries are not able to enroll in or drop enrollment from a Part D plan at their own discretion. Most beneficiaries have limited time frames to make enrollment changes.

There are three enrollment period categories: initial, annual, and special. A beneficiary's first chance to enroll in Medicare, and thus to join a Medicare drug plan, is called **Initial Enrollment Period (IEP).** Another opportunity to make Part D enrollment decisions is during the yearly scheduled enrollment period, annual **Open Enrollment Period (OEP.)** OEP is a set time of year when the law permits beneficiaries to change their Part D plans. A third enrollment category, called **Special Enrollment Periods (SEP)**, enable beneficiaries under specific circumstances to make plan changes outside of IEP and OEP timeframes. For example, an SEP occurs when a beneficiary moves out of a plan's service area or into a long-term care facility (such as a nursing home.)

Here is a closer look at each of these enrollment period categories:

IEP occurs as a person approaches Medicare age. Generally, an individual becomes eligible for Medicare on the first day of the month of the individual's 65th birthday or the 25th month of disability. Application for Medicare benefits can be made (without

penalty) from three months before, the month during, and the three months after this eligibility date. For example, if a person's birthday is 02/14/1955, this means they will turn 65 on Valentine's Day of 2020. This is the same time for their IEP for Part D enrollment. Their IEP and Medicare enrollment period begins on November 1, 2019 and continues through May 31, 2020. Beneficiaries who do not enroll in a Medicare drug plan during their IEP generally will not be able to enroll in a plan until the following annual Open Enrollment Period (OEP) unless they qualify for a special enrollment period. If a beneficiary does not have creditable drug coverage and does not enroll in a Medicare drug plan during the IEP, s/he will likely have a late enrollment penalty added to their Medicare drug plan's premium if and when they enroll. Be aware that initial enrollment for Medicare works differently for some people with disabilities.

SEP occur for a variety of situations. Special enrollment periods constitute periods outside of the usual IEP for Part D. SEPs are available for dual-eligible individuals, for individuals whose plan terminates, for individuals who change residence, and for individuals who meet exceptional conditions.

OEP is an annual event that begins on October 15 and concludes on December 7. During this time, a Medicare beneficiary can shop for a different prescription plan online using the Medicare Plan Finder. They can compare premiums, drug costs, deductibles, and pharmacies (standard in-network and/or preferred network.) Each of these variables will affect the total out of pocket (OOP) cost for their prescription plans.

Each of these variables often have significant changes each year. For that reason, it is wise to look at the plan options <u>every</u> year to compare prices. As an example, there was a plan offered in 2019 with a premium of $23.60. The plan underwent modifications and changes and beneficiaries were notified that their new plan would cost $52.40. Many beneficiaries did not look closely at their mailed notification and were shocked when they looked at plan options to find out their premium was going to more than double each month, if they did not make a change.

Last Saturday was the end of the Medicare Open Enrollment Period (OEP) for 2019. As a Senior Health Insurance Counselor for Kansas (SHICK) counselor, I worked with over 200 clients who wanted assistance in reviewing their Part D Prescription plans. Each individual has their own unique medication list that affects his or her plan options differently. What works for one person does not work for another. In one case, I had an individual on a medication that would not be covered in 2020 by their existing prescription plan of 2019. By comparing plans and looking for a better option that would work with their prescription plan, he was able to enroll in a much less expensive prescription plan. The difference in total out of pocket cost was nearly $18,000.

There is a lot to consider when looking at your Part D prescription plans and other Medicare decisions. The process can be overwhelming! For more information about when and how to make these decisions, contact me at the Geary County K-State Research and Extension office at 785-238-4161. Until next time, keep living resourcefully!