



CIBC Private Wealth Blog

## Medicare Open Enrollment: What You Need to Know and Do

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Welcome to October and the beginning of Medicare Open Enrollment Season. It began on October 15 and extends through December 7. For Medicare recipients, it's that exciting time of year when you must review previous choices, assess your options, and make changes as needed.



OK, so maybe it's not all that exciting. But it is a time when you need to perform a necessary task for yourself or a Medicare recipient in your life, so that you can feel confident about your healthcare coverage in the year ahead.

In today's blog, I'll review the process and share some common misconceptions people have about Medicare.

First, let's review the basics...

- **Medicare Part A** covers inpatient care and, for most people, has no premium associated with it.
- **Medicare Part B** covers outpatient care and does have a premium associated with it. This may be higher if you are a **Higher Income Beneficiary**.
- **Medicare Part C** is a Medicare Advantage Plan that you can purchase from a private insurance company and have in place in lieu of traditional Medicare Parts A and B. It may or may not have a premium associated with it, it may or may not include prescription drug coverage and, even if you chose it, you still must pay your Part B premium and any income adjustments, no matter what.
- **Medicare Part D** is prescription drug coverage you purchase from private insurance companies. It has an associated premium.
- **Medigap/Supplemental policies** can be purchased from private insurance companies. These have an associated premium and "wrap around" traditional Medicare Parts A and B, providing a benefit beyond what Medicare pays.

In terms of timing, **Medicare Open Enrollment** for 2018 began on October 15th and continues through December 7th. Changes are not implemented immediately. Instead, any change you make during Open Enrollment will become effective on January 1, 2018.



### I'm already covered by Medicare, do I need to change anything?

Maybe not. But the only way to be sure is to **devote some time and attention** to the process. There are three primary areas which can necessitate a change in your coverage:

1. **Your health status and the panel of medications you take may have changed over the past year.** The options you chose last year may not suit your needs now. Based on your status, a more comprehensive and/or cost-effective plan may be available.
2. **The plan you are currently enrolled in may have changed.** The deductible, covered services, out-of-pocket maximum, co-pays and co-insurance levels for specific services may be different in the upcoming year. If you don't pay attention, you may experience unexpected and possibly costly surprises.
3. **For Medicare Part D Prescription Drug Plans,** a prescription drug that was previously covered may no longer be. Or, the same drug may be available but at a higher price. In some cases, simply changing pharmacies could save you hundreds of dollars over the upcoming year!

### Which options are best for me?

Here in the United States we place a lot of emphasis on choice and in that respect, Medicare offers many. But it can be confusing, particularly for older adults.

### Here are some questions to consider for yourself or to discuss with a loved one who you may be helping:

- What is your level of satisfaction with your current plan?
- Does the plan(s) you are considering allow you to see the physicians you want, go to your hospital of choice if the need arises, and obtain the prescriptions you need from your preferred pharmacy?
- Does the plan(s) you are considering require you to obtain referrals for specialist care or to stay within a specific network of doctors?
- If you go outside the network, what are the coverage levels?
- Are you staying put at your permanent residence for the upcoming year or is this the year you plan to spend the winter in a warmer climate?
- What is the cost for your current combination of products, including healthcare services and prescription drugs? In your analysis, make sure to include premium amounts for any product you have **AND** any out-of-pocket cost for deductibles, co-pays, co-insurance amounts or out-of-network costs.
- What is your utilization of healthcare in general; do you have any elective surgery or complex treatment coming up?
- What are your specific medications, at which dosages and intervals? Consider any changes that may have occurred over the past year.
- Have you received any notice in the mail called a **Plan Annual Notice of Change**, regarding product changes coming in the next year (this may affect levels of coverage, cost, or both)?
- Do you have a spouse or dependent children who require coverage?
- What is the out-of-pocket maximum on your plans and, based on that, the financial risk you are carrying in the event you were to incur astronomically high healthcare-related costs?
- What is the level of financial risk you are willing to take?

### Available Tools

Once you've considered the questions above, **ignore all the advertisements you see on television and all the mail you may be receiving about Medicare.** Instead, go to the source—[the Medicare website](#)—to conduct an analysis of your options. (Click on "Find Drug and Health Plans" to get started.)

The site can be a bit cumbersome, but the tools are there for you to enter your zip code, your specific drugs at the appropriate dosages and quantities, and your preferred pharmacy. From there, you can sort through the options provided.

### Common Misconceptions about Medicare



Finally, it's important to be clear about a few of the most common Medicare misconceptions:

- **Medicare is free.** To clarify, Medicare Part A usually requires no premium but Part B and most other products do.
- **Medicare covers all healthcare-related costs.** In reality, Medicare covers, on average, approximately 80% of healthcare costs.
- **Medicare Advantage Plans are the only option.** This is not true, although advertisers would have you believe it is.
- **A Medicare Advantage plan can co-exist with a Medigap plan.** If you chose a Medicare Advantage Plan, you cannot purchase a Medigap Plan.
- **There's no difference in cost at different pharmacies.** Untrue. Prices can and do vary wildly.
- **The most expensive plans must be the best.** The best and most cost-effective plan is based on your specific circumstances, taking into consideration how you utilize healthcare and what drugs you take. Price is just one factor.
- **Medicare pays for long-term care.** Unfortunately, long-term care is paid for privately or by Medicaid for those who qualify.

### Conclusion

Although the topic of Medicare may not be the most exciting to you, I hope you realize that paying close attention during this open enrollment window is important, both for yourself and for anyone else you may care about who is on Medicare.

As with so many things related to our healthcare, it's important to always be a savvy consumer. Education, analysis of your particular situation, and attention to detail are what will allow you to make sound decisions. Remember, you are in control of your choices!

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