

# Medicare Plan Enrollment Options



**There are two options for enrolling in Medicare to cover your medical, hospital, and prescription drug coverage.**

## ➤ Option 1: Original Medicare + Prescription Drug Plan (with Medigap option)

You can choose to enroll in a standalone Medicare Prescription Drug Plan (PDP), in which case your hospital and medical insurance will be automatically covered through “Original Medicare”. You’ll then have the option to sign up for a supplement insurance plan (aka a “Medigap policy”). Medigap policies work alongside Original Medicare to provide additional coverage for medical deductibles and copays.

## ➤ Option 2: Medicare Advantage

Alternatively, you can enroll in a Medicare Advantage Plan (aka Medicare Part C). Medicare Advantage plans are “all-in-one” plans that provide coverage for hospital, medical, and drug expenses. Advantage plans frequently cover other benefits such as hearing, vision, and dental. In most cases, you would still pay your regular Medicare Part B monthly premium.

If you enroll in a Medicare Advantage Plan and you currently have a Medigap policy, that policy will automatically be dropped.

## Which option is better for me?

There are pros and cons to both enrollment options. If you’re unsure which is right for you, discuss your options with your pharmacist to help determine what makes the most sense for you.

### Original Medicare + PDP (with Medigap option)

#### Pros

- Can see any doctor or provider that accepts Medicare
- Doesn't require prior approval or referral to see a specialist or have a procedure
- Often low copays or no copays for medical care IF a Medigap policy is purchased

#### Cons

If no Medigap policy is purchased:

- Expensive medical care: High deductibles, a 20% coinsurance for medical and hospital coverage, and no out-of-pocket cost limit.
- No vision, dental, or hearing coverage

If Medigap policy is purchased:

- An additional monthly premium (only if Medigap policy is purchased)

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## Medicare Advantage

### Pros

- Usually have set low copays
- Have an out-of-pocket limit for hospital and medical coverage
- Many plans offer dental, hearing, and vision benefits

### Cons

- Limited doctor and hospital networks
- May require referral to see a specialist and prior approval for medical procedures or laboratory services

Generally, Medicare Advantage plans offer lower copays and lower monthly premiums, but much less flexibility when it comes to receiving specialized care. If you don't have any medical conditions, a Medicare Advantage plan is likely the best option for you. Original Medicare with a Medigap policy offers much more flexibility for specialized care. If you see several doctors and have chronic medical conditions, you will likely receive better overall coverage through Original Medicare with a Medigap policy, but will have to pay a more costly monthly premium.



Scan the QR code with the camera on your smartphone to go directly to the website.

PHASE	PAID BY PATIENT	PAID BY PLAN	PHASE LIMIT
<b>Deductible</b>  If the plan has a deductible.	PATIENT  <b>100%</b> generics or brands *	>>>	<b>Limit: \$545</b>  Maximum Deductible limit (maximum patient cost)  *some plans have coverage during the deductible for certain medications, most commonly tier 1 drugs
<b>Initial Coverage</b>  Starts once the plan's deductible is met.	PATIENT  <b>Tier Copay or Coinsurance</b> generics or brands **	PLAN  the difference	<b>Limit: \$5,030</b>  Total drug costs limit (includes what patient pays and what plan pays)  ** varies depending on plan and drug tier
<b>Gap (Donut Hole)</b>  Starts when total full cost of drugs reaches \$5,030.	PATIENT  <b>25%</b> generics  <b>25%</b> brands	PLAN  <b>75%</b> generics  <b>5% + 70%</b> (plan + drug manufacturer) brands	<b>Limit: \$8,000</b>  TrOOP, or True out of Pocket, is a combination of all of the patient copays as well as what the drug manufacturer pays for any brand medication
<b>Catastrophic</b>  Starts when the patient's true out-of-pocket reaches \$8,000.	PATIENT  <b>\$0</b>	<b>20%</b> PLAN  <b>80%</b> Medicare (federal government subsidy)	<b>Limit: End of Year</b>

## Open Enrollment

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Medicare Open Enrollment is from October 15th to December 7th every year. During this period, you have the opportunity to switch Medicare plans or enroll in a plan for the first time if you're eligible. If you change plans, the new plan's coverage will begin on January 1 of the upcoming year.

## Extended Open Enrollment for Medicare Advantage

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There's an extended enrollment period for Medicare Advantage beneficiaries. If you're currently enrolled in a Medicare Advantage plan, you have a one-time opportunity from January 1st - March 31st to enroll in a new Medicare Advantage plan OR drop your Medicare Advantage plan for a stand-alone Prescription Drug Plan.

## Can I change my plan outside of Open Enrollment?

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Most people typically cannot change their plan outside of Open Enrollment, which is why it's very important to review your plan options during this short window of time. There are circumstances in which you may be able to change your Medicare plan outside of Open Enrollment. Here are the most common special enrollment periods:

- You have Medicaid: In this case, you're eligible to change your Medicare plan once each quarter of the year (January - March, April - June, and July - September).
- Your living situation has changed: i.e. you moved to a new region or you moved into or out of a long-term care facility.
- You lost your current drug coverage: i.e. you lost coverage through an employer.

## What changes can my plan make year-to-year?

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Medicare plans change their coverage at the start of each calendar year, which is why it's important to review your options during Open Enrollment and enroll in a new plan if there's a more suitable option for the upcoming year. Here's what can change:

- Monthly premium: This is a set amount you pay out-of-pocket to the plan each month, whether you're taking any medications or not.
- Deductible: This is traditionally the amount you pay for your drugs completely out-of-pocket until the plan starts covering a portion of the costs.
- Covered medications: Drugs that your plan will cover the costs for. If a drug isn't on the plan's formulary (list of covered drugs) you'll have to pay the full price for the medication.
- Drug restrictions: Additional requirements in order for the plan to cover the costs for certain drugs including prior authorizations, day supply restrictions, quantity limits, and step therapy restrictions.
- Tier copays: Plan's categorize their covered medications by "tier". Each tier has a specified copay for all drugs that fall into that tier.



## Medicare phases of coverage

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Drug coverage through Medicare has different “phases” throughout the year. If you transition to a different phase, your prescription drug costs will change. This is what you need to know:

- **Deductible:** This is the amount you must pay for your medications before your Medicare plan begins to cover a portion of the costs. You pay 100% of your drug costs until the total of those costs reach your plan’s set deductible, which changes every year.

**Important Note:** Several plans cover certain drugs (usually low-cost generics) immediately, before you reach your deductible limit. This means that these drugs will be covered as if you’re in the initial coverage phase (the copays for these drugs will NOT count towards the deductible limit).

- **Initial Coverage:** Once the yearly deductible is met, you pay a copayment (set amount) or “coinsurance” (percentage of the drug’s full cost) for medications. What you pay during initial coverage depends entirely on your insurance plan.

**Important Note:** Be aware of coinsurances (percentage of the drug’s full cost), as these payments are subject to significant variance throughout the year if the drug’s full cost changes significantly.

- **Coverage Gap/Donut Hole:** Once the total shared cost of your drugs (what you pay and what your insurance pays) equals \$4,020, you will enter the coverage gap (aka “donut hole”). In this phase of coverage you will pay 25% of the cost of your medications. This phase ends when your “true out-of-pocket” (TrOOP) reach \$6,350.

**Important Note:** Paying 25% of the cost of your drugs is typically a significant increase compared to your copays during initial coverage, so you want to be prepared for this potential increase! Speak with your pharmacist to confirm if/when you should expect to enter this phase during the year.

- **Catastrophic coverage:** Once you reach the TrOOP threshold of \$6,350 during the coverage gap, you’ll enter catastrophic coverage and only pay a small coinsurance or copayment for the rest of the year. You’ll pay \$8.95 for brand name and \$3.60 for generic medications, OR 5% of the medication’s total cost (whichever is greater).



## Can my drug copays change during the year?

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Even during the same calendar year, your copays for medications can change. Here's why:

- **You've moved to the next "phase of coverage":** Copays are usually different in each phase, and the deductible and coverage gap phases tend to result in higher payments.
- **The drug's full cost has changed:** Plans are allowed to change what the "full cost" of drugs are throughout the year. If your plan has a percentage-based copay ("coinsurance"), your copay will change whenever the drug full cost changes. If your plan has a set copay, your copay could fluctuate if the full cost of the drug is lower than the "tier" copay, however, it will never exceed the fixed tier copay amount.

**Important Note:** Because full costs can change it's important to understand what the set tier copay of a medication will be and whether the medication's copay is percentage-based. This should influence your decision on whether a plan is suitable. Speak to your pharmacist if you have any questions.

## What about mail order pharmacies?

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Medicare beneficiaries under a PDP or Medicare Advantage plan can opt to have their medications delivered to their homes through a mail away pharmacy rather than picking them up at a drugstore. You may be able to order a 90-day supply of some drugs for a lower copay if your plan is mail order "preferred". If you decide to enroll in one of these plans, it is important to know that you are never required to switch to mail order and can choose to continue filling your prescriptions at your local pharmacy. In some cases, you may need to reach out to the plan directly to inform them that you would like to continue to fill at your local pharmacy.

## Drawbacks of mail order

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Mail order may not be the best option for you if you need a prescription immediately or depend on life-saving drugs, as a 90-day supply of medications usually takes time to be delivered and does not always arrive on time. There is also a risk of billing issues or other bureaucratic inefficiencies. Also, as with any delivery service, there is always a risk of your package being lost, stolen, or damaged in the mail.

If you prefer more personal face-to-face interactions with pharmacists, a neighborhood community pharmacy is much more suitable for you! Additionally, most community pharmacies offer same-day or next-day delivery of prescriptions to your home.

## Additional Questions?

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If you have any further questions about your Medicare coverage or choosing a plan, we're happy to help. Schedule a free consultation with your pharmacist for a free Medicare plan comparison at [JohnsRx.com/OpenEnrollment](https://www.JohnsRx.com/OpenEnrollment).

