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What you should know about Medicare changes in 2025



By Insurance And Other Red Tape, The Bonnie Dobbs Agency

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Goodbye “donut hole!” And hello to DIY, write your own Part D plan!

How will the Prescription Drug Plans’ new rules affect you?

Next year, enrollees paying high out-of-pocket costs will get a huge reduction in medication costs. Finally!

The Inflation Reduction Act (IRA) has resulted in four significant changes to drug plans.

- Elimination of the coverage gap or “donut hole”
- \$2,000 out-of-pocket cap
- A shift in cost sharing in the catastrophic phase
- A new way of paying for your drugs

The dreaded “donut hole” has been a mind-boggling part of drug plans that many have tried to understand for years. Say goodbye because finally, it is going away for good!

Some plans may have a deductible. After the deductible and once you have paid \$2,000 out of pocket, you are done for the year.

The bad news is this shift will probably result in higher premiums for stand-alone prescription drug plans.

There is a new way to pay for medications. Instead of taking a big financial hit by



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paying the deductible (up to \$590) at the first prescription fill, along with the annual cost of your drugs, payments can be spread over 12 months. You can switch from the usual way to this new payment plan any month. This will help alleviate the huge financial charge when everyone is usually receiving their credit card bills from holiday expenses! Let's all exhale together.

While they dazzle you with this new payment plan and \$2,000 max out-of-pocket, the monthly premium for prescription drug plans will probably escalate. The insurance companies will have more skin in the game and I feel they are surely going to feel the squeeze here. We will have to wait until 2025 premiums have been released. Please make sure to read your Annual Notice of Change (ANOC) in September.

As of this writing, the prescription drug companies have not released their monthly premiums, deductibles, tier costs or formularies.

Compare the new payment option instead of paying the deductible on your first fill. That deductible can make a rich man squirm!

Important: This new payment option will not affect those on low-cost drugs or those who do not take meds. Continue to pay as in the past.

Ten negotiated drugs have been released which include Eliquis, Farxiga, Xarelto, Jardiance, Imbruvica, Stelara, Januvia, Entresto, Enbrel and Fiasp. The price of these meds will be slashed between 38% and 79%. Now, that must sound like music to your ears. Those struggling to pay for these meds in the past will now enjoy considerable savings.

Why is the 2025 Annual Notice of Change (ANOC) so important?

You may be shocked when you read ANOC. Your Advantage or prescription drug plan may be exiting and not offered next year. That means you must select a new plan. The ANOC provides a summary of changes to benefits, providers, pharmacies and costs to

your plan, line item by line item. It is the first glimpse to see next year's plans. If your plan is available, do nothing and the plan will roll over. If you are unhappy with your plan or your plan will be exiting, compare all plans during annual enrollment, from October 15 to December 7 each year. Do your due diligence! Be aware of plan changes as costs may rise and benefits be reduced. For now, I urge you to review and utilize your current benefits as they may be reduced next year or evaporate all together.

Are spam calls really offering Medicare plans?

Spammers try to change your plan. They get paid a commission when they help with your enrollment. They find fault with your current plan, whether it's true or not.

Spammers do NOT have your best interest in mind. Or they are attempting to steal your identity. Do not answer these calls or engage in any way. Remember, these calls, TV commercials, emails, and snail mail ads are usually someone pretending you are missing out on money or benefits. In most cases, you are not. Medicare, Medicaid,

Social Security, the IRS, and government agencies will never call you unless you have an ongoing dialogue with them about a problem you are aware of. Don't fall into their trap!

Why do people make mistakes when starting Medicare?

No government list explains Medicare options or responsibilities to avoid lifelong penalties or loss of coverage! I receive an enormous number of calls questioning the proper process almost every week. People are unaware of these rules about when to enroll in Part B and Part D and make an honest mistake. They are not advised about lifelong penalties if they don't enroll in both within certain time frames. Enrolling and getting medical services when needed helps balance the well versus sick risk pool. Seek help from a professional to handle this complex decision. Avoid the pitfalls, and simplify the transition to a Medicare plan by finding a broker who offers all plans in your service area. My agency is a brokerage and my team can help if you are not working with a broker.



What is the difference between Original Medicare and Medicare Advantage Plans?

One of the most common mistakes when choosing coverage is not having a good understanding of the differences between original Medicare and an Advantage plan.

Original Medicare covers 80%. That leaves you to pay the Part A and Part B deductible and the other 20%. There is no provider network with Original Medicare. You have the flexibility to go to any provider in the nation that accepts Medicare and no referral is required to see a specialist. Your doctor decides your care. For example, if you need a procedure, skilled nursing, or a longer hospital stay, your doctor's order is honored by Original Medicare.

Original Medicare does not cover ancillary products like dental, vision, hearing, gym membership, and over-the-counter items or food cards.

Original Medicare does not cover prescriptions. If you choose Original Medicare, get a stand-alone Part D (prescription drug plan) when you first become Medicare eligible and never go more than 2 months without it or you will receive a lifelong penalty.

Advantage plans are one of two ways to get additional insurance to cover where Original Medicare ends leaves off. Advantage plans offer all the benefits of Original Medicare and some additional benefits like dental, vision and hearing.

The plan decides your care, hospital stays, skilled nursing home, etc., not Original Medicare. Advantage plans require more authorizations that sometimes slow the care process. These approvals may take 3 days and are sometimes denied even though your doctor has ordered the procedure.

Advantage plans have a network of providers who decide which companies or plans they will participate in, if any. When choosing a plan, confirm your doctors accept the plan and confirm your drug costs. Your coverage is limited to a specific service area unless there is an emergency.



What is the difference between an Advantage HMO and PPO?

It is important to understand the difference because you could find yourself stuck in a plan until the next annual enrollment period. My goal is to keep you informed about the good, the bad and the ugly of anything Medicare.

Most Advantage plans do not have a monthly premium but do offer additional benefits like dental, vision, hearing, gym and that makes them attractive.

HMO plans are health maintenance organizations. These plans have a network of providers. This includes doctors, hospitals, nursing homes, durable medical equipment, therapy, imaging centers, etc. Usually, you must choose a primary care physician. Your PCP is the center of your care. It is more like having a partnership with the PCP managing your care. The PCP will refer you to specialists within the network when needed. You may have a better chance of winning the lottery than getting a referral to go outside their network. Generally, you must use in-network providers only or **pay the entire cost** except in an emergency. Emergency care is available anywhere anytime on any plan.

One important side note here on Medicare Advantage plans is that if your provider drops out of the network, you must find another one. Your provider ceasing their contract with the insurance company does NOT provide a special election period for you to change plans.

Choose your HMO plan carefully. There are things to consider other than doctors.

Check the hospitals, skilled nursing, and dialysis in your area. It would not be convenient to live miles away from care you may need for extended periods of time.

Who wants to go to a hospital on the other side of town? Most of us never think about these things until it is too late.

PPO plans are preferred provider organizations. PPO plans offer you the option to use out-of-network services without a referral. You may pay a higher co-pay or co-insurance. Usually, PPO plans offer a lower cost for in-network and a higher cost for out-of-network.

PPO plans provide flexibility and avoid requiring a referral to see a specialist.

Educate yourself, understand and compare options when choosing an HMO or PPO Advantage plan. If you are unsure of which you have, look on the front of your insurance card for HMO or PPO or call the number on the back of your card to confirm.

What is a Medigap plan?

These plans, also known as supplement plans, give you the freedom to see any doctor in the USA who accepts Medicare and no referrals are needed. These plans have no network. They work in coordination with Medicare. If original Medicare pays for a service, the plan pays its part.

To refresh, Original Medicare pays 80% and that leaves a gap with no coverage for the Part A and Part B deductible and the other 20%. A supplement plan fills in those gaps not paid by original Medicare. The most popular Medicare supplement plans are F, G and N and gaining popularity in recent years is the high deductible F and G. You pay a monthly premium and may have various deductibles and/or co-pays depending on the plan.

What are the many parts of Medicare?

Everything begins with Original Medicare. Part A covers hospital and in-patient and Part B covers medical and out-patient. Original Medicare pays 80%. There are two ways to get coverage to help offset the costs of what original Medicare does not

pay. They are Advantage and Medicare Supplement plans. Advantage plans are also known as Part C. Part C plans may or may not have a monthly premium, have a specific service area, and a network of providers. Prescription drug plans are also known as Part D. You can get Part D if you enroll in a Medicare Advantage plan or purchase as a stand-alone plan if you are purchasing a Medicare Supplement plan.

Part D, prescription drug plans have a network of pharmacies. If you choose a pharmacy in-network or preferred, your co-pays or co-insurance will be less than an out-of-network or standard pharmacy. This will save you money on medications. They also offer mail order. Mail-order savings are equal to in-network or preferred pharmacies. Call the 800 number on the back of your card today to see if you are using a preferred pharmacy. This is a saving you could start enjoying today!

Bonnie Dobbs is an author, speaker and founder of **Insurance and Other Red Tape, LLC**, a brokerage agency specializing in



Medicare and Medicaid coverage with licensed agents in several states.

Just after

obtaining her insurance license, a family member developed Alzheimer’s disease. While visiting the nursing home and later memory care, she found families were often confused about Medicare. She decided then to commit to helping the aging community. Bonnie has become one of the most sought-after speakers on the topic of Medicare, sharing her knowledge through seminars, workshops, and panel discussions. You can contact her team at 770-373-7541.

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