

What Do I Need to Know About the Major Medicare Changes in 2025?

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Are you a Medicare beneficiary? Do you have a loved one who is on Medicare? If so, you will want to keep this article handy.

An old adage states, "Change is inevitable, except from a vending machine." No one likes change, unless it benefits them, of course.

Every year, Medicare adjusts cost, policies, and rules. For most years, for most people, these changes go unnoticed, but this year is not one of those.

The Annual Enrollment Period (AEP), which runs from October 15 through December 7, will be the most disruptive in recent history. Some estimate that as many as 70% of Medicare beneficiaries will be shopping around (it's usually around 25%).

WHY ARE THE ESTIMATES SO HIGH THIS YEAR?

Everyone with Part D (Prescription Drug) benefits will be impacted, whether they have a Medicare Supplement Plan with a standalone prescription drug plan or an Advantage Plan.

There is no need to panic, but since October is drawing near, we want to prepare you now so your AEP is worry free and your 2025 plan benefits are the best you can get.

WHAT CHANGES ARE AHEAD?

The Inflation Reduction Act (IRA) and other legislation are impacting 2025 Medicare benefits. Here are the main changes with both the good and the bad news.

- » The Donut Hole/Coverage Gap is ending
- » The Max Out of Pocket (MOOP) for prescription drugs is dropping from \$8,000 to \$2,000
- » The Medicare Prescription Payment Plan begins
- » Medicare reimbursements to insurance companies are below the rate of inflation

HOW AM I IMPACTED?

THE GOOD NEWS

These changes are good for many people. These improvements mean,

- » the most you could possibly pay for covered medications in 2025 is \$2,000.
- » you will be able to set up a payment plan to pay for your medications so you can budget expenses.
- » with no donut hole, there will be no mid-year surprise cost increases.

Woohoo if you are on any Jardiance, Ozempic, Eliquis, or any other Tier 3 or higher drugs! You will spend less next year on these high-cost medications! Additionally, everyone will be able to pay for drug costs in monthly installments to spread the pain out.

THE BAD NEWS

While these changes are great, the government is not forthright about the negative impact. Because insurance companies are taking a financial hit and the

THE DONUT HOLE/COVERAGE GAP:

This is a temporary limit on how much your Part D plan will pay towards your prescription drug costs. In 2024, beneficiaries pay 25% of the list price cost of covered medications. For most people, hitting the Donut Hole means a significant increase towards their costs.

MAX OUT OF POCKET (MOOP):

This refers to the total amount an individual could pay for prescription drugs. In 2024 the Medicare limit is \$8,000. In 2024, most people actually only pay between \$3,300 and \$3,800, because the True Out of Pocket (TrOOP) includes other sources besides what a beneficiary pays. So, while a beneficiary may pay \$3,500, other sources count toward the \$8,000 limit. In 2025, the maximum a beneficiary could pay is capped at \$2,000.

government is not covering these cost increases, that means you will bear the cost of these improvements if you have Part D. You will see this impact in the following ways:

- » the costs of supplements and prescription drug plans will increase (already, 1/3 of supplement premiums have seen double digit increases and there are rumors that drug plan premiums may double).
- » Medicare Advantage (Part C) benefits are expected to decrease somewhat.
- » drug formularies may be “skinny” next year as plans trim the list of covered medications.

So, if change is inevitable, the best thing to do is to be informed about your plan benefits for 2025 and how those compare with other options. In years past, you may have coasted through AEP without a second thought about your coverage. That strategy may lead you to some unpleasant surprises in 2025.

If you are not already working with a local agent, we would be honored to guide you through reviewing your coverage. It doesn't cost anything to work with us, we offer all Medicare coverage types with a wide variety of carriers, and you will have a local resource to call when questions arise. 📞

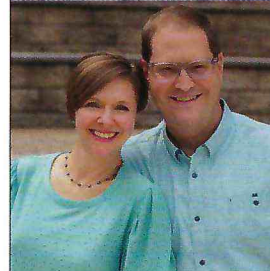
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