

MEDICARE ENROLLMENT SEASON

It starts on November 15. What is changing - and what isn't?

This fall, we have another Medicare enrollment season coming - and in the wake of health care reform, some things will start to change while other things will remain relatively the same.

Will Part B premiums increase in 2011? They probably won't - at least not for most Part B enrollees. Most analysts think premiums will remain at or very near 2010 levels: \$96.40 monthly for existing beneficiaries, \$110.50 monthly for most new enrollees.^{1,2}

That has to do with some fine print in federal law - the clause informally known as the "hold harmless" provision.

The "hold harmless" clause dictates that Medicare premiums cannot annually increase more than the COLA increase for Social Security. In 2010, that COLA was zero, and it will be zero again for 2011. Translation: premiums should be frozen next year for most Part B enrollees.³

Newcomers to Medicare have no premium history, so this clause doesn't apply to them. Some analysts see premiums going up for this population. The non-profit American Institute for Economic Research believes that Plan B premiums for new enrollees will go from \$110.50 per month in 2010 to \$120.10 per month in 2011.³

How about Medicare Advantage premiums and Part D premiums? On September 21, the federal government's Centers for Medicare and Medicaid Services issued a press release stating that, on average, MA plan premiums would be 1% lower for 2011. Part D premiums are expected to remain basically flat next year; the Center thinks they will rise by \$1 to \$30.^{1,4,5}

How are the plans changing? In 2011, federal support for Medicare Advantage plans will be frozen at 2010 levels - but by 2017, most of those subsidies will be gone.¹ So if you are enrolled in an MA plan, keep watch because benefits are poised to change.

Insurers are also consolidating Part D plans and/or reducing plan choices - where many of them once offered you three or four drug coverage plans, now most offer two.

The aggravating "doughnut hole" on Part D plans will be around until 2020. The good news is that when you reach that coverage gap in 2011, you will get 50% off the price of brand-name prescription drugs covered by your plan. The bad news is that the federal government will not be controlling the prices of those drugs - that will be left to the free market, or rather the pharmaceutical companies and retailers.⁵

Warning: some private insurers are merging or closing down some MA plans. This is in direct response to the Centers for Medicare and Medicaid Services. Those affected are supposed to receive notice of such action by the end of October.¹

Please note: in 2011, the open enrollment period changes. Next year's open enrollment period for Medicare will be halved. Instead of the usual three months, the window is only from January 1 to February 15. Additionally, you won't be able to use the open enrollment period to go from traditional Medicare coverage to a Medicare Advantage plan or from one Advantage plan to another. The only option you will have will be to move from an Advantage plan to traditional Medicare coverage.¹

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Citations

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