



BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES

# How Medicare Is Changing and Key Medicare Mistakes to Avoid

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# Medicare's History of Change

- **Enacted in 1965**
- **Frequent changes**
- **Part A Trust Fund running low**
- **Absorbing more of federal spending**
- **Some want to expand**
- **Several changes already under way**



# Privatization of Medicare?

- **Pilot programs by CMS**
- **Newest is the ACO REACH**
- **Enrolled as soon as 2023**
- **CMS says there are protections**
- **Focus on underserved communities**
- **Activists, some in Congress oppose**
- **Ultimately everyone in an ACO**



# Prescription Drug Changes

- **\$35 cap on insulin (1/1/2023)**
- **Price increase rebates (1/1/2023)**
- **Most vaccines free (1/1/2023)**
- **Price negotiations (phased in)**
- **Part D premium increases limited to 6%**



# Part D Coverage Gap Changes

- **Big change in coverage gap or doughnut hole**
- **Now pay 5% of unlimited amount**
- **5% catastrophic deductible eliminated in 2024**
- **\$2,000 out of pocket cap in 2025**



# Key Medicare Mistake #1

- Retirement medical care isn't free
- Out-of-pocket costs are the key
- Don't overestimate costs
- Put together your package of care
- No family or spouse coverage



# Key Medicare Mistake #2

- **Know the enrollment periods**
- **Know your initial enrollment**
- **Know when you can change**
- **Change Medigap anytime, but...**



# Key Medicare Mistake #3

- **Few beneficiaries shop around**
- **Premiums vary by 100% or more**
- **Medigap plans are identical**
- **90% are in wrong Part D policy**





# Key Medicare Mistake #4

- **Know your out-of-pocket costs**
  - **Premiums**
  - **Deductible**
  - **Copayment (fixed amount)**
  - **Coinsurance (percentage)**
  - **Out of network/uncovered**



# Key Medicare Mistake #5

- **Advantage vs. Original**
  - **Control/decisionmaking**
  - **Approvals and networks**
  - **Your ability to change**
  - **Dental, vision, hearing**
  - **MOOP**



# Advantage vs. Original

- **Key choice for beneficiaries**
- **Errors in Advantage Plans:**
  - **13% of preauthorization denials incorrect**
  - **18% of payment denials incorrect**
- **Similar process to selecting employer, individual plans**



# Key Medicare Mistake #6

- **Shop for prescription coverage**
- **Advantage and Original: Same process**
- **Know the tiers and formulary**
- **Pay attention to changes**
- **Pharmacy choice**



# Key Medicare Mistake #7

- **Plenty of help is available**
- **Medicare.gov**
- **Insurance agents**
- **SHIP**
- **Area Agency for Aging, others**



# Key Medicare Mistake #8

- **Not knowing the surtax**
- **Higher AGI increases premiums**
- **Review financial moves**
- **Tax diversification**
- **Know when to appeal surtax**