

## Another Council on Aging Gaff

I had a recent conversation with a gentleman, Roger (a fictitious name), in Missoula, Montana. Roger's birthday is in March. He told me that he went to a Council on Aging (CoA) meeting and inquired about Part D prescription plans. Here is what he told me and I quote, *"They told me that I had to sign up for a Part D prescription plan by March."* I asked him if he was sure that's what he heard. He responded affirmatively. Roger also told me that he takes no meds.

I explained to Roger that there are two errors in their statement. First, signing up for a Part D prescription plan is NOT mandatory. A person can opt out of a plan, and many do so. Some have VA coverage. Others have a prescription plan *only* through their former employer. Yet others don't take any pharmaceutical drugs and wish not to pay for something they will not use. There are a few that take so little or something that's not covered by Part D, so they choose to opt out.

There is a late enrollment penalty if those people that have no other prescription coverage decide at a later date to sign up for said plan. I always advise them accordingly.

The second error is that the CoA people did not adequately explain to Roger the initial enrollment period (IEP) for signing up for a Part D plan. The IEP spans seven months. For a person with a March birthday, here is how it works.

**Month #1: December. Your effective date will be March 1.**

**Month #2: January. Your effective date will be March 1.**

**Month #3: February. Your effective date will be March 1.**

**Month #4 is March, your birth month. Your effective date will be April 1.**

**Month #5: April. Your effective date will be May 1.**

**Month #6: May. Your effective date will be June 1.**

**Month #7: June. Your effective date will be July 1.**

In this case, June is your final month to sign up for a Part D plan. If you fail to sign up in June, then you are out the remainder of the year. You can sign up during the Annual election Period (AEP) in the fall, and your plan will be effective January 1, the following year. You will also incur a late enrollment penalty.

Let's say you are one of the fortunate ones and take no meds, and you anticipate taking none in the future. However, you want to have a plan for a "just in case" and/or to avoid the late enrollment penalty. In addition, you want to keep your costs as low as possible.

If you sign up in Months 1, 2, or 3, (the green months) your effective date is March 1, and you are obligating yourself to start paying your premium then. However, if you sign in in June, (the red month) then you pay your first premium in July. That saved you four months of premium (March, April, May, and June).

Do the math. If the premium is \$15 per month, then you saved \$60. If the premium is \$25 per month, then you saved \$100.

Let's say that you intended to sign up in your seventh month of your IEP, but you change your mind. You're in one of the purple months (four, five, and six). You can always sign up in that month, and your effective date will be the first of the following month.

Just remember that the seventh month is your final month. If you miss it, you're out for the remainder of the year.

Roger was happy to know that he could save about \$60 by postponing signing up for his Part D plan until the seventh month of his IEP. This is what the CoA people should be explaining to their audience.