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NORTHWEST SENIOR NEWS **SPECIALIZING IN MEDICARE SUPPLEMENTS, Medicare Advantage, & PART D PRESCRIPTIONS AEP 2015 Edition**

Annual Election Period: Oct. 15 – Dec. 7, 2015

The Annual Election Period (AEP) (also known as **Medicare Open Enrollment**) is the time when you can change your Part D prescription plan, add a Part D plan if you never had one, change a Medicare advantage plan, or change from original Medicare to Medicare advantage or vice versa.

If you are keeping everything the same, you do NOT need to do anything. Your plan automatically renews in 2016.

Changes for 2016



For those of you with internet savvy, we have launched a new website called **PDP Helper**. <http://nwsipdphelper.com> This site is purpose-built to make it easier for you to submit a list of your prescriptions to us...and easier for us to shop Prescription Drugs Plans for you.

Medicare Advantage Non-Renewals: One Medicare advantage plan in Idaho and another in Montana have pulled out of the market. Fortunately, this is only affecting only a relatively small number of people.

Medicare Supplement Plans: In the immediate future there are no major changes. The Part B deductible of \$147 will likely increase for 2016, but that number has not been released by Medicare as of this writing.

We have picked up some new Medicare supplement companies. One of them, which is very competitive, includes a health club membership with their plans.

Medicare Advantage Plans: With one notable exception of one Montana Medicare advantage company, the premiums and/or copays have increased for 2016. This is mainly due to the following reasons:

- Changing monthly reimbursement to the plan from Medicare.
- Increased utilization from the plan's members.

Part D Prescription Plans (PDPs): Here are some of the most noteworthy changes we have seen for the 2016 plans.

- Some plans have taken stiff rate increases and/or added a deductible.
- The maximum deductible has increased from \$320 to \$360.
- There is another competitive company coming out with a bifurcated deductible. That means that there is NO deductible for tier 1 and 2 generics, but there IS a deductible for brand name drugs and non-preferred generics.

What adds to the confusion is this: When you look up one of these companies on Medicare.gov, the display will correctly

say that these plans have a \$360 deductible. What is NOT apparent is that a few of these plans have no deductible for tier 1 and 2 generics.

The "Gap" Discount Increases Slightly in 2016

Concerning Part D prescription plans: The discounts for members who reach the coverage gap (donut hole) will again increase by 7% for generics in 2016. Here is the schedule. ***This is based on the percent you pay***, which will gradually drop until 2020. Then you will pay only 25% for brands and generics when in the coverage gap.

Year	Generics	Brands
2011	93%	50%
2012	86%	50%
2013	79%	47.5%
2014	72%	47.5%
2015	65%	45%
2016	58%	45%
2017	51%	40%

Other important 2016 Part D numbers:

Category	2015	2016
Maximum deductible: \$360*	\$320	\$360
Initial coverage limit	\$2,960	\$3,310
Out-of-pocket threshold**	\$4,700	\$4,850
Generic copay in the gap	65%	58%
Brand name copay in the gap	45.0%	45.0%

* Some plans may have a lower deductible or none at all. Generally, the lower premium plans will have the maximum deductible.

**This is based on your TRoOP or true-out-of-pocket. If you are in the gap and have a \$100 brand name drug to fill, you will pay \$45.00. The \$45.00 counts for the amount that puts you in the catastrophic level (out-of-pocket threshold) as well as the manufacturer's 50% discount. The prescription plan pays the other 5%. That 5% does NOT count for your TrOOP.

Catastrophic Coverage in 2016

Most Generics: You pay 5% or \$2.95, whichever is greater.
Brand names: You pay 5% or \$7.00, whichever is greater.

Dodging the Bullet of PDP Rate Increases

Here are some strategies to minimize the increased costs for either your PDP plan or copays.

- 1) Have your agent shop your plan every year, especially if you are taking expensive brand name drugs.
- 2) Use generics if available and providing that your doctor or pharmacist okays such use.
- 3) Take advantage of mail order discounts. It's understandable that many people prefer to shop local or to maintain the personal interface with their pharmacist. However, one

popular plan has no copays for tier 1 and 2 generics when ordered through the mail.

4) Using Canadian Pharmacies. We recently spoke with one client named Jill, a fictitious name. She purchases three inhalers, something like Symbicort, Dulera, & Proair, from a Canadian Pharmacy. She pays \$400 for a three month supply. If she ran those meds through her PDP, she would pay substantially more. She then utilizes Step #3 above for her three tier 1 generics.

5) This is similar to step #4. If you have an expensive med that will put you in the gap, order that med from a Canadian pharmacy. We know of one client that does this with his Crestor. There is a generic alternative to Crestor available via Canadian pharmacies for a fraction of the cost compared to buying Crestor through your PDP, especially if the Crestor puts you into the coverage gap.

6) Reduce your need for prescriptions in the first place. I have interviewed people that undertook serious weight reduction and eliminated refined, processed, and junk foods from their diet. They have reduced or even eliminated their need for prescription medications. This is especially true of meds for high blood pressure, cholesterol, and type II diabetes.

Those that Received MA Non-renewal notices

If you have received a non-renewal notice from your Medicare advantage plan, please contact us, and we can explain the choices that are available to you.

Medicare Supplement Rate Increases

Remember, you can change your Medicare supplement plan **any month of the year** providing that you medically qualify for a new plan. If your rates have gone up too much, please contact us, and we'll shop for lower rates.

Kinds of Changes You can Make

Review: Alphabet soup and Abbreviations

OM = Original Medicare

MA = Medicare advantage plan

MA-PD = Medicare advantage plan with prescription drugs

PDP = Prescription drug plan

PFFS = Private fee for service MA plan

PPO = Preferred provider organization MA plan.

HMO = Health Maintenance Organization MA plan.

MedSupp = Medicare Supplement

Scripts-Short form of prescriptions

Here are the types of changes you can make during the AEP

1. Change from one PDP to another PDP

If your rates have gone up or your prescription needs have changed, this is the time to make the change.

2. Adding a new PDP.

a. You never signed up for a PDP, but now you wish to do so. Please keep in mind that you may be subject to a late enrollment penalty (LEP).

3. Changing from one MA-PD to another MA-PD.

a. Let's say that your MA-PD premium has gone up and you find that there is a lower cost MA-PD available in your county of residence. You can make that change. Likewise, you can change plans within your existing company.

b. If you have received a non-renewal notice from your MA-PD company, you can sign up for another MA-PD if available.

4. Disenroll from your MA and switch to original Medicare (OM) only

a. In this case you notify your plan that you want to disenroll from your MA plan. You will revert to OM January 1, 2016.

b. If you have an MA-PD and wish to return to OM with a stand-alone PDP, then all you have to do is to enroll in a stand-alone PDP. This will automatically disenroll you from your MA-PD and return you to original Medicare. You will then have a stand-alone PDP in addition to OM.

5. You want to switch from a MedSupp to an MA or an MA-PD.

a. You can enroll in an MA or MA-PD plan available in your county of residence. If you enroll in an MA, or MA-PD plan, you will be automatically disenrolled from your existing PDP. The only exception is that you can have a stand-alone PDP alongside a MA PFFS plan.

Caution: If you intend to terminate your MedSupp plan, be sure to notify your company that you want to do so. Medicare does NOT do that.

6. You currently have an MA or MA-PD and want to go to a Medicare supplement.

a. This one is a little tricky. If you are *voluntarily* leaving your MA or MA-PD plan, you have to apply and **medically qualify for a Medicare supplement. This is NOT a guarantee issue!** Then, if you do qualify, you will need to notify your MA or MA-PD plan that you want to disenroll and return to original Medicare effective Jan. 1, 2016.

For a smooth transition, be sure to work with us on this one.

7. You have received a non-renewal notice from your MA or MA-PD plan stating that it is discontinuing service effective January 1, 2016. Please indicate your situation on the yellow response sheet.

8. You want to change from one Medicare supplement to another MedSupp.

You can change your Medicare supplement plan any month of the year. If you are past 65 ½, you generally will have to *medically qualify* for a new plan.

If you are staying with your MedSupp plan on into 2016, you do not need to do anything.

Annual Disenrollment Period

The Annual Disenrollment Period (ADP) runs from Jan. 1 to Feb. 14. During this time you can only **disenroll** from your MA or MA-PD plan. You will then revert back to original Medicare. If your MA plan included Part D drugs, then you can also sign up for a stand-alone PDP.

Your Next Step

Please use the enclosed yellow response form if you are interested in exploring and/or making any of the changes we covered in this issue. Please return the form by

- 1) Snail mail. It still works!
- 2) Fax
- 3) Scan and email
- 4) Go to **nwsi.pdphelper.com** and submit your list of prescriptions online. □

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Pharmacy #1 choice _____

Pharmacy #2 choice _____