



# Medicare Open Enrollment Begins October 15

## What is the Medicare open enrollment period?

The Medicare open enrollment period is the time during which people with Medicare can make new choices and pick plans that work best for them. Each year, Medicare plans typically change what the plans cost and cover. In addition, your health-care needs may have changed over the past year. The open enrollment period is your opportunity to switch Medicare health and prescription drug plans to better suit your needs.

## When does the open enrollment period start?

The Medicare open enrollment period begins on October 15 and runs through December 7. Any changes made during open enrollment are effective as of January 1, 2018.

During the open enrollment period, you can:

- Join a Medicare Prescription Drug (Part D) Plan
- Switch from one Part D plan to another Part D plan
- Drop your Part D coverage altogether
- Switch from Original Medicare to a Medicare Advantage Plan
- Switch from a Medicare Advantage Plan to Original Medicare
- Change from one Medicare Advantage Plan to a different Medicare Advantage Plan
- Change from a Medicare Advantage Plan that offers prescription drug coverage to a Medicare Advantage Plan that doesn't offer prescription drug coverage
- Switch from a Medicare Advantage Plan that doesn't offer prescription drug coverage to a Medicare Advantage Plan that does offer prescription drug coverage

## What should you do?

Now is a good time to review your current Medicare plan. As part of the evaluation, you may want to consider several factors. For instance, are you satisfied with the coverage and level of care you're receiving with your current plan? Are your premium costs or out-of-pocket expenses too high? Has your health changed, or do you anticipate needing medical care or treatment?

Open enrollment period is the time to determine whether your current plan will cover your treatment and what your potential out-of-pocket costs may be. If your current plan doesn't meet your health-care needs or fit within your budget, you can switch to a plan that may work better for you.

## What's new in 2018?

The initial deductible for Part D prescription drug plans increases by \$5 to \$405 in 2018. Also, most Part D plans have a temporary limit on what a particular plan will cover for prescription drugs. In 2018, this gap in coverage (also called the "donut hole") begins after you and your drug plan have spent \$3,750 on covered drugs — a \$50 increase over the 2017 initial coverage limit. It ends after you have spent \$5,000 out-of-pocket, after which catastrophic coverage begins. However, part of the Affordable Care Act gradually closes this gap by reducing your out-of-pocket costs for prescriptions purchased in the coverage gap. In 2018, you'll pay 35% of the cost for brand-name drugs in the coverage gap (65% discount) and 44% (56% discount) of the cost for generic drugs in the coverage gap. Each succeeding year, out-of-pocket



### **Part D late enrollment penalty**

Generally, if you did not sign up for Part D coverage during your initial enrollment period, and you don't have other creditable drug coverage (at least comparable to Medicare's standard prescription drug coverage) for at least 63 days in a row after your initial enrollment period, you may have to pay a late enrollment penalty. The late enrollment penalty is added to your monthly Part D premium. Your initial enrollment period is the seven-month period that starts three months before you turn age 65 (including the month you turn age 65) and ends three months after the month you turn 65.

prescription drug costs in the coverage gap continue to decrease until 2020, when you'll pay 25% for covered brand-name and generic drugs in the gap.

Medicare beneficiaries who file individual tax returns with income that is greater than \$85,000, and beneficiaries who file joint tax returns with income that is greater than \$170,000, pay an additional monthly premium or Income-Related Monthly Adjustment Amount (IRMAA) for their Medicare Part D prescription drug plan coverage. In 2018, some of these beneficiaries will see their IRMAA increase by as much as 58%, while other beneficiaries may actually see their IRMAA drop. For more information, visit the Centers for Medicare & Medicaid Services website, [CMS.gov](https://www.cms.gov).

### **Where can you get more information?**

Determining what coverage you have now and comparing it to other Medicare plans can be confusing and complicated. Pay attention to notices you receive from Medicare and from your plan, and take advantage of help available by calling 1-800-MEDICARE or by visiting the Medicare website, [medicare.gov](https://www.medicare.gov).

---

### **IMPORTANT DISCLOSURES**

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. Financial Guidance Investment Advisers, Inc. is a registered investment adviser and does not provide tax or legal advice. William R. Henzey is a registered investment adviser representative of Financial Guidance Investment Advisers, Inc. and, as such, does not provide tax or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. To the extent this material may address certain tax issues, this material is not intended, and cannot be used, for the purposes of avoiding tax penalties. In addition, this material may not be used by anyone in promoting, marketing or recommending the transaction or matter contained herein. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

This material is provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of this material. The information in this material is informational in nature and not to be considered individual investment advice. The information in this material may change at any time and without notice.