

NEW CHANGES TO MEDICARE

Knowing how Medicare is evolving, and which benefits you can rely on will help you focus on whether Original Medicare or a particular Medicare Advantage plan will serve you best. Medical costs are going up every year and there are a number of factors at work; inflation and medical advancements, such as biosimilars, are helping to drive costs up.

According to Fidelity, a 65-year-old retiring in 2024 can expect to spend an average of \$165,000 in health care and medical expenses throughout retirement. One way to manage your costs is by selecting the best Medicare policy for you.

While we are about five months away from Medicare open enrollment, the state of Medicare has been in the news as a new administration came to Washington and a vocal advocate for Medicare Advantage plans, Dr. Mehmet Oz, was nominated to be Administrator of the Centers for Medicare & Medicaid Services (CMS). Oz was confirmed, and as CMS prepares for the next Medicare open enrollment, we will learn more about how this administration plans to change Medicare benefits and the management of the program.

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One of the biggest discussions was whether the changes made to Medicare by the previous administration with statutes included in the Inflation Reduction Act of 2022 would be kept in place or reversed by the Trump administration. The negotiation of drug prices was considered a leap forward in managing costs. There were questions as to whether the Trump Administration would "stay the course, water it down or repeal it all together." So far, the Trump administration seems to be staying the course, although with alterations that better suit their goals.

Codification of the Inflation Reduction Act of 2022 (IRA) and IRA-related provisions

Some provisions of the Inflation Reduction Act of 2022 (IRA) needed to be codified, or they would have expired. The Trump administration didn't follow all of the recommendations of the previous administration. For example, it has declined to cover GLP-1 receptor agonists, which the previous administration had supported. However, it has moved forward with the Medicare price negotiations. Here are provisions of the IRA, with a few tweaks, which will be staying around after 2025.



1. Prescription payment plan updates

2025 was the first year that the Medicare Prescription Payment Plan (MPPP) enabled those with Medicare prescription drug coverage to spread the costs of their prescription drugs over the calendar year rather than paying in full at the pharmacy counter each time they fill a prescription. Keeping this arrangement just got easier.

Automatic renewal of plan participation. Beginning in 2026, if you participate in the MPPP, you will be automatically re-enrolled the following year unless you opt out. Also, a separate renewal notice must be sent after the end of the annual election period and include the payment plan's upcoming terms and conditions.

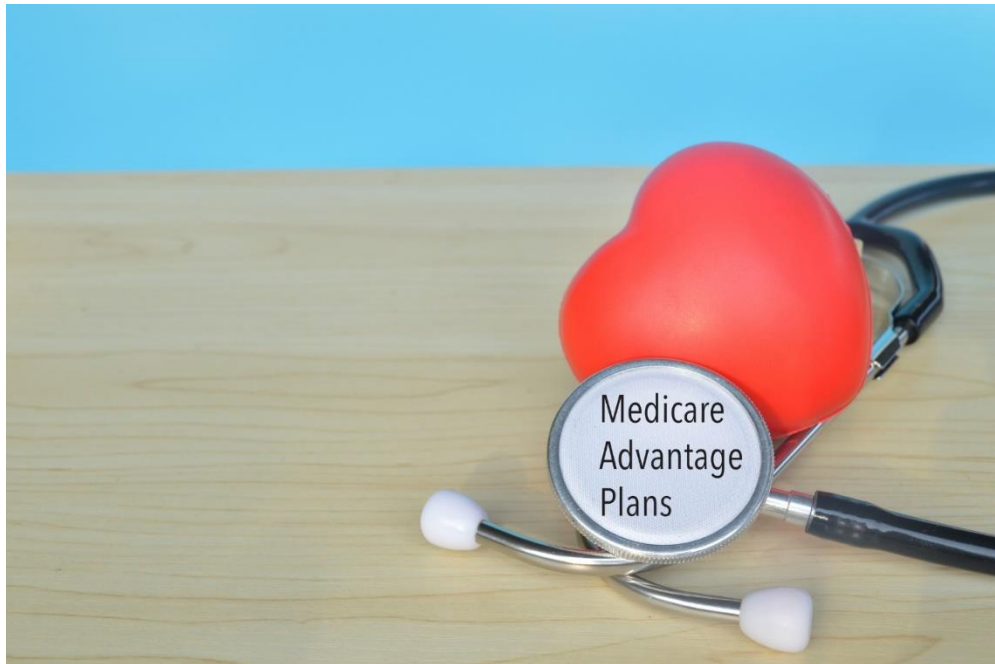
If you decide to opt out, CMS will require plan sponsors to process opt-out requests within **three calendar days**, rather than the initially proposed 24-hour timeframe, to reduce the administrative burden.

(Image credit: Getty Images)

2. Cap on Part D prescription drug expenses indexed for inflation

Many of us are familiar with inflation indexing from our tax returns; every year, certain limits, such as how much you can contribute to an IRA, are adjusted for inflation. However, that doesn't mean it will necessarily change every year; the formula that is applied could result in no change in a given year.

In 2026, the cap on out-of-pocket prescription drug costs is going up to \$2,100, a \$100 increase over the 2025 limit of \$2,000. That means you'll be liable for an additional \$100 in drug costs over the year 2026.



3. Limit on special supplemental benefits for the chronically ill (SSBCI) on Medicare Advantage

Medicare Advantage (MA) plans are known for the extra benefits they provide to their subscribers. Some MA plans tailor the special benefits based on the enrollee's medical condition. The CMS finalized and codified a non-exhaustive list of non-allowable supplemental benefits that are on offer under the Special Supplemental Benefits for the Chronically Ill (SSBCI) category.

In the Final Rule, the CMS adopted the non-exhaustive list of non-primarily health related items or services that do not meet the standard of having a reasonable expectation of improving or maintaining the health or overall function of the enrollee.

Here is a list of examples of items or services that may not be offered as SSBCI, including all of the following:

- Alcohol
- Tobacco
- Cannabis products
- Non-healthy food

- Life insurance
- Hospital indemnity insurance
- Funeral planning and expenses
- Procedures that are solely cosmetic in nature and do not extend upon Traditional Medicare coverage
- Broad membership programs inclusive of multiple unrelated services and discounts



4. Insulin costs capped

Insulin costs for Medicare beneficiaries were capped at \$35 per month or less in 2023, depending on negotiated or maximum fair prices. This cap will now apply annually, beginning in 2026. And watch your benefit statements, as no deductible should be applied to insulin.

For 2026 and each subsequent year, the applicable cost-sharing amount is the lesser of:

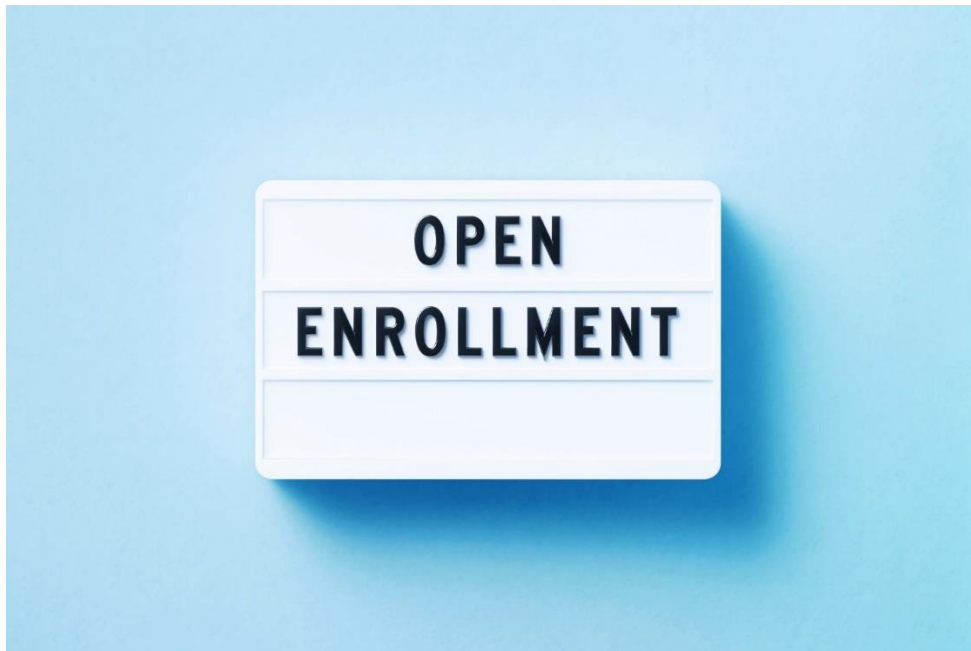
- \$35
- 25% of the maximum fair price established for the covered insulin product under the Medicare Drug Price Negotiation Program
- 25% of the negotiated price of the covered insulin product under the stand-alone Medicare prescription drug plan (PDP) or MA plan with prescription drug coverage (MA-PD plan)



5. Zero cost-sharing for adult vaccines

Medicare beneficiaries have had access to a limited number of free vaccines since 2023. However, free vaccines are now a permanent feature of Medicare Part D plans. Part D insurers must continue to waive deductibles and cost-sharing for adult vaccines recommended by the Advisory Committee on Immunization Practices (ACIP). The list of free vaccines is updated every year, so just because a vaccine is on the list this year doesn't mean it will be on the list next year.

If you are traveling outside of the country, you may want to consult the CDC's list of recommended vaccinations depending on your destination. We are in the midst of a global Measles outbreak; the CDC suggests that you make sure you are up to date with all of your routine vaccines, as "the majority of measles cases imported into the United States occur in unvaccinated U.S. residents who become infected during international travel." As an extra measure of caution, you can see which countries in the world have reported measles outbreaks before you travel.



Review your Medicare plan annually

Every year, Medicare beneficiaries have at least one opportunity to change plans; you can join, switch, or drop a Medicare Advantage Plan or Medicare Part D drug plan, switch to Original Medicare, or keep your current coverage. And if you've reviewed your options and you're happy with your current coverage, you don't need to do anything.

Checking your coverage each year is easy and worth your time. Medicare costs, benefits, and providers can change each year. Comparing your options could help you find better coverage or save money. If you need assistance, contact www.Safeway-Group.com for unbiased help. They can help you shift through the Medicare and Medicare Advantage plans available in your area to find the one with coverage that matches your needs.