

What Obamacare Will Mean for Retirees

When the autumn leaves start to fall, it is time for Medicare enrollment. Starting on Oct. 15, seniors can shop for prescription drug or Medicare Advantage managed-care plans in online exchanges that let them compare features and prices.

Wait a minute, you're thinking—online health insurance exchanges? Isn't that the Obamacare insurance market launch on Oct. 1?

No, these Medicare exchanges are completely different, but they do sound alike—and that is causing confusion for some retirees, who are asking what the Affordable Care Act exchange launch means to them.

Here is the short answer: nothing. If you are already on Medicare, there is no need to use the Obamacare health insurance exchanges; in fact, it is illegal for insurers to sell an exchange policy to anyone on Medicare.

Yet a recent survey by Medicare prescription drug plan provider Express Scripts found that one in five seniors thinks that they can enroll in a medical and prescription drug plan through a health insurance exchange; while 17 percent think health exchanges could replace their Medicare plan altogether.

"There's a lot of confusion out there about which programs apply to different groups," says Matthew Eyles, executive vice president of Avalere Health, a healthcare consulting and research firm. "For Medicare-eligible people, nothing is really changing."

That is not to say the Affordable Care Act is not important to retirees. The law made some important improvements to Medicare, including shrinking the catastrophic-level coverage

gap—known as the “donut hole”—and adding a free annual preventative check-up.

And the new insurance exchanges will be important for retirees ineligible for Medicare, either because they are younger than 65 or have not worked at least 10 years (lifetime) in a job that required payroll tax payments.

For these folks, the Affordable Care Act will make it much easier to get coverage, because the law prohibits insurers from turning away applicants with pre-existing conditions. Insurers also can't put lifetime limits on the dollar value of coverage or rescind coverage if you become ill.

One wrinkle, so to speak, will affect anyone who turns 65 sometime in 2014. If you are in that category, you will need to sign up for exchange coverage taking effect January 1st in order to avoid the individual mandate penalty for failing to obtain insurance. If you are already receiving Social Security benefits, you will be enrolled automatically in Part A and should receive your Medicare card in the mail three months before your 65th birthday.

If you are not on Social Security, sign up three months before your 65th birthday. Then you can proceed to complete the picture with traditional Medicare (signing up for Part B fee-for-service and a Part D drug plan), or an all-in-one Advantage plan. And once you are certain of the start date for your Medicare coverage, you can set termination of your exchange coverage for that date.

But for anyone already over 65, it is time to keep on keeping on. It is a good idea to use the October 15-December 7 enrollment period to re-shop your current coverage using the Medicare Plan Finder, just as you may have done in the past.

Prescription Drug Plans

Premiums in the Part D drug program show why it can be so

important to re-shop coverage annually. Prices are expected to rise only 5.1 percent on average, according to Avalere Health. But half of the ten most popular plans are raising premiums at double-digit rates.

What is more, medication coverage can change from year to year. Even if a plan lists a drug as covered, it is important to study the detailed “formulary,” which specify the coverage rules.

“You need to look carefully to make sure your drug is covered, any restrictions on quality, or special rules governing how and when a doctor can order a drug for you,” says Paula Muschler, operations manager for Allsup Medicare Advisor, a fee-based service that assists seniors with plan shopping.

The donut hole will be \$80 smaller in 2014. You will enter the gap when combined spending by you and your drug plan provider hits \$2,850; you’ll exit at \$4,550. As in 2013, there will be a combined 52.5 percent discount on brand name drug coverage from manufacturers’ discounts and government discounts. The discount for generics during the donut hole will increase from 21 percent to 28 percent.

Medicare Advantage

The Medicare Advantage plan market will be stable in 2014. Avalere says monthly premiums will be up 5 percent on average, which translates to just \$. If you like the plan you’re using, check to make sure there won’t be changes to premiums, deductibles and co-pays, or covered procedures, tests or medical facilities.

Some seniors will have to shift plans, because 142 plans will be discontinued across the country—a 5.3 percent decrease, Avalere Health says. But the changes won’t be even across all parts of the country, Eyles says.

“It really will vary by geographic area,” Eyles adds. “If

you're in an urban or suburban area, there will still be plenty of choices. If you're in a rural area, you may not have as many options."

(The author is a Reuters columnist. The opinions expressed are his own.)

(Editing by Lauren Young)

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