



IMPORTANT INFORMATION – PLEASE READ!

Subject: Potential Changes coming to your Medicare Advantage, Medicare Supplement and Part D

We want to give you a heads up on current Market Conditions and passed legislation (Inflation Reduction Act of 2022) that will affect your Medicare Supplement rates starting 2024 and your Medicare Advantage or Part D plans in 2025.

All Insurance Carriers have experienced very “high utilization” over the last two years. “High Utilization” means members are using their insurance plans and filing claims in much bigger numbers than they have in the recent past. This uptick in claims is due to the fact that during the COVID outbreak many folks delayed getting services done. Non-essential surgeries, procedures, lab tests, diagnostic tests, and wellness visits were put off until COVID had “run its course” and people felt safe to venture out and get their medical needs addressed. We have also experienced record high inflation the past few years. When we have a big influx of people using their insurance (which causes a much higher payout in claims) and those claim dollars reflect much higher costs due to inflation, insurance premiums will go up! ALL carriers will be affected by these changes.

Medicare Supplement and Medicare Advantage Plans: Be prepared for a higher than normal increase this year in your Medicare Supplement Premiums. This coming Annual Enrollment Period, your Medicare Advantage plan may also raise premiums and could cut back on some of the “extra” benefits that they have offered in the past. These changes would start in January 2025. We feel based on current information, Medicare Advantage plans will not be impacted as much as Medicare Supplement plans.

Medicare Part D: The Inflation Reduction Act of 2022 included provisions that were to be phased in over time specific to Medicare Part D. Unfortunately, Congress didn’t appropriate any new funding for these benefit changes. In 2023, copays for insulins were capped at \$35 and most adult vaccines went to \$0 copay. In 2024, the “catastrophic” phase of Part D was eliminated. In 2025, Out of Pocket drug costs will be capped annually at \$2,000. **It’s been estimated that these changes will result in \$38 per member per month cost increase to the Medicare Part D**

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companies that they will pass on to their members, by raising their premiums and adjusting copays and deductibles as a result of the increase in cost. Please note that Part D can be a “stand alone” plan in addition to your Medicare Supplement OR can be included in your Medicare Advantage plan. Either way The Inflation Reduction Act of 2022 will have an impact on your prescription drug coverage in 2025.

Please be sure to look at your Medicare Advantage and Part D **Annual Notice of Change** that you will receive this fall. Check for changes in premiums and benefits for 2025. Also check your Medicare Supplement premium notices, as all **carriers will be affected.**

You can find hypothetical plans changes on our website in a brief presentation located under Updates.

We will be here to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Borshoff', with a long horizontal flourish extending to the right.

Brian J. Borshoff, LUTCF