



# Medicare Open Enrollment: Three Reasons You May Want to Make Changes

During open enrollment, Medicare participants can make certain changes to their plans. Here are a few reasons you may want to switch coverage.

## KEY INSIGHTS

- Medicare participants have the option to make plan changes during open enrollment every fall.
- Switching from original Medicare to Medicare Advantage could save you money—if the provider network meets your needs.
- If your medical condition or prescriptions have changed, you may benefit from evaluating different Medicare options.

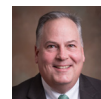
Every fall, Medicare health and drug plan providers publish information on changes that will take effect the following year. As a result, people on Medicare have the opportunity to make the following types of changes to their plans during the open enrollment period, which runs from October 15 to December 7:

- Switch from original (traditional) Medicare (Parts A and B) to Medicare Advantage (Part C), or vice versa.
- Switch from one Medicare Advantage plan to another.
- Switch from one drug plan (Part D) to another.

You'll notice that this list does not mention Medicare Supplement (Medigap) policy

changes. The open enrollment period for Medigap is the six months following your enrollment in Medicare Part B. After this period, insurance companies generally are not required to sell you a Medigap policy. If they do offer coverage after your open enrollment period, they may charge you higher premiums. Keep in mind that Medigap policies are only available to people who have Medicare Parts A and B, not to those with Medicare Advantage.

There is also an open enrollment period from January 1 to March 31, when you can change your Medicare Advantage plan. During that period, however, you can't switch from original Medicare to Medicare Advantage or make changes regarding drug plans. For complete details, go right to the source—[medicare.gov](https://www.medicare.gov).



**Roger Young, CFP®**  
*Thought Leadership Director*

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## Comparing Medicare Components



### Part A

covers room and board in the hospital



### Part B

covers outpatient services deemed medically necessary, such as lab tests and doctor visits



### Part C

helps reduce expenses through private health insurance plans



### Part D

helps lower the cost of prescription drugs

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Every Medicare participant should review their coverage at least annually. Here are three reasons you may want to seriously consider making changes:

#### 1. You have original Medicare and want to save money.

People enrolled in Medicare Advantage plans, on average, spend less on health care than those with original Medicare. This includes a combination of premiums and out-of-pocket costs, along with drug coverage.

Medicare Advantage plans aren't for everyone. Availability and costs vary widely by geographical area. Medicare Advantage plans generally restrict your choice of service providers. It's also important to note that the expense differences on the next page may reflect different levels of health care consumption across the three groups. Even considering these caveats, enrollment in Medicare Advantage plans has increased sharply in recent years because of the associated potential cost savings. If available in your area, they are worth considering.

#### 2. You enrolled in a Medicare Advantage plan and realize you made a mistake.

As mentioned earlier, the downside to a Medicare Advantage plan is the limited provider network. You may not have fully appreciated the limitations when you chose your plan. Or you may have developed a new medical issue that requires specialists who aren't available under your plan. Out-of-network medical care can be very expensive.

If you find yourself in this situation, open enrollment will give you the opportunity to consider other insurers' Medicare Advantage plans, which may have better network options. In addition, if you switched from original Medicare and Medigap within the past year, you have the option to switch back to your old Medigap plan. Just don't wait more than a year. There's no guarantee the Medigap insurance company will offer you a policy, especially if your health has worsened.

#### 3. Your drug prescriptions (or coverage) have changed.

It is surprising how different the cost for a specific drug can be in two different drug plans. A plan that worked well for

Estimated Annual Health Care Expenses for Individuals Ages 65 and Above

	Original Medicare (Parts A and B) and a Prescription Drug Plan (Part D)	Medicare Advantage HMO Plan That Includes Prescription Drug Coverage	Original Medicare (Parts A and B), a Prescription Drug Plan (Part D), and Medigap*
25th Percentile	\$3,000	\$2,400	\$5,300
50th Percentile	\$3,600	\$3,100	\$6,400
75th Percentile	\$5,600	\$5,300	\$8,500
90th Percentile	\$8,700	\$7,900	\$10,900

Source: Sudipto Banerjee, "A New Way to Calculate Retirement Health Care Costs," T. Rowe Price, March 2023. Estimates based on projected 2023 Medicare premiums and data from the Health and Retirement Study. All costs are rounded to the nearest hundred. Percentile refers to the percentage of individuals with estimated expenses below these levels. For example, the 90th percentile line indicates that only 1 in 10 retirees with Medicare Advantage has estimated annual health care expenses above \$7,900.

\*Medigap policies bought directly from an insurance company, an insurance exchange, or group plans provided by AARP are considered for these calculations. Individuals with supplemental coverage through any employer plan are not part of these calculations.

your prescription needs a year ago may be far more costly if you've added a new drug to your list. In addition, the plan can change its drug list (called a formulary). Formulary changes can take effect the next year, or sooner, such as when a generic equivalent is introduced.

The Medicare website offers a [comparison tool](#) to help you shop for drug plans (Part D) and Medicare Advantage plans. It enables you to compare costs based on your specific prescriptions. You can also see what pharmacies are in network, as well

as plan "star ratings." Medicare is a complex topic, and it's important to understand your options. There's a lot of information on the Medicare site, so be sure to set time aside to digest it all.

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