

Medicare Part D: Challenges and Opportunities of Open Enrollment

It's that time – Medicare open enrollment runs from October 15 to December 7. The plans or changes consumers choose will take effect on January 1, 2026.

This is a significant opportunity for people to ensure they have the best possible plan to cover their conditions, illnesses, medications, and other health care needs. Not only do consumers face many choices and have many questions about how to choose a plan, so do many providers. Fortunately, there are answers for everyone.

Back to Basics

Like the pieces of a puzzle, there are different components to Medicare:

- **Traditional Medicare (Parts A and B).** Part A is hospital insurance, which helps cover inpatient hospital care, limited skilled nursing facility care (the first 100 days if medically necessary, particularly after a hospital stay), and some hospice and home health care. Part B is medical insurance that helps cover services from physicians and other health care providers, outpatient care, home health care, durable medical equipment (such as walkers, wheelchairs, and hospital beds), and preventive services including vaccines, certain screenings, and yearly wellness visits.
- **Medicare Part D.** This helps pay for prescription medications. A common misperception is that Medicare Part D, the prescription drug benefit, is automatic when enrolling in traditional Medicare (Parts A and B). In truth, while Part D is offered to everyone who enrolls in traditional Medicare, they must sign up for it or enroll in a Medicare Advantage or other Medicare health plan that offers prescription drug coverage. The beneficiary must live in the plan's service area. While it is possible to get Part D coverage later if the enrollee declines it initially, there likely will be a late enrollment penalty added to the monthly premium.
- **Medicare Advantage (Part C).** A Medicare Advantage (MA) plan involves a private company that is Medicare-approved to offer an alternative to traditional Medicare. MA plans provide health care services and drug coverage, much like traditional Medicare. These plans generally have different out-of-pocket costs than traditional Medicare, including copays for medical services such as physician or physical therapy visits and various medications. Most MA plans also offer some benefits – such as vision, hearing, dental, and fitness benefits – not offered by traditional Medicare.



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Open Enrollment: Be Open To Options

People become eligible for Medicare Part D when they sign up for Medicare, usually when they turn 65. However, the open enrollment period is important because during that time, it is possible to join, switch, or drop a plan without penalty. It is important to use this period as an opportunity to review the options, even if an individual has been satisfied with their current plan. Plans change, including formularies, the specific medications covered, and the copays involved.

Diane Omdahl, RN, MS, an educator and author of *Medicare for You: A Smart Person's Guide*, noted, "Since the implementation of the Inflation Reduction Act, the cap on drug costs – the most a person with Part D coverage would pay for medications that are in a plan's formulary and obtained through an in-network pharmacy – will be \$2,100 next year, up from \$2,000." Because of this, she observed, it will be important to watch for changes that could impact coverage and the ability for senior living residents and others to get the medications they need to manage their conditions at an affordable cost.

Omdahl noted that some companies are dropping out of Part D and Medicare Advantage in several states, so it is essential for people to understand what is happening in their state. She also stressed that it's essential to pay attention to mailings from Part D companies and carefully review any changes. She said, "If your annual notice of changes says your plan is going away next year, you will need to pick a new plan. If you fail to do so during the open enrollment period, you will be automatically enrolled in another plan, which could have a much higher premium. We've received calls from people when weren't paying attention and found their premiums jumped substantially." Omdahl stressed, "Those notices are coming out now. Be sure to open and read them carefully."

Changes on the Horizon

In addition to the increase to the out-of-pocket threshold, watch for several key changes to Medicare Part D for the coming year:

- **Deductible increase from \$590 to \$615 in 2026.** Plans can charge any amount from \$0 to the maximum. Plans also determine which medications are subject to deductible, such as those in higher tiers in the formulary.
- **Elimination of the coverage gap, or "donut hole."** This was eliminated in 2025, but it is worth nothing that it will continue in 2026. In essence, Medicare beneficiaries will deal with an out-of-pocket spending limit instead of increased costs during the gap period.
- **Formulary inclusion requirements.** Changes to the Inflation Reduction Act's formulary inclusion requirements for selected medications may impact how some medications are covered under Part D plans.
- **Negotiated prices.** The Medicare Drug Price Negotiation Program allows Medicare to negotiate prices for some high-cost medications. Under this program, each year CMS will identify medications that account for a significant portion of Medicare spending. The U.S. Department of

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Health and Human Services then works with those pharmaceutical manufacturers to negotiate prices. The first cycle of the program began in 2023 with 10 medications chosen for price negotiations. These included treatments for diabetes, heart failure, and peripheral artery disease. The negotiated prices for these will take effect on January 1, 2026.

Early this year, CMS announced a list of 15 Part D medications subject to negotiations in the second round. These include treatments for diabetes, obesity, asthma, chronic obstructive pulmonary disease, and various cancers. While this program is designed to enable lower out-of-pocket costs and increased access to medications, pharmacies will face operational changes, with a number of independent pharmacies predicting the possibility of closures, staff layoffs, service reductions, and medication shortages as a result of this program.

Senior and long-term care communities can help their residents unravel the mysteries of Part D and help ensure they have the best plan for their needs. By holding educational programs, opportunities for brown bag pharmacy reviews, and other efforts, they can help ensure that residents have the information they need to make informed decisions. Some key points to make in resident/family education and engagement are:

- Individuals should keep a current and complete list of the medications they take and the cost under their plan. It also is useful to anticipate medications they might need in the near future because of new or recent diagnoses, injuries, or condition changes.
- Residents should understand the process of prior authorization and what recourse residents have if coverage for a particular medication is denied.
- It is critical to read all notices from the plan, including information about the plan's formulary. The medications covered and formularies can change, and residents don't want to miss any alerts.
- Residents should be advised to talk with their physician or pharmacist if they have questions.
- There are many reliable resources to help people choose a plan that's right for them. These include: <https://www.medicare.gov/plan-compare>, <https://www.medicareplanfinder.com>, and <https://www.medicare.gov/health-drug-plans/part-d>.

Finding a Trusted Medicare Advisor

There are many insurance agents out there offering to help people choose a Medicare plan. Not all agents are created equal, and some may benefit from pushing one plan over another. Omdahl encouraged seeking specific information before working with anyone. She offered some red flags, such as an agent who prioritizes discussions about low monthly premiums and extra free benefits and/or talks about 'today only,' stressing that you can always change your coverage later on. Instead, she suggested, it is important to find an agent who talks about topics like provider networks, medication formularies, and prior authorization.

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PharMerica clients have instant access to a trusted Medicare advisor through its partnership with eHealth. With licensed agents in every state, eHealth represents 200 insurers nationwide with plan data that is updated in real-time. Residents can [contact eHealth](#) to receive a no-cost, no-obligation plan review that they can trust.

Part D and the Pharmacist

The long-term care pharmacist is also trusted partner for residents. They can work with residents to make sure that have a complete and current list of all their medications, so they can accurately compare Part D plans. Pharmacists can also help identify opportunities for therapeutic alternatives that can save on copays and other out-of-pocket costs. Additionally, the pharmacist can help determine alternative options if a medication's coverage is denied by a resident's plan. The pharmacist-resident relationship is key to safety, quality of life, and cost-effective care.

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