Brace for big 2027 Medicare changes — and watch your inbox

Shifting drug subsidies and digital notices could create a perfect storm for enrollees

By Paul Davis

This could be one of the most tumultuous open enrollment periods in Medicare history. Temporary federal subsidies are ending Jan. 1, 2027, leading to steep premium hikes, carriers scaling back or outright leaving the marketplace and shrinking drug formularies.

That volatility makes it critical that you review your Annual Notice of Change (ANOC) for upcoming modifications to your coverage, premiums, and drug lists. Federal rules require carriers to deliver these updates by late September, giving you two weeks to look at all the changes before the Annual Open Enrollment Period runs from Oct. 15 to Dec. 7.

You also need to watch out for any letters sent to you making changes in how some of your drugs are covered. Drugs could be dropped, changed in tier (price), or have new restrictions.

However, a dramatic shift in how insurance companies communicate is creating a dangerous blind spot. Millions of beneficiaries who opted into electronic delivery are now receiving these updates via email. In crowded inboxes, messages with subject lines like "Important Account Update" often end up buried, ignored, or routed straight to spam folders.

With the sweeping statutory and market shifts expected for 2027, missing these notifications could leave you locked into an overpriced or inappropriate health plan for an entire calendar year.

Part D prescription drug plans: Subsidy expirations and price pressures

The Inflation Reduction Act introduced major changes to Medicare Part D, including capping out-of-pocket prescription drug spending. To cushion insurance carriers from sudden financial shocks, federal regulators temporarily introduced the Part D Premium Stabilization Demonstration program.

Those temporary federal subsidies officially end on Jan. 1, 2027. As a result, standalone Part D prescription drug plans face severe financial restructuring. For 2027, enrollees should prepare for:

- **Substantial premium increases:** Monthly costs for standalone drug coverage are expected to rise significantly across multiple carriers.
- **Fewer market options:** Carriers are consolidating or eliminating plans entirely. For instance, SilverScript has already announced a reduction in its plan offerings.

- **Formulary and copay alterations:** Insurance companies may restructure drug tiers, increase copays, and drop certain brand-name medications from their drug lists.

CRITICAL RX ACTION TIP: *If you currently receive coverage for a prescription through a formulary exception, do not assume that approval carries over into the new year. Contact your Part D plan immediately to confirm whether your medication remains covered for 2027 and at what tier level. If you have a drug that does not appear on any plan formulary, it's impossible to shop and compare prices. Better the devil you know.*

Medicare Advantage: Shrinking networks and higher out-of-pocket costs

Medicare Advantage (Part C) plans have historically attracted enrollees through zero-dollar monthly premiums and rich secondary benefits, such as routine dental, vision, and hearing care. However, rising healthcare utilization and tighter federal payment rules are forcing carriers to adjust their business models.

In 2027, Medicare Advantage enrollees should expect:

- **Service area cutbacks:** Insurers are exiting unprofitable geographic regions, which means some counties may lose Medicare Advantage options altogether. Humana has announced it will be exiting plans that have 600,000 members.
- **Elimination of PPO plans:** Several major carriers are paring back Preferred Provider Organization (PPO) options in favor of tighter Health Maintenance Organization (HMO) networks.
- **Higher out-of-pocket maximums:** Out-of-pocket limits that were previously $1,000 or less are rising, and monthly premiums are returning on plans that used to be $0/month premium.
- **Reduced supplemental benefits:** Allowances for over-the-counter items, dental coverage, and fitness memberships are being scaled back.
- **Strict enrollment quotas:** Some carriers may place hard caps on total enrollees per plan, forcing consumers to make quick decisions before capacity closes.

An opportunity: If you are on a Medicare Advantage plan that is being eliminated you will gain an open enrollment into a Medicare Supplement plan. Normally, in most states you would have to answer health history questions and pass underwriting to make this change. Take advantage of this opportunity if a Medicare supplement plan makes more sense for you. 90% of our clients are on Medicare supplement plans and we are convinced this is the better way to go.

The paperless trap: How to find your missing ANOC

Because so many enrollees miss their digital statements, tracking down your Annual Notice of Change before Oct. 15 is your most important task. If you suspect your e-delivery notification went missing, follow these three steps to retrieve it:

1. **Search your email archives:** Query your inbox for your plan provider's name alongside terms like "Annual Notice," "Plan Changes," "ANOC" or "2027 Coverage." Be sure to check your Junk, Spam and Promotions tabs.
2. **Access your online member portal:** Federal regulations require insurers to host all required annual documents on their online portals. Log into your account and check the "Documents" or "Message Center" tab for downloadable PDFs.
3. **Request a physical paper copy:** You have the legal right to opt out of electronic delivery at any time. Call the customer service number on the back of your insurance card and request that hard copies of your 2027 ANOC be mailed to your home. Federal rules require plans to dispatch requested paper materials within three business days.

Medicare Supplement plans: Stability at a premium

While Medicare Advantage and Part D plans face heavy volatility, Medicare Supplement (Medigap) policies continue to offer unmatched access to care. Medigap plans allow enrollees to see any provider or visit any hospital in the country that accepts Original Medicare without network restrictions or prior authorization hassles.

However, Medigap plans have experienced double-digit premium increases for three consecutive years. Despite rising rates, they remain the gold standard for comprehensive coverage.

In California, beneficiaries have a powerful tool called the Birthday Rule. Every year, during the 60 days following your birthday, California law allows you to switch to another Medigap policy of equal or lesser coverage without medical underwriting — meaning insurance companies cannot deny you coverage or raise your rates due to pre-existing conditions.

The changing role of independent insurance brokers

A significant behind-the-scenes shift for 2027 involves broker compensation. Many major insurance carriers have eliminated sales commissions paid to independent agents for stand-alone Part D plans and select Medicare Advantage options.

Because brokers are no longer compensated for enrolling clients in these plans, many agents may be unable to offer comprehensive, multi-carrier comparisons for stand-alone drug coverage. When shopping for coverage, ask your agent directly which plans they are able to represent. Medicare.gov offers the only platform that is certain to show every plan available in your zip code.

Deadlines matter: Protecting yourself before Dec. 7

If you fail to act by Dec. 7, you are generally locked into your current plan for all of 2027.

Medicare Advantage enrollees get a second chance during the Medicare Advantage Open Enrollment Period (Jan 1 – March 31) to make a one-time plan switch. However, standalone

Part D drug plan holders do not receive a secondary window. The National Association of Benefits and Insurance Professionals (NABIP) is actively advocating for legislative changes to grant Part D enrollees a similar second-chance window, but for now, the Dec. 7 deadline is absolute.

Take time this week to open your mail, log into your digital portals, and review your coverage. A simple 20-minute review before Open Enrollment closes can protect both your healthcare access and your wallet for all of 2027.

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