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## **Medicare Part D Premiums Are Increasing for Many But Not All Stand-Alone Plans in 2025, Reflecting Effects of New Premium Stabilization Demonstration**

*By Juliette Cubanski*

CMS has just released information about Medicare Part D plans for 2025, including plan availability and premiums for the coming year. While CMS's headline emphasized stability in terms of average Part D premiums, a quick review of the data shows that many insurers are increasing premiums for their stand-alone drug plan offerings, but not across the board. Some major plan sponsors, including Aetna and UnitedHealthcare, are also reducing their stand-alone prescription drug plan offerings, and overall, there will be fewer PDPs in 2025 than in 2024 – 524 plans nationwide, down from 709 in 2024.

Normally the release of the Medicare plan “landscape file” is a somewhat sleepy late September occurrence, but there was greater anticipation of this year's release due to uncertainty around the impact on premiums of changes to the Part D benefit under the Inflation Reduction Act that are taking effect in 2025. These changes include a new \$2,000 cap on out-of-pocket drug spending for Part D enrollees and an increase in the share of high drug costs paid for by insurers. While Part D enrollees stand to benefit from enhanced financial protection for their drug costs, concerns were raised that the changes in the benefit design would lead insurers to significantly increase premiums for Part D coverage, especially for Medicare's stand-alone prescription drug plans.

A comprehensive KFF analysis will follow in the future, but it appears that premium increases for 2025 were moderated due to a new Biden-Harris administration Part D premium stabilization demonstration for PDPs, which capped premium increases at \$35 per month along with other measures. However, looking at premium changes for a few of the more popular



## Mike's Blog

October is Breast Cancer awareness month, and means a lot to me and my family. My wife and mother of two, Cyndi Alexander passed away from Breast Cancer. Everyone that has lost a loved one knows the emotional devastation that follows. We lost a partner, best friend, wife, daughter,



mother, companion, when Cyndi died. If you knew her, you would remember her infectious smile and constant upbeat personality that attracted people to her. She was 30 years old when diagnosed with Breast Cancer and I can never forget the moment when the doctor brought us into his examination room after testing.

The wind removed from our bodies when the doctor informed us "You have Cancer". Cyndi kept a positive disposition about our situation and unless she was not wearing a hat or wig, you would never know she was sick.

Cyndi was 33 years old when she passed however, for my children and I, Cyndi will be forever immortalized in our hearts and mind. It is extremely difficult for me to write every year about her passing. While Cyndi was in hospice care, we had several hard conversations about her wishes. I made several promises that we be kept as long as I wake up on earth. She requested that we try to get everyone we know to seek an annual wellness exam to check for cancer. Cancer statistics are alarming and early detection with removal of the tumor improves outcomes dramatically. It is for this reason we ask everyone reading this message to seek an annual wellness exam (mammograms, paps, blood work, etc). If you have major medical insurance, wellness benefits are covered at 100%. Blood test and exams can detect most forms of cancer and you have to treat the disease early.

Please get checked!

*Continued from Page 1- 9 Things on Deep Discount in October*

plans shows a mixed picture across plans, with premium decreases in some cases (based on premiums in California; monthly premiums and premium changes vary by state):

- The monthly premium for the most popular PDP nationally, Wellcare Value Script, is increasing by \$17 in California, from \$0.40 to \$17.40.
- The second most popular PDP, Aetna's SilverScript SmartSaver, will no longer be offered nationwide in 2025. Enrollees in that plan will be switched into Aetna's sole PDP offering for 2025, SilverScript Choice, unless they choose a different plan, and their monthly premium will increase from \$18.60 to \$53.60, a \$35 increase. But enrollees currently in SilverScript Choice will see their premium decrease by \$1.60 between 2024 and 2025.
- Enrollees in another popular PDP, Humana's Value Rx Plan, will see their premiums increase by \$35, from \$59 to \$94.

Monthly Premiums for National Medicare Part D Stand-alone Drug Plans in California Are Increasing for Many Plans But Decreasing for Some Others

Plan	2024 premium	2025 premium	Change
AARP Medicare Rx Saver > same	\$89.80	\$124.80	\$35.00
AARP Medicare Rx Walgreens <sup>1</sup> > Preferred	\$80.40	\$115.40	\$35.00
Cigna Extra Rx > Healthcare Extra Rx	\$105.90	\$140.90	\$35.00
Humana Basic Rx Plan > same	\$75.20	\$110.20	\$35.00

Plan	2024 premium	2025 premium	Change
Humana Premier Rx Plan > same	\$129.20	\$164.20	\$35.00
Humana Walmart Value Rx Plan > Value Rx Plan	\$59.00	\$94.00	\$35.00
SilverScript SmartSaver <sup>2</sup> > Choice	\$18.60	\$53.60	\$35.00
Wellcare Medicare Rx Value Plus > same	\$82.60	\$117.60	\$35.00
Wellcare Value Script > same	\$0.40	\$17.40	\$17.00
Cigna Saver Rx > Healthcare Saver Rx	\$15.80	\$20.60	\$4.80
SilverScript Choice > same	\$55.20	\$53.60	-\$1.60
AARP Medicare Rx Preferred <sup>1</sup> > Preferred	\$121.60	\$115.40	-\$6.20
Clear Spring Health Value Rx > same	\$22.70	\$4.00	-\$18.70
Wellcare Classic > same	\$35.90	\$16.80	-\$19.10
Cigna Secure Rx > Healthcare Assurance Rx	\$34.50	\$1.80	-\$32.70
SilverScript Plus <sup>2</sup> > Choice	\$116.00	\$53.60	-\$62.40

At most, stand-alone drug plan premiums are increasing by \$35 per month over 2024 levels, due to the premium stabilization demonstration. According to CMS, virtually all PDP enrollees are in plans sponsored by insurers that opted to participate in the voluntary demonstration. In the absence of this demonstration, premium increases would certainly have been larger. In California, enrollees in 8 of the 16 national PDPs offered in 2024 will see their premiums increase by \$35 if they do not switch to a different plan in 2025, while enrollees in 6 other national PDPs in 2024 will see a premium reduction. With 57% of all Part D enrollees in Medicare Advantage drug plans in 2024 and 43% in stand-alone PDPs, most Part D enrollees are not likely to face increases of this magnitude. This is because Medicare Advantage plans can use rebate dollars from the federal government to reduce premiums for prescription drug coverage. According to CMS, Medicare Advantage drug plan premiums for 2025 are holding steady at considerably lower levels than stand-alone drug plans, on average, with many plans charging zero premium as in previous years.

Changes in plan availability and premium increases for some of the more popular stand-alone drug plans are likely to bring about substantial enrollment shifts in the PDP market during this year's open enrollment period, more so than in previous years when plan availability and premium changes overall were more modest. It's also possible that premium increases for PDPs will lead to more enrollees switching from traditional Medicare to Medicare Advantage drug plans, accelerating the steady growth in the Medicare Advantage market.

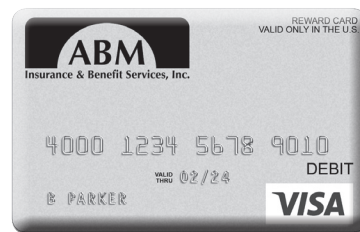
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# The Surprising Cost of Owning a New Car

by Craig Johnson

Owning and operating a new car today can be an incredible convenience — and even be cool — but it's going to cost you.

"New vehicle pricing has been coming down but the overall cost of ownership is up and now has crossed an incredible threshold, according to the latest annual survey from AAA," says money expert Clark Howard.



## How Much Does Owning a New Car Cost Right Now?

AAA's Your Driving Cost study reveals that the total expenses associated with owning a new vehicle is \$12,297 (\$1,024.71 per month). That represents a hike of \$115 compared to the previous year, according to AAA's data.

"Is there any doubt why most people buy used vehicles?" Clark says. "And why the average age of a vehicle on the roads in the United States is the oldest it's ever been?"

Here's how the expenses are broken down in AAA's study:

- Total Costs: operating + ownership expenses
- Operating Costs: costs per mile, fuel and maintenance
- Ownership Costs: full-coverage insurance, license, registration and taxes

When it comes to vehicle categories, small sedans have the lowest total ownership costs, according to the data, which looked at total annual expenses per 10,000, 15,000 and 20,000 miles.

To come up with its study results, AAA analyzed nine categories of vehicles, including 45 models, to determine a new car's average operating and ownership costs over a year. "The study assumes a five-year ownership period, with the vehicle being driven 15,000 miles/annually (or a total of 75,000 miles)," says AAA.

## How Much Does It Cost To Own and Operate a New Car?

Here's a look at several popular vehicle categories and what it costs to own and operate these car based on driving 15,000 miles a year, according to AAA:

Vehicle Categories	Average Total Cost Per Year
Small Sedan	\$8,886
Medium Sedan	\$10,557
Sub Compact SUV	\$10,127
Compact SUV (FWD)	\$10,656
Medium SUV (4WD)	\$12,576
Midsized Pickup	\$12,366
1/2 Ton/CrewCab Pickup	\$16,453
Hybrid Vehicle	\$9,910
Electric Vehicle	\$12,704

## How To Lower Your New Vehicle Costs

**Avoid Auto Financing With the Car Dealer.** Clark never wants you to get auto financing with the dealer, who has no interest in you getting the best terms. Clark wants you to get pre-approval from a friendly financial institution – like a regional bank or credit union – to ensure you get the best lending rate available.

"Credit unions almost always are going to be the cheapest place," Clark says. "Credit unions tend to use a sliding scale to find a loan for you. You have to really, really have horrendous credit for them to just flat turn you down." Also, be sure to follow Clark's Maximum Auto Loan Rule.

### **Buy the Right Type of New Vehicle**

Clark says, "If it's about money, it's really important to understand that buying a new vehicle in the first place is so expensive and second, what type of new vehicle you buy makes a big difference as well."

What type of new vehicle makes the most financial sense? One that takes care of your needs, but also one that has great resale value. In other words, buy a new car that doesn't depreciate greatly over its first five years. "When you buy a new vehicle, depreciation is your enemy," Clark says.

### **Compare New Car Prices Everywhere**

To get the best deal on a new car, don't relegate yourself to what's on the lots at your local dealers. Clark says you may be able to find the top bargain far away from home. By using the internet, it's as easy as ever to car shop online.

"If you shop [with] dealers, there's now big price differences in various markets around the country. So, if there's a particular make and model and version that you really like, getting quotes as far as the pain is worth it to you — somewhere else in the country — is worth doing."

Clark says prospective buyers fixated on the monthly payments may be signing for owning and operating a vehicle that is over their budgets. "People tend to go to a dealer and finance with the dealer and the only thing they're buying into is, 'What's it going to cost per month for the payment or lease?' Here's the thing, that's only a portion of the puzzle," Clark says.

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## **Auto Insurance Rose 15% in First Half of 2024**

*by AnneMarie McPherson Spears*

Personal auto insurance rates rose 15% in the first half of 2024, according to data analysis from Insurify. The average annual premium now costs \$2,329. By the end of the year, Insurify predicts that rates will have increased a total of 22%.

Maryland currently has the highest personal auto rates in the U.S., with an average of \$3,400 annually. New Hampshire has the lowest, at \$1,000 annually. However, California, Missouri and Minnesota are predicted to see auto insurance costs increase by more than 50% in 2024.

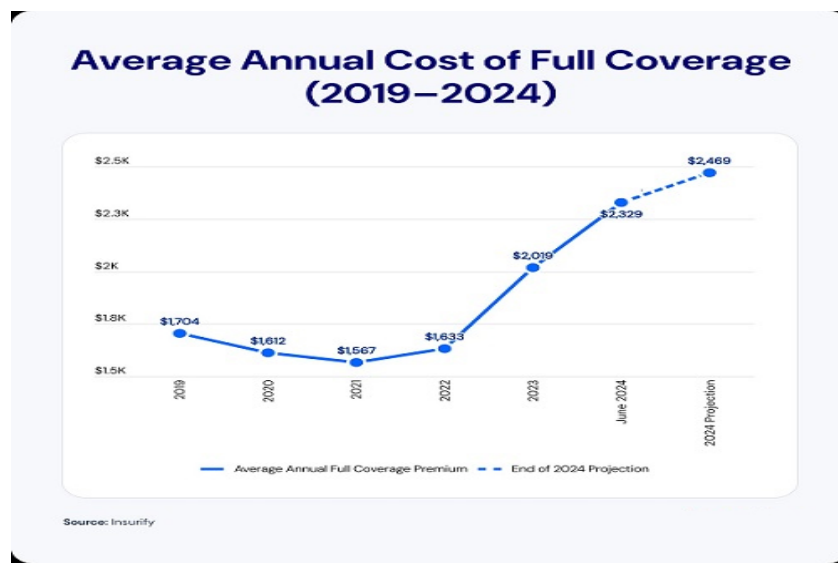
2024's rate increases continue the trend set in 2023, which saw premiums rise by 24% after insurers experienced record underwriting losses of \$33.1 billion in 2022. While underwriting losses decreased to \$17 billion in 2023, the hit was still enough to drive 2024's first-half increases.

One factor contributing to losses is vehicle maintenance repair costs—which have increased by nearly 38% over the past five years, according to data from the U.S. Bureau of Labor Statistics. While safety technologies can help drivers avoid crashes and the related premium increases, they're also expensive to repair. Advanced driver assistance systems (ADAS) can add up to 37.6% to the total repair cost after an accident, according to AAA data, and minor damages to front radar and distance sensors can add up to \$1,540.

These costs are compounded by the increasing usage of expensive-to-repair electric vehicles, auto mechanic backlogs, and vehicles getting older as Americans hold onto their cars for longer. Average vehicle ages reached a record 12.6 years in 2024, according to S&P Global Mobil

Increasingly severe and frequent weather events are also driving rate hikes. For instance, Minnesota experienced \$1.8 billion in damages following a series of hail storms in August 2023, contributing to a 55% increase in rates. Hail-related auto claims represented 11.8% of all comprehensive claims in 2023, up from 9% in 2020, according to CCC Intelligent Solutions.

Hurricanes bring a surge of auto losses to coastal areas. For instance, during Hurricane Ian's peak days, Sept. 25-30, 2022, nearly 52% of Georgia, Florida, and South Carolina vehicle claims were total losses, according to CCC Intelligent Solutions. 2024 is predicted to be an extremely active hurricane season.



"I think climate risk will likely start to play a role in new areas. As we experience tornadoes, hail, and flooding in places where they weren't necessarily a major threat before, the increased frequency and severity of these events will need to be considered in pricing," said Betsy Stella, vice president of carrier management and operations at Insurify.

On the state level, legislative changes in states like Maryland—where drivers pay 46% more than the U.S. average and rates are projected to increase by 41%—and South Carolina—where drivers pay 43% more than the rest of the country with a 38% projected rise for 2024—have increased insurers' financial responsibility and led to higher premiums, Insurify said. California is catching up from the rate freezes during the coronavirus pandemic, leading to some insurers requesting double-digit hikes and others exiting the state entirely.

Additionally, car thefts have also driven up premiums. Missouri, which is predicted to see a 55% hike in 2024, and California, with a 54% predicted increase, are among the 10 states with the highest auto theft per capita, according to the National Insurance Crime Bureau.

It may be hard to believe now, but auto rates won't continue to rise forever. "Insurers implemented higher rate increases to account for changes in the frequency and severity of auto losses," Stella said. The COVID-19 pandemic and the following inflation, especially in the price of vehicle maintenance and repairs, along with changes in driving behaviors, led to new loss trends that increased the difficulty of rate setting."

"Some insurers have started making downward adjustments in areas where they've found opportunities to operate profitably while charging lower rates," she said. "Generally, consumers will continue to see rates rise with inflation, or in areas where traffic accidents are increasing, but in some states, they could see premiums decrease a little again."

## **Skyrocketing home insurance rates deter homebuyers** by Doug Bailey

Despite falling interest rates, potential homebuyers are meeting a new, formidable obstacle: the skyrocketing cost of home insurance. The rising expense is adding another layer of complexity to the home-buying process, frustrating both buyers and lenders, and stifling what could have been a more active real estate market, experts say.

Homeowners and potential buyers are now facing insurance premiums that are rising at an unprecedented rate. These soaring costs, driven by the increased frequency of natural disasters and inflationary pressures, have caused many buyers to either pause their search or face hurdles in securing financing.

Recently, a record 60,000 prospective homebuyers canceled their purchase agreements, according to real estate brokerage Redfin. That represented 16% of the homes that went under contract that month and was the highest share of cancellations on record going back to 2017, when the company first began tracking the data. Insurance might not have been the only reason for the high number of cancellations, but experts believe it was a major factor.

"The [price of home] insurance is catching people off guard if they can even find it because depending on where they live, carriers are just making it a lot more challenging to find insurance," said Travis Hodges, managing director at insurance broker VIU by HUB.

Hodges said insurers are also demanding closer inspection of properties in some areas before signing off on the sale, slowing the closings and increasing costs.

The cost of home insurance is still increasing due to the impact inflation has had on the earlier losses experienced by the insurance company, the elevated cost of building materials, and the high likelihood of future extreme weather-related losses, according to Bankrate. Across the country, premiums have jumped 23% since 2023. The average premium in February 2024 was about \$141 a month for a home with \$250,000 worth of dwelling insurance.

Meanwhile, according to recent census data, a record 13.4% of homeowners in the U.S. now lack home insurance, a staggering figure that highlights the growing inaccessibility of coverage. This uninsured rate not only exposes homeowners to risk but also disrupts the mortgage approval process, as lenders typically require insurance as a condition of financing. The volatility in the insurance market has delayed loan approvals, with insurers hesitant to issue policies in certain regions prone to natural disasters, such as California and Florida. This leaves both lenders and buyers in limbo, causing significant delays in the closing process.

"Florida, California, Texas, and New York are the hardest, most challenging states to insure in," said Hodges. "They are also the most popular. So, you have the largest populace in places that are the hardest to insure. It is the perfect storm, no pun intended."

The combination of delayed loan approvals and unexpectedly high premiums is forcing buyers to reconsider their options, while sellers are left scrambling to find new buyers.

Cash buyers, however, are reaping the benefits of these challenges. As the insurance market becomes more unpredictable, the share of cash buyers in the real estate market has surged to record levels.

Home buyers who paid cash accounted for 32% of home sales in January, marking the highest rate since 2014, according to the National Association of Realtors. Many used the equity from a prior home sale. These buyers bypass the need for lender-mandated insurance, allowing them to close deals more quickly and avoid the insurance-related pitfalls plaguing traditional buyers.

This trend is worsening the divide between those who can afford to pay cash and those who rely on financing to buy a home. The growing number of cash buyers also raises concerns about housing affordability and accessibility. With traditional buyers facing greater obstacles, more homes are being snapped up by those with the resources to pay in full, which could drive home prices higher and reduce opportunities for first-time homebuyers. This shift in the market underscores the broader impact that rising insurance costs are having on the housing sector.

"It's a challenging time because a lot of the insurance companies are struggling with profitability," Hodges said. "And so obviously those challenges and costs are shared and passed on to the consumer. And in that house buying process, that insurance price becomes a lot bigger [part] of the monthly payment that buyers were not anticipating or planning for."



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I really enjoyed my recent meeting with Michael Alexander Sr., where we discussed insurance for my business. He and his staff are easy to talk to, knowledgeable, and a joy to work with. I feel certain they will give me a good quote. I'm happy to have met them and look forward to working with them.

-D. Sigloch

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Hodges recommends that prospective home buyers look carefully at options available before buying and work with insurance professionals who can find ways to maximize coverage without increasing the financial burden.

"Things like do you have the proper deductible, do you have the proper coverage do you have the proper package policies," he said. "Your average consumer is not supposed to know those things, or they are just built into the closing. But those things can help make it more financially tolerable. So, I just would encourage people to shop early for insurance."

As insurance premiums continue to rise and market volatility persists, the outlook for homebuyers stays uncertain. Falling interest rates may offer some relief, but without addressing the ballooning costs of insurance, many prospective homeowners may find themselves locked out of the market altogether.

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