

Medicare Part D – Prescription Drug coverage



By Nancy Tredwell

We have had many inquiries into the recent release of the Prescription Drug package under Medicare. It has become confusing, and highly political topic of discussion. Here are some of the items that we feel are important to look into and focus on.

Who should consider signing up:

Everyone with Medicare Part A & B needs to review their current coverage for prescription drugs and carefully read the information received from their current provider. Below are some guidelines; however your current provider should be consulted before making a final decision.

If you have a **Medigap policy without prescription drug coverage** or you have **no other prescription drug coverage or option to add it to your current plan**, you should consider signing up.

If you have other types of coverage, read your plan information & recent correspondence carefully.

- If you are part of a **Medicare Advantage** HMO, PPO or PFFS program (Kaiser, Secure Horizons, etc.); you probably already have “creditable” prescription drug coverage and should **not** sign up for Medicare Part D. If you do not, contact your plan to determine your options.
- If you have **medical coverage as part of a retiree health insurance plan** you should have received a letter advising you if your plan’s prescription drug coverage is considered “creditable coverage” (at least as good as the standard Medicare benefit). Read this letter carefully to determine your options. *If you sign up for Part D and have “creditable coverage”, your health insurance coverage could be jeopardized.* In most cases, if you have “creditable coverage” you will just continue with your current coverage. Call your benefit administrator to find out your options if your coverage is not “creditable” or if you have any other questions.
- If you have a **medigap policy that provides prescription drug coverage**, call your provider to determine your options. You may have received a letter from them. In most cases, the medigap policy’s prescription drug coverage is not “creditable coverage”. If it is not, you can:
 - keep your policy, but drop the drug coverage (be sure to advise your insurance company)
 - transfer to a different Medigap plan and enroll in Medicare Part D
 - transfer to a Medicare Advantage plan

OR

- keep your current plan with the prescription drug coverage (with this option, the premiums may increase rapidly and future options may be limited – it is not a recommended choice).



Deadlines to sign up:

The enrollment deadline is **5/15/06**.
 If you signed up by 12/31/05, your coverage starts on 1/1/06.
 If you sign up between 1/1 and 5/15/06, your coverage will start the beginning of the following month.
 You can change plans each year during open enrollment from 11/15 – 12/31.

Medicare Part D is optional; however, if you do not sign up by 5/15/06 and choose to sign up later, you may pay a higher monthly premium, which increases every month until you enroll. If you have to pay a premium penalty, you will have to pay it for as long as you have coverage. The premium penalty will be about 1% for *every month* you delay enrollment (12% for each year you delay).

For this reason, you should consider signing up for a plan, even if you have minimal drug costs at this time. Some plans cost as little as \$6 per month in premium. Although the coverage may be basic, you will not be penalized if you have a greater need in the future and want to switch to a plan with greater coverage. You can do this during open enrollment (Nov 15 to Dec. 31) every year.

If you currently have “creditable coverage”, then you will have a short grace period after that coverage ends to sign up for Medicare part D without penalty.

The different plans – how they work:

The standard (minimum) plan set out by Medicare works as follows:

| <u>Component</u> | <u>You Pay</u> (varies with plan) | <u>Prescription Drug Plan Pays</u> (varies with plan) |
|--|---|--|
| Monthly Premium | \$6 and up – depending on plan | |
| Annual Deductible | The 1 st \$250 in <i>covered</i> expenses | nothing |
| Co-insurance – what you pay per prescription | 25% of the covered drug costs between \$250 & \$2,250 | 75% of covered drug costs between \$250 & \$2,250 |
| Coverage gap – Expenses not paid by the plan | 100% of expenses between \$2,250 & \$5,100 | nothing |
| Catastrophic Coverage – after total drug costs are \$5,100 | \$2 generic, \$5 brand OR 5% of the cost, whichever is <i>greater</i> | The remainder of the cost |

Note – if you buy a drug that is not on your plan’s formulary or you buy it from a pharmacy that is not in your plan’s network, you will pay the full cost and that cost will not count toward the \$3,600 out of pocket (deductible & co-insurance) you must pay before you reach the Catastrophic Coverage

Providers of these policies are offering numerous variations of the standard plan. The cost to you will vary depending on the specific medications you are taking – which drugs are in the company’s formulary, generic vs. branded, etc. These are called “tiers” of coverage.

The plans can differ in several ways, including: premium, medications covered, the deductible, the co-insurance amount, coverage during the gap between \$2,250 and \$5,100 in costs, which pharmacies are in the network, ability to use mail order, national vs. regional plan, etc.

Your doctor may be able to prescribe a different medication or write an appeal letter if you are unable to find an acceptable plan.



What is the best plan?

The best plan will be different for each person, depending on the medications needed.

The web site www.medicare.gov is set up to compare plans. When you enter your Medicare # and medications, you will get a list of plans available to you, showing the total annual cost and the breakdown of the costs. Be sure to check the details, “important notes”, and provider (pharmacy) options. You can also Call Medicare at (800) 633-4227.

Signing up:

You can join a Medicare private drug plan by contacting the company, completing an online application on the plan’s website or Medicare’s web site, or calling Medicare (800) 633-4227.

It is a good idea to verify the information and details directly with the provider before signing up.



More help: Always be sure to read the information provided by your current plan. To get additional help you can: call Medicare at (800) 633-4227, use web resources such as www.medicarerights.org and www.aarp.org, read the *Medicare & You 2006* handbook which was mailed to you, call HICAP - The Health Insurance Counseling and Advocacy Program. They offer free Medicare counseling services. Alameda County - (510) 839-0393, Contra Costa County - (925) 335-8720, San Francisco County (415) 538-3333, Marin County and other northern locations (707) 526-4108. If you live elsewhere, call SHIP (800) 677-1116 for your local program.

Low Income: there is financial help for people with very limited income and assets. Call HICAP (or your state contact if not in California) for the details on qualification.