

# Making Sense of the Medicare Prescription Drug Coverage (Part D)

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# THE MEDICARE PRESCRIPTION DRUG COVERAGE

## THE TIME TO ENROLL FOR 2007 IS BETWEEN NOVEMBER 15 AND DECEMBER 31, 2006

The Medicare prescription drug coverage soon will enter its second year. If you're one of the millions of Americans who have already signed up for coverage, chances are you've already saved money on your prescription medicines. If you did not sign-up in the initial period, you have another chance to join the program when the 2007 sign up period for Part D begins November 15 of this year.



Anyone who is eligible for Medicare can receive this coverage which may help lower your prescription drug costs and help protect against higher costs in the future.

### **Medicare Prescription Drug Coverage Quick Facts:**

- **Medicare Prescription Drug Coverage is insurance**

Private companies provide coverage, you pick the plan and pay a premium

- **It can save you money now and in the future**

By helping lower prescription drug costs now and in the future

- **It is flexible**

There are different types of Medicare plans from which you can choose

- **It is voluntary**

You do not have to join, but if you decide to wait, there may be a penalty if you choose to sign up in the future

This resource guide is designed to help you understand and decide whether Medicare Prescription Drug Coverage is right for you.

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## **“Am I eligible for the Medicare Prescription Drug Coverage?”**

If you are eligible for Medicare Part A or Part B, you are eligible for the new prescription drug coverage. There is no screening for pre-existing conditions or high drug costs. Plans must take everyone who is eligible and joins.

### **Why does it matter if I am eligible for drug coverage?**

You do not have to join Medicare Prescription Drug Coverage if you do not want to. But, if you delay and decide not to enroll in a drug plan when you are first eligible, you may pay a penalty if you choose to join later.



### **I’m enrolled in Part A and eligible, but not enrolled in Part B.**

If you have Part A, you are still eligible for the prescription drug coverage even if you never had Part B or you had Part B and you stopped it.

#### **If you still have questions on eligibility**

Contact Medicare — **1-800-MEDICARE (1-800-633-4227)** (TTY users call **1-877-486-2048**). Lines are open 24 hours a day, seven days a week for help. Or visit them online at **[www.medicare.gov](http://www.medicare.gov)**. You can also contact your local office on aging. For the telephone number of your local office, visit **[www.eldercare.gov](http://www.eldercare.gov)** or check your local phone directory.

## “I’m new to Medicare. What decisions do I need to make about prescription drug coverage?”

If you are turning 65 years old soon, you may join Medicare Part A, Part B and a prescription drug plan under Medicare part D during the three months before your birthday, the month of your birthday, and up to three months after your birthday. Still, everyone’s situation is different.

### What if I currently have prescription drug coverage?

If you’re employed or are retired but still covered under a company-sponsored prescription drug plan, ask your employer for information about whether your current drug coverage is on average, at least as good as Medicare’s standard prescription coverage. If so, you can keep that coverage as long as your employer offers it. If it is not as good as Medicare prescription drug coverage, check with your employer about whether you should consider joining a Medicare prescription drug plan.



### What if I DO NOT have prescription drug coverage?

- You should consider signing up for a Medicare drug plan as soon as you are eligible.
- You have two choices, a **Medicare Prescription Drug Plan (PDP)** that covers prescription drugs only and keep your Original Medicare coverage the way it is.
- Or you can join a **Medicare Advantage - Prescription Drug Plan (MA-PD)** or other Medicare Health Plan that covers doctor and hospital care, as well as prescriptions.

People with limited income and resources may qualify for extra help from Medicare in paying the costs of their prescription drug coverage. To find out more, visit page 11. Refer to the *Medicare & You* handbook for assistance as you decide about Medicare Prescription Drug Coverage. You can obtain a copy of this handbook, by calling **1-800-MEDICARE** or view a copy on the web at **www.medicare.gov**

## “What are some of the steps I should follow to pick the plan I think is right for me?”

When you choose a Medicare prescription drug plan, consider things like cost, convenience and coverage of your medications. Start with these steps:

1. Go to **www.medicare.gov** and click on “Compare Medicare Prescription Drug Plans.” Then follow the instructions to use the Prescription Drug Plan Finder. If you can’t use a computer, **call 1-800-MEDICARE** and ask the representative to enter your information in the Prescription Drug Plan Finder.
2. Choose whether you want to do a “Personalized plan search” or a “General plan search.” You will also be asked to pick the type of plan you want: either Medicare Advantage or a Prescription Drug Plan be sure to enter your list of medications and dosages in the Prescription Drug Plan Finder when it prompts you to do so.
3. The Prescription Drug Plan Finder will list all the plans in your area, starting with the lowest cost plans. You can check up to 3 plans at one time to compare information about the plans.
4. Select 3 or 4 possible plans from the Prescription Drug Plan Finder. (See the example on the next page.)
5. Contact each plan to receive more information. Consider the following when determining if a plan is right for you:
  - How is the plan’s Customer Service? Are

The **Medicare Prescription Drug Plan Finder** can help you find the most appropriate plans in your area. You can find it at **www.medicare.gov**



- plan representatives helpful in answering your questions? Courteous?
- Are there restrictions on your medications?
- Can you get your drugs if you travel part of the year?
- Is mail order available if you want it?

Below is a sample of what you will find with the Medicare prescription drug plan finder. Plans X,Y,Z are examples only. Enter in plan information on the drug plan finder to compare actual plans online.

<b>Plan Information – Medicare.gov Prescription Drug Plan Finder</b>			
<b>PLAN INFORMATION</b>	<b>Plan "X"</b>	<b>Plan "Y"</b>	<b>Plan "Z"</b>
Your Total Annual Drug Plan Cost	\$1,605	\$997	\$1,196
<b>FIXED COST DETAILS</b>			
Monthly Prescription Drug Premium	\$25.03/month	\$32.53/month	\$16.94/month
Deductible	\$0.00	\$250.00	\$0.00
Your Monthly Drug Costs after you have met your deductible but before your total drug costs reach the Initial Coverage Limit			
Drug #1	\$28.00	\$17.00	\$30.00
Drug #2	\$55.00	\$17.00	\$30.00
<b>Total Monthly Cost</b>	<b>\$83.00</b>	<b>\$34.00</b>	<b>\$60.00</b>
Your Monthly Drug Costs after your total drug costs reach the initial coverage limit but before your total out of pocket expense equals \$3,600.00			
Drug #1	\$144.96	\$60.80	\$86.70
Drug #2	\$92.41	\$80.78	\$138.04
<b>Total Monthly Cost</b>	<b>\$237.37</b>	<b>\$147.58</b>	<b>\$224.74</b>
<b>Pharmacy Network:</b>			
Pharmacy Network:	3 network pharmacies in your ZIP code	2 network pharmacies in your ZIP code	3 network pharmacies in your ZIP code
<b>MAIL ORDER:</b>	Yes	Yes	Yes
<b>DRUG FORMULARY INFORMATION</b>			
Drug #1 Drug #2	Tier 2 Tier 3 Non-preferred 1	Non-Preferred Preferred Brand 1	Tier 2 NOT ON FORMULARY 4

# "I was saving money with my Medicare Prescription Drug plan, but now I'm paying full price for my prescriptions. What can I do about the coverage gap, or 'the donut hole'?"

## What is the coverage gap?

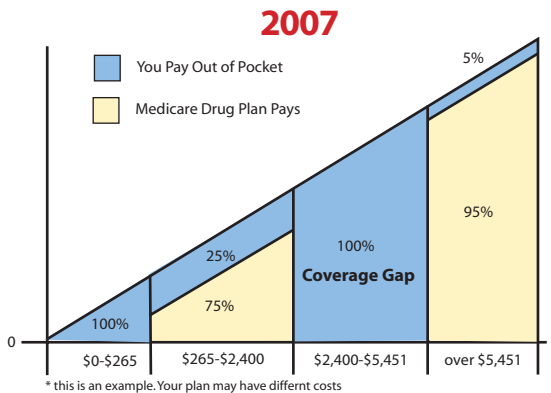
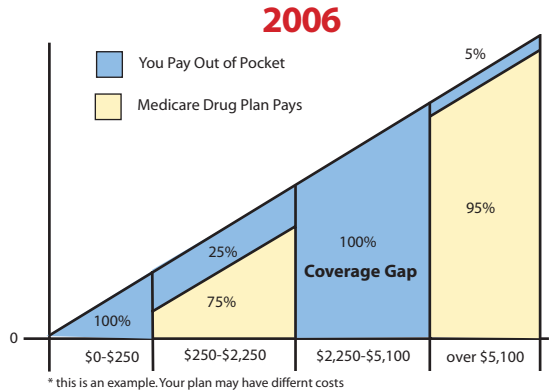
If your medicines cost more than \$2,250 for the year in 2006, you may reach the initial coverage limit and enter the coverage gap which many people are calling the donut hole. The initial \$2,250 amount includes both your share of the costs (prescription co-pays or coinsurance) and your plan's share. These dollar amount reflect 2006 figures. These dollar amounts will change in 2007. Please see the below chart.

## What Happens then?

Once you reach the coverage gap, you will begin to pay 100% of your prescription costs, and will continue paying 100% for your medications until you have spent \$3,600 out-of-pocket for the year. At that point, the coverage gap will end, and your Medicare Prescription Drug plan begins paying for most of your prescription drug costs - about 95%.

## What if the costs become too much for me?

For those who reach the coverage gap, costs for medication may cause financial hardship. However, there are things you may be able to do to lower your costs or help you manage better if you are in this situation.





## Here are some options that might help

### Enrollment period

During the next Medicare open enrollment period (November 15 until December 31), consider switching to a Medicare prescription drug plan that provides coverage in the “coverage gap”. This type of plan generally will have higher monthly premium costs than other plans. However, over the year, your total costs may be less than if you had a plan without gap coverage.

### Other available assistance

If you have limited resources, explore other available assistance including extra help from Medicare, State Pharmacy Assistance Programs (SPAPs), pharmaceutical manufacturers’ Patient Assistance Programs (PAPs), charitable organizations, and employer/group health plans. Contact these sources for specific information about each program.

### Use the Drug Plan Card

Continue to utilize your Medicare prescription drug plan card. The plan’s prices generally are lower than what you would otherwise pay, and the money spent on covered drugs will count towards your total out-of-pocket spend. Your plan will track your prescription spending and will begin paying for your medications when the coverage gap ends.

### Consider different drugs

Talk with your doctor about whether there are less-expensive brand-name drugs or possibly generic equivalents that can help you continue to obtain your medicine. If so, you may be able to avoid reaching the coverage gap.

**For additional information** on managing drug costs during the “coverage gap”, contact Medicare — **1-800-MEDICARE (1-800-633-4227)** (TTY users call **1-877-486-2048**). Or visit them online at **www.medicare.gov**. For personalized assistance, contact your local office on aging. For the telephone number of your local office, visit **www.eldercare.gov** or check your local phone directory.



## **“I like the Medicare Prescription Drug plan I’m in, but are there options I should consider?”**

If you are thinking about switching to a different plan for 2007, the open enrollment period between November 15 and December 31 is the time to do it. Here are some questions to consider:

### **What are the pros and cons of changing my Medicare plan?**

**Pros**

- You may save money if you pick a lower cost plan.
- You may be more satisfied with a plan that covers all or more of your medications.

**Cons**

- It will take research and time to pick a new plan.
- It is possible you may find things about the new plan you don’t like.

### **Why do some Medicare Prescription Drug plans cost a lot more than others?**

Some plans may cost more because your medicines are not on their preferred drug lists. You might have to pay more for medications that are not covered by the plan.

Some plans may offer additional services such as paying for your prescriptions during the coverage gap. If you do not think you will need this coverage, you should consider whether it makes sense to join such a plan. Paying more doesn’t mean it’s a better plan.

Just as paying less doesn’t mean it’s a better plan. You should consider other factors such as convenience and coverage.



### **Do I need to cancel my old plan if I switch to a new plan?**

There is no need to cancel your old plan. When you join your new plan, coverage will be switched automatically.

## “Medicare prescription drug coverage costs too much. How can I get help paying?”



People with limited income and resources may qualify for extra help from Medicare. If you qualify, you will generally pay less—and in some cases, you may pay nothing—in monthly premiums. You may also have lower out-of-pocket costs for your medications. The amount of extra help you get will be based on your income and resources. To find out if you qualify for extra help contact Medicare — **1-800-MEDICARE (1-800-633-4227)** (TTY users call **1-877-486-2048**). Or visit them online at **www.medicare.gov**. Or contact your local **Social Security Administration** office at **(800) 772-1213 [TTY (800) 325-0778]** or visit **www.socialsecurity.gov** on the web




### Where else can I turn for help?

You may qualify for help from a State Pharmaceutical Assistance Program. These are state-financed prescription drug programs that provide drug coverage to people with limited incomes, including lower-income individuals on Medicare. Contact your local SHIP office or visit **www.shiptalk.org**

### What if state assistance is not available?

- Many pharmaceutical manufacturers now offer patient assistance programs. Ask your pharmacist for more information or go online to **www.pparx.org** for more information.
- If you are a veteran, check with the Veterans Administration about the prescription drug coverage they provide.
- Some charitable organizations may provide assistance with premiums and other costs.
- See the Resource List at the end of this Guide for suggestions on how to learn more.



## **“My family and friends are uncertain about the Medicare prescription drug coverage. How can I help?”**

For most people, Medicare drug coverage is well worth the effort and initial expense of enrollment. The program could cut a person’s prescription drug costs in half. And if your family member or friend is among the more than 14 million people with Medicare who qualify for the program’s low-income subsidy, they can save even more, and out-of-pocket expenses could be reduced a lot or even eliminated.

### **Why family and friends need to be involved?**

- Despite the letters, newspaper articles and TV ads about the Medicare prescription drug coverage, there are many who may not get the message. Or they will hear stories about how confusing and difficult this whole thing is going to be. Many will want to just avoid it. Or they think it doesn’t apply to them or maybe if they ignore it, maybe it will go away until next year. That’s where you come in.



### **How can I Help?**

- Review the subjects covered in this guide to gain a basic overview of the different elements of the Medicare prescription drug coverage.
- Visit the resources that are reference in this guide. Many of the important sources of information about Medicare and the Prescription Drug Coverage are available online. Some people with Medicare may not be comfortable searching online for their health care needs and could benefit from your help.
- Seek personal help if you get stuck. Reference the “Where I can learn more” section of this guide on page 13, to find a local agency or organization in your area.

## Where can I learn more?



### Medicare:

The “*Medicare & You 2006*” handbook will arrive in the mail from CMS in October. It contains details about Medicare Prescription Drug Coverage, Medicare Part B and Medicare Advantage plans.

You can download a copy at **[www.medicare.gov](http://www.medicare.gov)**.

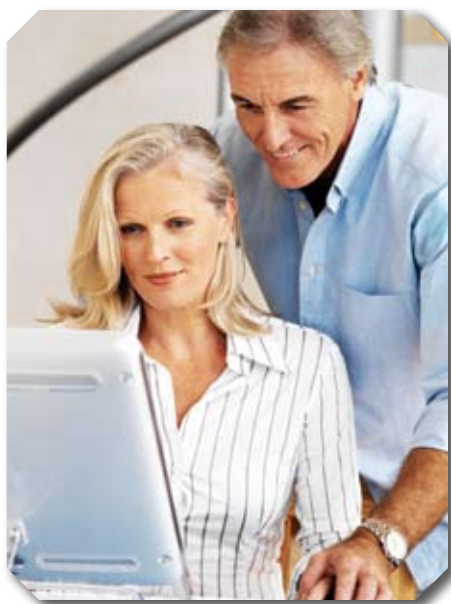
You can also call **1-800-MEDICARE (1-800-633-4227)**  
(TTY--1-877-486-2048)

### State Health Insurance Assistance Programs (SHIP)

The State Health Insurance Assistance Program, or SHIP, is a national program that offers one-on-one information and assistance to people with Medicare and their families. To find a local SHIP office in your area, visit [www.shiptalk.org](http://www.shiptalk.org) on the web.

### Social Security Agency (SSA)

The Social Security Administration has over 1,300 local offices nationwide that can provide assistance to individuals with limited income and resources. Visit **[www.socialsecurity.gov/prescriptionhelp](http://www.socialsecurity.gov/prescriptionhelp)** to find more information on assistance with prescription drug costs. Or call **1-800-772-1213 (TTY 1-800-325-0778)**



### Eldercare:

The Eldercare Locator connects older Americans and their caregivers with sources of information on senior services. The service links those who need assistance with state and local area agencies on aging and community-based organizations that serve older adults and their caregivers. To find an agency or organization in your area, visit **[www.eldercare.gov](http://www.eldercare.gov)** on the web. Or call **1-800-677-1116**.



## Where can I learn more? (continued)

### Charities

Some charities help with co-pay costs. Each program has different eligibility requirements. One such charity is the Patient Advocate Foundation's Co-Pay Relief (CPR) program, for people with certain cancers, cancer-related medical issues, and macular degeneration.

For more information, contact CPR at **866-512-3861**.

Your SHIP may know of other charities in your area.

### Hospitals

Some hospitals have a Charity Care Policy that can reduce your drug co-pays on a sliding scale (based on your income). Ask the hospital pharmacist if you qualify for help.

### **Your trusted health care professional can help**

There's a wealth of information available through all sorts of avenues, but don't forget another trusted resource available every day: the staff at your physician's office or your neighborhood pharmacist. Many have received additional training on the drug coverage program, and they're ready to help you.

These health care professionals can serve as information centers. They'll provide the names of plans with which they contract to provide drug coverage, and may be able to help in applying for extra help paying for prescription drugs.

Chances are your pharmacist can also offer guidance on specific plan drug formularies based on your own medications and health needs, as well as information on what each plan covers and out-of-pocket costs.



## A glossary of Medicare terms

**Part A:** Medicare hospital Insurance pays for stays in the hospital and at skilled nursing facilities.

**Part B:** Medicare medical Insurance that pays for outpatient medical services like doctor visits.

**Part C** Medicare managed care (HMO) formerly called Medicare+Choice Now referred to as Medicare Advantage

**Part D** pays for general outpatient prescription drugs.

**Co-pay:** the fee you pay at the pharmacy for prescriptions covered by Medicare

**PDP:** A Medicare Prescription Drug plan; a provider of benefits through Medicare

**Premium:** a fee you pay to the Medicare Prescription Drug plan in exchange for prescription drug coverage

**Subsidies:** financial help for lower-income beneficiaries

**Formulary:** a list of drugs that a Medicare Prescription Drug Plan (Part D) covers

**TrOOP:** out of pocket expenses that Medicare counts to know if/when you get catastrophic drug coverage

**Donut Hole or Coverage Gap:** A gap in insurance coverage during which you must pay all drug costs in full.

**MA-PD:** A Medicare Prescription Drug plan offered through a Medicare Advantage plan (such as an HMO, PPO or PFFS) that offers Medicare prescription drug coverage (Medicare Part D).

