

A Guide to Understanding

Medicare


Prescription Drug Coverage





Medicare

Beginning January 1, 2006, the new Medicare prescription drug benefit will change the landscape of prescription drug coverage for eligible Medicare beneficiaries. The government anticipates substantial cost savings that will make beneficiaries' prescription drugs more affordable. It will also provide them with the drug coverage they need and offer a range of plan choices.



What Is the New Medicare Prescription Drug Benefit?

The new Medicare prescription drug benefit provides prescription drug coverage for all eligible Medicare beneficiaries who choose to enroll beginning in January 2006. It also:

- Gives beneficiaries choices, so individuals are able to select a plan that offers the best coverage for the medicines they are taking
- Will be provided by private insurers, both stand-alone prescription drug plans and comprehensive managed care plans known as Medicare Advantage (MA) plans (formerly Medicare + Choice)
- Is voluntary (although there is a penalty, in most cases, if a beneficiary enrolls after the initial open enrollment period)
- Provides even further assistance and value for low-income beneficiaries and those with higher prescription costs; beneficiaries with the lowest incomes will have very little out-of-pocket costs
- Provides Medicare-approved drug discount cards (unless the beneficiary receives outpatient prescription drugs through Medicaid), which can save beneficiaries 25% or more on individual prescription drugs through May 15, 2006,* or until the senior is enrolled in a Medicare prescription drug plan, whichever comes first. Enrollment forms for the Medicare-approved prescription drug discount cards are available at www.medicare.gov or by calling **1-800-MEDICARE** (1-800-633-4227)

*Manufacturers' contracts with card sponsors may vary.



Who Is Eligible?


All individuals who have Medicare Part A or Part B or who are enrolled in Medicare Advantage plans are entitled to the new Medicare prescription drug benefit.

What Is the Benefit?

The new Medicare prescription drug benefit will provide drug coverage and offer a range of plan choices for Medicare beneficiaries.


What Will Beneficiaries Pay?

As with other types of insurance, beneficiaries will pay a monthly premium (the government's 2006 estimate is \$37/month) and part of the cost of their prescriptions including a copayment, deductible, and other cost-sharing amounts. These costs may vary significantly depending on which drug plan they choose. Some plans may offer more coverage and additional drugs for a higher monthly premium. If beneficiaries have limited incomes and resources and qualify for extra help, they may not have to pay premiums or deductibles.



How Much Will Beneficiaries Save if They Enroll in a Medicare Prescription Drug Plan?

The potential savings will depend on how much a beneficiary spends for prescription drugs and his/her financial situation. In general, the more they spend on prescription drugs, the more they'll save under the Medicare prescription drug plan. This ensures that people with very high prescription drug costs and/or limited incomes and resources save more. Most enrollees will save money under a Medicare prescription drug plan, compared to what they might have spent without enrolling. **More important, enrolling in a Medicare prescription drug plan will also insure individuals against unexpected and dramatic increases in annual medication expenses.**



How Do Beneficiaries Know Their Medicines Are Covered?

All prescription drug plans must provide access to a broad range of medicines.

Prescription drug plans may use a formulary, which is a list of prescription drugs covered by the plan that has been approved by the government:

- Information on individual plans' formularies will be available at www.medicare.gov starting October 13, 2005
- Plans must have a timely and straightforward grievance and appeals process to ensure access to drugs a doctor certifies as medically necessary
- It is important for beneficiaries to carefully review the prescription drug plans available in their area to make sure the medicines they take are offered



Who Is Eligible for Extra Help With the Cost of This Coverage?

Beneficiaries who have limited incomes and resources and do not have prescription drug coverage may get even more help with their prescription drug costs. In the early summer of 2005, the Centers for Medicare & Medicaid Services and the Social Security Administration sent information to beneficiaries with low incomes about how to apply for this extra help.

When Do Beneficiaries Sign Up?

Medicare beneficiaries can sign up during a 6-month open enrollment period beginning November 15, 2005, and ending May 15, 2006. Enrollment is voluntary. However, if beneficiaries decide to enroll after May 15, 2006, they will have to pay more each month to participate in the Medicare prescription drug plan (unless they meet certain exemption criteria). The next opportunity to enroll will be November 15 through December 31 of 2006.

Where Can Beneficiaries Learn More?

To find out more on the program and how to enroll in a prescription drug plan that meets each beneficiary's needs, the following are good places to start:

- The Centers for Medicare & Medicaid Services provides excellent resources to help beneficiaries enroll in a prescription drug plan. Go to www.medicare.gov or call **1-800-MEDICARE** (1-800-633-4227) for more information
- In the fall of 2005, eligible Medicare beneficiaries will receive a *Medicare & You 2006* handbook that lists the Medicare prescription drug plans available in their area, with additional information available at www.medicare.gov
- State Health Insurance Assistance Programs (SHIPs) and other local and community-based organizations will offer free, personalized counseling. Call **1-800-MEDICARE** to get the telephone number of the nearest SHIP

2005

Medicare Prescription Drug Benefit Calendar

JANUARY

Starting January 1, beneficiaries have several new ways to stay healthy and independent with Medicare prevention and screening services:

- “Welcome to Medicare” physical exam
- Cholesterol and other cardiovascular screening
- Diabetes screening

FEBRUARY

MAY

The Social Security Administration mailed information about applying for extra help with drug plan costs.

JUNE

Medicare sent letters to anyone who will be automatically enrolled in the Medicare drug benefit program.

SEPTEMBER

OCTOBER

Watch the mail for the *Medicare & You 2006* handbook.

People who have retiree health benefits should watch the mail for information from their former employers or unions.

Starting October 13, beneficiaries can compare the benefits from Medicare prescription drug plans:

- Visit www.medicare.gov or
- Call 1-800-MEDICARE

The following is a calendar with key dates for the implementation of the Medicare prescription drug benefit.

MARCH

APRIL

Look on www.medicare.gov to see the eligibility criteria for receiving extra help to pay for prescription drugs.

JULY

AUGUST

NOVEMBER

Starting November 15, beneficiaries can enroll in the Medicare drug plan that's right for them.

DECEMBER

Reaching out to make a difference

