



Medicare Prescription Drug Coverage

An Informational Fact Sheet



LOCAL HELP FOR PEOPLE WITH MEDICARE

1-800-963-5337

Florida Department of Elder Affairs, SHINE Program

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Medicare Prescription Drug Coverage is available to all Medicare beneficiaries. This benefit, also referred to as Medicare Part D, is one of many changes brought about by the Medicare Modernization and Improvement Act of 2003 (MMA). The information contained in this fact sheet is provided by the SHINE Program to help Medicare consumers and their caregivers make informed choices about prescription coverage options, and serves to explain the key aspects regarding this benefit.

periods offer consumers the opportunity to participate in this coverage:

- ◆ **Initial Open Enrollment**
- ◆ **Annual Coordinated Election Period**
November 15 – December 31 of each year
- ◆ **Special Enrollment Period** (must have a qualifying circumstance such as a change of residence)

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The Initial Enrollment Period applies to an individual first starting Medicare benefits and includes the three months before an individual turns 65 to three months after turning 65. Disabled individuals may enroll three months before and three months after their 25th month of disability.

Consumers will not be penalized for late enrollment if they have, on average, coverage as good as the Medicare plan. This is called *creditable coverage* and includes coverage under: Medicare Advantage Plans, Medicaid, FEHB (Federal Employees Health Benefits), Employer/Union group health plans, COBRA insurance, and VA Benefits or other coverage including TRICARE-for-Life. (**NOTE:** If an individual does not have creditable coverage and chooses not to enroll until a later time, a penalty of one percent per month, based on the annual national average premium, will be added to their monthly premium.)

ELIGIBILITY AND ENROLLMENT

Medicare consumers who are entitled to Part A (hospital insurance) and/or enrolled in Part B (medical insurance), are eligible for the prescription drug coverage. Individuals eligible for both Medicare and Medicaid benefits (dual-eligible) may also enroll. (See the section in this fact sheet entitled, "Limited Income? Get Extra Help"). Enrollment in a drug plan is on a voluntary basis and requires completion of an enrollment form. Although enrollment is voluntary, there are time limitations during which consumers must enroll to receive the benefits. The following enrollment

COVERAGE OPTIONS

The Centers for Medicare & Medicaid Services (CMS) provides detailed information describing coverage options in the *Medicare & You* booklet. In general, there will be two options:

- Original Medicare and a Prescription Drug Plan (PDP), or a
- Medicare Advantage Plan with prescription drug coverage (MA-PD), including Regional PPO's (Preferred Provider Organizations).

Those with Original Medicare may enroll in a stand-alone **Prescription Drug Plan (PDP)** that adds drug benefits to their regular Medicare coverage. (Long-term care residents will have specific plans to choose from that cover their facility and pharmacy.)

Medicare Advantage Prescription Drug (MA-PD) plans will provide an integrated benefit covering their hospital, physician, and drug costs. Medicare Advantage plans are managed care organizations contracted with Medicare to serve beneficiaries in a specific geographic area. To qualify for a MA-PD, a beneficiary must be entitled to Part A and enrolled in Part B.

(NOTE: Both the PDPs and the MA-PDs may also include a *high option* plan that offers enhanced benefits at a higher premium.)

Another option being provided by Medicare is a **Regional PPO** (Preferred Provider Organization) plan through a Medicare Advantage program. The Regional PPO will serve an entire geographic area (Florida is its own region), to include the more underserved and rural counties. This option will provide a needed benefit to those who have been without prescription coverage.

OUT-OF-POCKET COSTS

The standard Medicare drug coverage includes three levels of expense that beneficiaries will move through during the year as they purchase their prescription drugs.

Out-of-pocket costs* for covered medications in 2010 will include:

1. An annual **\$310** deductible
2. 25% of prescription costs between \$310 and \$2,830 (a total of **\$630**)
3. 100% of prescription costs between \$2,830 and \$6,440 (a total of **\$3,610**)

Once prescription costs reach \$6,440 (a **total of \$4,550** true out-of-pocket costs – not including the premium), consumers will pay \$2.50 for generics and preferred drugs and \$6.30 for all other drugs, or a 5% co-pay, whichever is greater.

* Premiums and limits will be increased each year to reflect increases in inflation.

MARKETING and PROTECTIONS

Medicare Prescription Drug Plans continue to market their products each year. The seal below is approved by Medicare and must appear on all marketing materials.



Drug Plans / Sales Agents –

- **May Not** come into your home uninvited, solicit door-to-door, call you and enroll you in a plan (you must call them), ask you to pay for a plan over the telephone, call outside federal/state calling hours (before 8 AM or after 9 PM), and may not ask for payment over the web.
- **May** call you about their plan, send a bill if you enroll over the web, and may enroll you over the telephone if you call them, or are adding prescription drug coverage to a Medicare Advantage Plan or other Medicare Health Plan you already have.

(NOTE: Unwanted sales calls may be stopped by saying “stop” or “do not call again” to the person on the telephone. To register for the **National Do-Not-Call Registry** go to www.donotcall.gov.)

Protect your Personal Information -

Protect your personal information (Social Security number, bank account, credit cards), and don't give it out unless you are sure the person is working with Medicare and their product is approved by Medicare. Plans are not allowed to request personal information in marketing activities.

If you think someone is misusing your personal information, call:

- 1-800-MEDICARE (1-800-633-4227),
- Inspector General Fraud Hotline at 1-800-447-8477, or the
- Federal Trade Commission's ID Theft hotline at 1-877-438-4338.

COVERED DRUGS

Each of the companies that offer a PDP will establish a drug formulary. The formulary must include at least two drugs within each category of drugs. The formularies will be made available to beneficiaries at the time they enroll, and annually thereafter. Plans will notify beneficiaries of any changes in the formulary. These changes will also be posted on the plans website as well as the Medicare website (www.medicare.gov).

Drugs that are excluded include: Barbiturates, Benzodiazepines (anti-anxiety medications), weight loss and weight gain medications, drugs covered under Part A or Part B benefits, fertility drugs, cosmetic drugs, cough or cold remedies, or vitamins (except prenatal). (NOTE: Only payment for prescription drugs that are part of a plan's formulary will count toward the deductible and out-of-pocket limit.)

MEDICARE SUPPLEMENTAL INSURANCE (MEDIGAP)

Insurers offering Medigap policies will no longer provide new policies that include or supplement prescription drug coverage. Consumers should carefully consider all options before making any decisions.

A few things to consider:

- Consumers currently receiving prescription benefits through a Medigap policy may choose to keep that option and not enroll in the Part D benefit. (NOTE: Older policies with prescription coverage are not considered as "creditable coverage" by Medicare because they have a cap and do not include catastrophic Rx coverage. Enrollment in a Part D plan later will include a penalty.)
- If an individual chooses to enroll in a Part D plan and has a Medigap policy with prescription coverage, the insurer must be notified to remove the drug coverage from the policy.
- A third option would be to enroll in a Part D plan and select a new Medigap plan. Plans K., L and M offer additional discounts to help supplement Medicare coinsurance, deductibles, longer hospital stays, skilled nursing, blood and hospice care.

Compare Plans

To find and compare Medigap plans, go to the Medicare website www.medicare.gov and access the "Health and Drug Plans" search tool. Just follow the instructions to view results in your area.



EMPLOYER or UNION COVERAGE

Medicare consumers who have existing employer or union coverage will receive a notice from the plan indicating whether the policy is at least as good as (creditable coverage) the Medicare Part D coverage and options available.

If the plan has equal or better coverage:

- Consumers may keep their current plan, and if they enroll in a Medicare prescription drug plan later, they will not have to pay a monthly surcharge in addition to the monthly premium, OR
- Drop their current plan and join a Medicare PDP. If this option is selected, they may not be able to get their employer or union drug plan back.

If the employer/union plan covers less than a Medicare prescription drug plan, the following three options apply:

- Keep the current plan and enroll in a Medicare PDP to supplement plan coverage, OR
- Keep the current plan and not enroll in a Medicare PDP. If this option is selected and an individual wants to join a Medicare PDP at a later date, a premium penalty will be added for each month enrollment is delayed, OR
- Drop the current plan and enroll in a Medicare PDP. If this option is selected, the consumer may not be able to get the employer/union drug plan back.

COVERAGE DETERMINATION or APPEALS

An "exceptions" process will be in place for a beneficiary to request a covered Part D drug at a lower cost-sharing level, or to request a drug that is not on the plan's formulary. The beneficiary's physician must determine that the lower-cost drug on the formulary is not as effective as the requested drug, or that they would have adverse effects on the enrollee. For *Medicare Advantage Plans*, the appeals process currently in place is sufficient for beneficiaries to use in the event of an unfavorable coverage determination.

LIMITED INCOME? Get EXTRA HELP...

The Extra Help program is available to all eligible Medicare recipients, and to Medicare beneficiaries receiving certain Medicaid assistance. Depending on income levels, individuals will receive assistance regarding premiums, deductibles and co-pays.

To apply for the “extra help,” contact: your local Social Security Office, the National Social Security Administration at 1-800-772-1213, apply online at www.socialsecurity.gov, or contact your local office of the Department of Children & Families.

Limited Income Out-of-Pocket Costs

GROUP 1

Individuals with annual incomes below **\$14,616** (resources less than **\$8,100**), or for **couples** with incomes below **\$19,668** (resources less than **\$12,910**) will have a:

- \$0 premium
- \$0 deductible
- \$2.50 - \$6.30 co-pay for drugs up to the out-of-pocket limit (\$4,550) with the following exceptions:
 - Individuals with an annual income that is **below \$10,824 for an Individual, or \$14,568 for Couples**, will pay \$1.10 - \$3.30 co-pays
 - No co-pays for Medicare/Medicaid individuals who are in institutional settings
- \$0 co-pay for all prescriptions once the out-of-pocket limit of \$4,550 is reached

NOTE: Medicare Savings Program recipients (QMB, SLMB and QI-1) and Supplemental Security Income (SSI) will automatically receive the “extra help.”

GROUP 2

Individuals with an annual income below **\$14,616** (resources less than **\$12,510**), or for couples with incomes below **\$19,668** (resources less than **\$25,010**) will have a:

- \$ 0 premium
- Up to a \$63 deductible
- 15% coinsurance up to the out-of-pocket limit
- \$2.50 - \$6.30 co-pays once the \$4,550 limit is reached

Individuals with annual incomes below **\$16,248** (resources of **\$12,510**) or for **couples** with incomes below **\$21,864** (resources of **\$25,010**) will have a:

- 25% - 75% of monthly premium (income based)
- Up to a \$63 deductible
- 15% coinsurance up to the out-of-pocket limit
- \$2,50 - \$6.30 co-pays once the \$4,550 limit is reached

NOTE: All income levels above will be updated in 2010 when the Federal Poverty Levels are released.

RESOURCES

Medicare consumers, caregivers and family members may contact the **SHINE Program** for assistance with questions regarding the information contained in this fact sheet. Please call **1-800-963-5337** and ask for a **SHINE Counselor**.

SHINE website: <http://www.FloridaSHINE.org>

Centers for Medicare & Medicaid Services (CMS) website: <http://www.medicare.gov>

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