

Medicare Prescription Drug Coverage



In January 1, 2006, prescription drug coverage was added to the benefits available to anyone enrolled in Medicare. This is also called Medicare Part D.

How is Medicare drug coverage offered?

Medicare has contracted with private companies to offer prescription drug plans. There are two types of plans to choose from.

1. You can choose to receive your medical benefits from the traditional Medicare program and receive prescription drug coverage through a Medicare drug plan.

OR

2. You can join a Medicare Advantage Plan with drug coverage. Medicare Advantage Plans provide another way to receive your Medicare benefits including drug coverage. A Medicare Advantage Plan can be a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), Point of Service Option (POS) or a Private-Fee-For-Service plan (PFFS).

There are several plans to choose from in Iowa. If you join a plan you will pay a monthly premium and pay some of the cost of your prescriptions. How much you pay, what drugs are covered, and which pharmacy you use will vary depending on the plan you choose.

Who is eligible?

You are eligible for the Medicare prescription drug coverage if you are enrolled in Medicare Part A **and/or** Part B.

When can I enroll?

New Medicare enrollees will be eligible to enroll in the prescription drug coverage when they enroll in Medicare. Individuals who do not enroll in the drug benefit when they are first eligible will have to wait to enroll in a plan until an **annual election period**. This runs from

November 15, to December 31 each year. Their coverage will then begin January 1 of the next year. Anyone who becomes eligible for “extra help” with their Medicare prescription drug costs will get a **special enrollment** period when they become eligible for the help if they are not already enrolled in a plan. Individuals who currently have prescription drug coverage as good as Medicare’s coverage from an employer, union or federal plan (FEHB, VA or TRICARE) may not want to enroll in a plan when they are first eligible. They are allowed a **special enrollment period** to get Medicare coverage at a later time. Call SHIP (1-800-351-4664; TTY 800-735-2942) for details. Medicare prescription drug coverage will begin the first day of the month **after** you enroll.

If you delay enrollment, you could pay more!

If you don’t join a plan when you are first eligible, don’t have an existing drug plan that is equal to or better than Medicare coverage, or don’t qualify for a special enrollment period, you will have to pay a higher premium if you join later. You will pay at least 1% more for every month you waited to get a Medicare prescription drug plan. The penalty is a percentage of the national average premium (\$30.36 in 2009) for Medicare drug plans. You will pay this higher premium for the rest of your life.

How does Medicare prescription drug coverage work?

This is how the basic Medicare drug coverage is designed for 2009. Plans are allowed to offer variations of this design.

- You will pay a monthly premium. In Iowa stand-alone drug plan premiums range from \$15.20 to \$106.70 a month and Medicare Advantage plans from \$0 to \$153.50 a month. (2009 premiums)
- You will have to pay the first \$295 of your drug costs each year. This is called a deductible. Some plans offer a lower or no deductible.
- After you pay the deductible, Medicare will pay 75% of the next \$2,405 of your drug costs. You pay 25% of these costs or \$601.25.
- After **total** drug costs (what you pay and what the plan pays) reach \$2,700, you will pay 100% of drug costs on the next \$3,453.75. This is called the coverage gap or doughnut hole. Once your out-of-pocket drug costs (what you pay not including premiums) reach \$4,350 (\$295 deductible + \$601.25 coinsurance + \$3,453.75 coverage gap) Medicare will start paying 95% of your drug costs. (See chart below)
- Plans may offer additional benefits which could increase premium costs.

2009 BASIC COVERAGE – What You Pay	
Deductible	You may pay up to \$295 a year
Initial Coverage Level	You pay co-payments or coinsurance until your total drug costs (what you pay and the plan pays) reach \$2,700
Coverage Gap	Once you reach the gap the plan pays no benefit until your total out-of-pocket costs reach \$4,350* (what you pay)
Catastrophic Level	You pay 5% coinsurance after you leave the gap

*does not include premium costs

What if I want to change the Medicare drug plan in which I'm enrolled?

Every year from November 15-December 31 (annual election period) you can choose to enroll in a different plan to provide drug coverage for the next year. Individuals who are covered by Medicare and Medicaid, have their Medicare premiums paid by the state, qualify for Part D extra help (see pages 4-5 of this fact sheet), or live in an nursing home can change plans monthly.

What if I have an employer/union plan that supplements Medicare and has drug coverage?

Your employer is required to notify you every year if your plan's prescription benefit is as good as, or better than a Medicare prescription drug plan.

- If your employer drug plan **is as good as or has better coverage than Medicare drug coverage**, you can stay with that plan and join a Medicare prescription drug plan later without paying more. **Make sure you KEEP A COPY of the NOTICE with your important papers.** This is your proof to protect you from a higher premium at a later time.
- If your employer/union plan notifies you that your prescription drug plan **offers less coverage than Medicare drug coverage**, you can keep your plan and add a Medicare drug plan to give you more complete coverage. The same applies if your employer completely ends prescription drug coverage. You will have a **special enrollment period** to enroll in a Medicare plan. You will need to enroll within 63 days of when your employer/union plan reduces or drops the drug coverage.

OR

If you stay on your current plan and later decide to join a Medicare prescription drug plan during the annual election period November 15-December 31, your Medicare drug plan premium will be higher.

What if I'm enrolled in a Medicare Advantage Plan?

Every fall the Medicare Advantage plans will send members information about their benefits and premiums for the next year. Anyone enrolled in a Medicare Advantage plan will be able to change coverage during the Medicare drug coverage annual election period November 15-December 31. They also will have a Medicare Advantage **open enrollment period** each year from January 1-March 31 when they can change coverage.

What if I can't afford a prescription drug plan?

People whose income and resources fall below a set amount will qualify for extra help paying their premium and for some of the cost of their prescriptions. You can apply for the extra help at any time.

Does Medicaid pay for your prescription drugs?

If you are on Medicare and receiving full Medicaid benefits you will automatically get the extra help and be enrolled in a Medicare drug plan. You do have the option of choosing a plan rather than taking the plan Medicare assigns you. The following table explains what you will have to pay under Medicare prescription drug coverage.

Individuals on Medicare with Medicaid Prescription Benefits			
	Live in nursing home or medical institution	Income at or below 100% of Federal Poverty \$10,830 individual \$14,570 couple	Income above 100% of Federal Poverty
Premium	\$0	\$0	\$0
Deductible	\$0	\$0	\$0
Co-payment	\$0	\$1.10/generic; \$3.20/brand	\$2.40/generic; \$6.00/brand
Coverage Gap	\$0	\$1.10/generic; \$3.20/brand	\$2.40/generic; \$6.00/brand
Catastrophic Coverage	\$0	You pay nothing after what you pay and Medicare pays reach \$4,350 per year.	

* Incomes and resources listed are based on 2009 Federal poverty figures.

Do you have a limited income but do not qualify for Medicaid coverage for your prescription drugs?

You may still qualify for extra help with your prescriptions if your income is below 150% of poverty (\$16,245 if you are single and \$21,855 if you are married) and your resources are below \$12,510 for singles and \$25,010 for married. Additional help is also available for persons with incomes below 135% of poverty. See chart below for details.

2009 Extra Help Benefits and How You Qualify		
Income	Income below 135% of Federal poverty++ \$14,620.50/individual \$19,669.50/couple	Income below 150% of Federal poverty \$16,245/individual \$21,855/couple
Resources	Below \$8,100/individual \$12,910/couple	Below \$12,510/individual \$25,010/couple
Premium	\$0	premium based on income
Deductible	\$0	\$60
Co-payment	\$2.40/generic; \$6.00/brand	15% coinsurance
Coverage Gap	\$2.40/generic; \$6.00/brand	15% coinsurance
Catastrophic Coverage	You pay nothing after what you pay and what Medicare pays reach \$4,350 per year.	\$2.40/generic; 6.00/brand after what you pay and what Medicare pays reach \$4,350 per year.

++ Includes individuals enrolled in SSI and Medicare Savings Programs (QMB, SLMB, Expanded SLMB)

If you think you qualify for help paying the costs of Medicare's prescription drug coverage, enrolling is a **two step process**.

1. First, to apply for the extra help paying prescription plan costs, contact your local Social Security office. Enrollment can be done by mail, telephone or online. SHIP counselors are available to assist you with your application.
2. After signing up for the extra help you need to select a Medicare drug plan, if you have not already done so. You will have a **special enrollment period** and do not have to wait until the annual election period (November 15 - December 31) to enroll.

How do I choose a Medicare prescription drug plan?

You should compare the costs of your prescriptions with the benefits provided by each of the plans to make sure you are making the best choice. Information about the plans will be available at www.medicare.gov or at 1-800-Medicare. SHIP counselors are also available across the state to help you compare your choices and understand Medicare drug coverage. Call **1-800-351-4664** to find a counselor nearest you.

Get the facts before you enroll in a plan! Things to consider when comparing Medicare drug plans:

- Premium – How much will you pay for monthly premiums?
- Deductible – How much do you pay toward your prescription drug costs before the Medicare drug plan pays benefits?
- Formulary – Does the plan cover all the medications you are taking? If not, does it cover the most expensive ones? Are there any restrictions on the drugs you take - for example: quantity limits, step therapy or prior authorization? Each plan will have its own formulary (list of drugs) it covers.
- Cost – How much will you pay for your prescriptions? Most Medicare drug plans have a tiered formulary. This means your share of the costs will vary depending on the drug.
- Coverage in the Gap – Does your plan cover any of your drugs in the gap or will you pay full price for your drugs?
- Pharmacy – Can you fill your prescriptions at the pharmacy you use regularly? Can you fill your prescriptions when you travel?

The Senior Health Insurance Information Program (SHIP) is a free, unbiased counseling program provided by the State of Iowa Insurance Division. SHIP can also help answer your questions about Medicare, Medicare supplement insurance, long-term care insurance and other types of health insurance sold to people on Medicare.

If you have questions, SHIP can help.

Website: www.therightcalliowa.gov
E-mail: ship@iid.iowa.gov
Toll-free: 1-800-351-4664
(TTY) 1-800-735-2942



LOCAL HELP FOR PEOPLE WITH MEDICARE

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