

Medicare's New Drug Coverage

New coverage that can help with your
prescription drug costs



AARP's Role

- *Inform* those eligible for Medicare Part D
- *Empower* seniors to make good choices
- *Continue to work* to lower the costs of prescription drugs



Questions You Might Ask

- ❑ What is Medicare Part D?
- ❑ Should I sign up for a Part D Plan?
- ❑ How much will it cost?
- ❑ Will it cover the medications I need?
- ❑ Can I use it at my pharmacy?
- ❑ How do I sign up?



What is Medicare Part D?

- Medicare is a federal health care program for people 65+ and some people with disabilities
 - Part A – hospitals
 - Part B – doctors
 - Part C – Managed Care
 - Part D – prescription drugs

What is Medicare Part D?

Keys to understanding the program

- ❑ The prescription drug card discount will end May 15, 2006 (discount cards will not be offered after Dec. 15, 2005)
- ❑ Open to all people with Medicare
- ❑ Pay to participate
- ❑ Insurance
- ❑ Discounts
- ❑ Choices



What is Medicare Part D?

- Two kinds of plans
 - Stand alone
 - Managed care
- Sign up late, pay more
- Limited drug options
- Extra financial help

Timeline

- Fall 2005 - Letter from employer or union
- October 2005 - Plans can market
 - *Medicare and You 2006* brochure mailed
- November 15, 2005 - First day to enroll
- January 1, 2006 - First day of coverage
- May 15, 2006 - Last day to sign up without penalty.

Should I sign up for a Part D Plan?

The answer depends on:

- ❑ what drug coverage you have now,
- ❑ what drug costs you have now, and
- ❑ whether you want insurance from potential high drug costs later.

Picking a Plan: Medigap Users

- Medigap (or Medicare Supplement)
 - Many Medigap plans do not offer drug coverage; those do not change; you don't have drug coverage
 - Some Medigap plans (H, I and J) have drug benefits; you can't have both a Medigap drug benefit and Part D



Picking a Plan: Medicaid / Silver Saver User

- Medicaid or Silver Saver
 - States will no longer cover drugs
 - If you do not choose a plan, you will automatically be assigned a plan
 - If you wait until you are automatically assigned, you may find your new plan doesn't fit your needs
 - You will receive extra financial help



Picking a Plan: Veteran Users

- Veterans
 - VA, CHAMPUS and TRI-CARE benefits are not affected by Part D, and you do not need to switch to a Part D plan



What is Creditable Coverage?

Prescription drug coverage, from a plan other than a Part D plan which is “as good as” a Part D plan.

Picking a Plan: Employer Plan Users

- Coverage from your former job
 - Look for a letter from your employer or union
 - If creditable, you can stay put with no penalty
 - If not creditable, you should consider Part D
 - May offer coverage through Part D
 - May offer wrap-around; sign up for Part D
 - May discontinue coverage and subsidize Part D



Picking a Plan: HMO/Managed Care Users

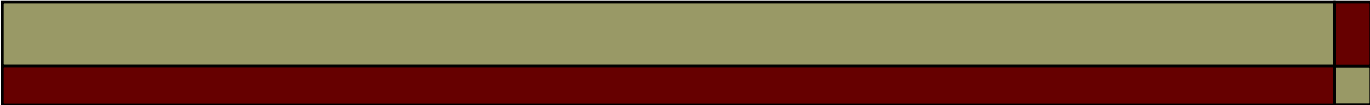
- Medicare Health Plans will offer Part D coverage.
 - You may be a member of a Medicare Health Plan (called a Medicare Advantage, Medicare+Choice, or Medicare HMO) that offers drug coverage. They will continue to offer coverage under Part D.

How much will it cost?

- ❑ Premium (around \$32.50/month)
- ❑ Deductible (no more than \$250)
- ❑ Co-Payment or co-insurance
 - Likely stated as a percentage
 - May vary within the plan from 0%-100%
 - Need to figure your expected drug costs into this scale.
- ❑ Out-of-pocket cap (\$3600)
- ❑ Discounted drug price

Will it cover the medications I need?

- ❑ **Formulary** - A list of drugs that are covered by an insurance plan. Also called **Preferred Drug List (PDL)**
- ❑ **Therapeutic class** - A group of drugs that treat the same condition. Each formulary will cover at least two drugs in each therapeutic class.
- ❑ **Exceptions** - Your doctor can ask for an exception if you need a drug that is not on your plan's formulary.



Can I use it at my pharmacy?

- Plans will usually require participants to get their drugs from specific pharmacies within a network of pharmacies that have agreed to special low prices.



Do I really need this?

- Insurance = Peace of mind
- Understand consequences of not enrolling

Enrollment Terms to Know

□ **Initial Enrollment Period**

- The first-ever enrollment period for Medicare's new Part D prescription drug coverage. Initial enrollment is from November 15, 2005 to May 15, 2006

□ **Open Enrollment**

- Period each year you can enroll in or change to another insurance plan to receive Medicare's prescription drug coverage, typically November 15 to December 31 of each year

□ **Late Enrollment Penalty**

- The extra amount you have to pay in premiums if you decide not to enroll in Medicare Part D when you first become eligible

What if I can't afford it?

- ❑ Help is available for those with low income and little savings
- ❑ If your yearly income is less than \$15,000 (single) or \$20,000 (married), you may qualify
- ❑ People with the lowest incomes receive the most help
- ❑ Contact the Social Security Administration (SSA) **now** to apply (1-800-772-1213)



Be Prepared for Fraud

- Timeline
- Telemarketing
- Door-to-door
- Take control

How do I sign up?

- Contact the Social Security Administration if you think you might qualify for extra help at 1-800-772-1213 or <http://www.ssa.gov>
- Contact Medicare for information and enrollment forms for the plans in your area by calling 1-800-MEDICARE or visiting <http://www.medicare.gov>
- Call SHINE at 1-800-96-ELDER to speak to a volunteer counselor



How is AARP working to fight high drug costs?

- ❑ Federal legislation on importation
- ❑ Litigation against drug companies
- ❑ www.MyFloridaRx.com
- ❑ Education on wise use of medicine

How can I make it better?

- ❑ Drugs still cost too much
- ❑ AARP members are advocating to lower drug costs
- ❑ Be an AARP volunteer - call 1-866-595-7678
- ❑ Stay informed. Visit www.aarp.org for updates and subscribe to our e-alert system at www.aarp.org/getinvolved.