

Some Basic Facts About the New Medicare Prescription Drug Benefit



The new Medicare Prescription Drug Benefit started on January 1, 2006. Medicare has approved stand-alone Prescription Drug Plans (PDPs) as well as some Medicare HMOs to offer drug coverage under the new benefit. Medicare beneficiaries can compare the Plans and enroll directly into the Plan of their choice.

Who is impacted?

Consumers with both Medicare and Medical Assistance who were getting their prescriptions through Medical Assistance before January 1, 2006 should now be enrolled in a Medicare Part D plan. Medical Assistance no longer covers most prescriptions for those on Medicare and these consumers now need to get their prescriptions through their Medicare Plan.

Other Medicare consumers need to review their prescription coverage and decide whether or not to enroll into a Medicare Prescription Drug Plan-keeping in mind that if they do not act before May 15, 2006, they could face a penalty for their delayed enrollment.

What does coverage cost under the new benefit?

The cost of Medicare prescription drug coverage differs from one Plan to the next. Medicare Prescription Drug Plans charge a monthly premium (averages about \$32 in 2006). Consumers may also need to meet an annual deductible depending on the Plan they join. In 2006, the deductible for a standard Plan is \$250.

Are there co-pays or additional costs?

Yes. After meeting their deductible, consumers also have to pay for a part of the cost of their prescriptions depending on how much prescription coverage they use. This is how it works:

- ☞ Consumers have to pay for some or all of the cost of their prescriptions until their total "out-of-pocket" expenses equal \$3,600.
- ☞ After they reach \$3,600, consumers will have small co-pays (no more than 5% of the cost of the drug) for the remainder of the year.



Is there help available to pay for these costs?

Yes! Depending on your income and your assets, you may be able to get help with paying for many of the costs involved with a Medicare PDP. This help is called a "subsidy".

How Do I get a subsidy?

If you want to see if you qualify for help with your Medicare Prescription Drug Plan costs, you need to fill out and send in a subsidy application.* On this application you need to report your and your spouse's income and assets. Subsidy applications are available at many locations including your local Social Security Office and local County Assistance Office.

*If you are receiving help from Medical Assistance, even if MA is only paying for your Medicare Part B Premium, you are automatically eligible for a full Part D subsidy and you do not need to apply.

When can I apply for a subsidy?

You can apply for a subsidy at any time. After your application is processed, you will get a decision back telling you if you qualify for a subsidy and how much help you will get. You must be enrolled in a Medicare Prescription Drug Plan to get the subsidy.



When can I enroll in a Medicare Prescription Drug Plan?

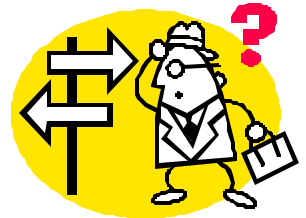
Enrollment into a Medicare Prescription Drug Plan started on November 15, 2005. Current Medicare consumers have until May 15, 2006 to enroll in a Plan without penalty. Your coverage should start the first of the month after you join a Plan.

What if I am enrolled in a Medicare HMO?

If you get your Medicare benefits through a Medicare HMO and that Plan includes prescription drug coverage, then you are already enrolled in the new Medicare Prescription Drug Benefit. If your Medicare HMO does not include drug coverage and you want to join the new benefit, you will need to change Plans by May 15, 2006. You will need to either join a different Medicare HMO with drug coverage or disenroll from your Medicare HMO and join a stand-alone Prescription Drug Plan.

How do I choose a Medicare Prescription Drug Plan?

Each Medicare PDP is different. Each has a list of prescription drugs that they cover (also called a "formulary"). Each has a network of pharmacies that you can use. Each has different costs. You can review and compare the plans by going to the Medicare website at www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227 or 1-877-486-2048 TTY). If possible, you should choose a Medicare PDP that covers the prescription medications you take and that allows you to continue to go to the pharmacy you prefer.



Do I have to enroll in the Medicare Prescription Drug Benefit?

No. Enrollment in the Medicare Prescription Drug Benefit is voluntary. However, if you are currently on Medicare and you choose not to enroll by May 15, 2006 then later decide to enroll in the benefit, you may be penalized by having to pay a higher premium for your Medicare prescription coverage. The only persons who will not have to pay a penalty for a delayed enrollment are those persons who have other "creditable coverage" (that is, prescription coverage that is determined to be equivalent to the standard Medicare prescription drug coverage).

If you have questions or you want more information, call the Pennsylvania Health Law Project's Helpline at 1-800-274-3258 or 1-866-236-6310 (TTY).