

HOW CAN I GET HELP WITH THE COSTS OF THE MEDICARE PRESCRIPTION DRUG BENEFIT PROGRAM?



The new Medicare Prescription Drug Benefit is being offered to all those who are on Medicare. The Program started on January 1, 2006. Medicare approved stand-alone Prescription Drug Plans (PDPs) and some Medicare HMOs to offer prescription drug coverage under this new benefit. Current Medicare beneficiaries can compare the different Plans and enroll in the Plan of their choice by May 15, 2006 to avoid a late penalty.

What will Prescription Drug Coverage Cost Under the New Benefit?

The cost of Medicare drug coverage will depend on which Plan you choose and how many medications you take. Medicare drug plans will charge a monthly premium (average premium in 2006 is around \$32/month). In addition, you may need to meet an annual deductible. In 2006, the standard deductible is \$250. Once you meet the deductible, you will have to pay for part or all of your drug costs until your total out of pocket expenses reach \$3600. After that, you will have only small co-pays for your prescriptions for the rest of the year.



Is there help available to pay for these costs?

Yes! Depending on your income, your assets, and whether you have Medical Assistance, you may be able to get help with paying for many of the costs involved with enrolling in a Medicare Prescription Drug Plan. This help is called a "subsidy".

How Much Help Will I Get With A Subsidy?

If you qualify for a full subsidy:

- ~~☞~~ You will not have to pay a monthly premium for your Medicare prescription drug coverage as long as you choose a basic Plan with a premium below \$32.59.
- ~~☞~~ You will not have to meet an annual deductible.
- ~~☞~~ You will have to pay a small co-pay for your prescriptions (no more than \$2 for generics, \$5 for name brands), depending on your income.

If you qualify for a partial subsidy:

- ~~☒~~ Your monthly premium will be reduced (based on a sliding scale).
- ~~☒~~ Your annual deductible will be reduced from \$250 to \$50.
- ~~☒~~ Once you meet the deductible, you will have 15% co-pays on all prescriptions until your total out of pocket costs reach \$3600.
- ~~☒~~ After that, you will have only small co-pays for your prescriptions for the rest of the year.

How do I get a subsidy?

Some people are automatically approved for a subsidy; others have to apply for it.



?? If you are on Medicare and you also receive some help from Medical Assistance, (even if MA only pays for your Part B premium) you do not need to apply for a subsidy. You are automatically approved for a full subsidy that should start once you are enrolled in a Medicare PDP.

?? If you are on Medicare but you do not get help from Medical Assistance, you or your personal representative must fill out a subsidy application and send it in to see if you qualify for a subsidy. You will get a letter back telling you if you have been approved for a subsidy and how much help you will get.

Who Is Eligible For A Subsidy?

Any Medicare beneficiary who has limited income and assets is eligible for a subsidy. This includes:



?? Anyone who has Medical Assistance (including those who just get help with their Medicare Part B premium)

?? Single persons

- whose income is no greater than \$14,700/year, *and*
- who have no more than \$10,000 in assets

?? Married couples

- whose income is no greater than \$19,800/year (for a household of 2), *and*
- who have no more than \$20,000 in assets

How Do I Apply?

There are different ways to apply for a subsidy:

- ✍✍ You may have received an application in the mail from Social Security. If you did, you should complete the application and mail it back in the envelope provided.
- ✍✍ You can call or visit your local Social Security Office or your local County Assistance Office and ask for a subsidy application. You can complete the application while you are there, or you can fill it out at home and mail it back in the envelope provided.
- ✍✍ You can apply online at www.socialsecurity.gov/medicare.



If you need help completing the application, you can ask for assistance from either the Social Security Office or the County Assistance Office. No matter how you apply, you will receive a notice back telling you whether or not you qualify for a subsidy and how much help you will get.

Will All Of My Income Count?

You must report all of your current income and all of the income of your spouse who lives with you on the subsidy application. However, some of your income will not count when deciding if you are eligible for a subsidy. The income that will not count includes:

- ✍✍ \$240/year of your unearned income (i.e. social security or pension benefits)
- ✍✍ The first \$65 and ½ of the remainder of your earned income (i.e. wages)



Will All Of My Assets Count?

Not all of your assets will count when deciding if you are eligible for a subsidy. For example, Medicare will not count:

- ?? Your home
- ?? Your vehicles
- ?? Up to \$1500 each for you and your spouse if this is set aside for your burial expenses
- ?? Burial plots

Medicare will count the following assets when deciding if you are eligible for a subsidy:

- ?? Any property you own that is not your primary residence
- ?? Any liquid assets that you own (bank accounts, stocks, bonds, etc.) that can be converted to cash within 20 days

If I Don't Agree With The Subsidy Decision Can I Appeal?

Yes! After you apply for a subsidy, you will be sent a notice telling you if you qualify for a subsidy and how much the subsidy will be. If you are denied, or if you disagree with the amount of the subsidy awarded you, you can appeal the decision. The subsidy notice you get will tell you how you can appeal.



For more information, if you have questions about Medicare Prescription Drug coverage or the subsidies, or if you want to appeal from a subsidy decision, you can call the Pennsylvania Health Law Project Helpline at 1-800-274-3258 or 1-866-236-6310 (TTY).