

Medicare Prescription Drug Coverage, known as “Part D,” starts January 1, 2006.

You will need to make decisions about enrollment this year, depending on your situation and current drug coverage. Here are some guidelines to help you determine what your costs may be and what you’ll need to do:

1 I have Medicare & Full Medi-Cal (if No – skip to # 2 below)

If you are enrolled in Medi-Cal without a Share-of-Cost and are also covered by Medicare, your prescription drug benefit will be eliminated from Medi-Cal on January 1, 2006, and replaced by Medicare Part D. See column 1 to the right for more information.

2 My Income Is Limited (if over \$14,355 for an individual or \$19,245 for a couple, skip to # 3 below)

There is a special program for people with lower incomes—above the limit for full Medi-Cal, but still below 150% of the Federal Poverty Guidelines. Look to column 2 to see how to qualify for help with Medicare Part D costs.

3 Information for Most Medicare Beneficiaries (annual income over \$14,355 for an individual or \$19,245 for a couple)

Later this year you will be sent information on the new Medicare Part D benefit (see column 3). It is important to review your options carefully. You have until May 15, 2006, to choose and enroll in a plan without penalty. *If you delay enrollment after that date your premium may be 1% higher for every month you delayed enrollment.*

1 I have Medicare AND full Medi-Cal ONLY*

TIMELINE

May – You will receive a letter describing the new Medicare Part D Prescription Drug Coverage that will replace your Medi-Cal drug coverage, and notification that you are automatically eligible for extra help with drug plan costs.

October 15 – You will be automatically assigned to a Medicare Part D Prescription Drug Plan on this date. **Not all plans will cover all medications, so review your assigned plan carefully.** You may need to switch to a different plan that is right for you according to your medication needs.

December 31 – Last date to change to a different Medicare Part D plan and get coverage without interruption in January.

January 1, 2006 – Drug coverage under Medi-Cal ends and Medicare Part D coverage begins.

COVERAGE

Premium – Covered (for plans at or below the average premium price in California)

Deductible – None

Co-payment – \$1-5 per prescription/refill

“Donut Hole” – \$1-5 per prescription/refill

Catastrophic Coverage – Covered, no co-pay

NOTE: Plans may offer drugs in a “tier” system with higher co-pays for certain medications. You may have to pay these out of pocket costs yourself.

* If you have Medi-Cal with a “Share-of-Cost,” call HICAP for more information at 1-800-434-0222

2 My Income is Limited (but NOT on Medi-Cal)

TIMELINE

May-August – You will receive a letter announcing the new Medicare Prescription Drug Coverage from **Social Security** – and an application for extra help with drug plan costs (financial assistance). If eligible, you will **still need to enroll in a Medicare Prescription Drug plan.**

November 15 – The first date that Part D plan enrollments can be accepted.

January 1, 2006 – The first day the new Part D plans will cover drugs.

May 15, 2006 – Last day to enroll in a Medicare Prescription Drug Plan without a penalty.

COVERAGE

► Annual income & savings limits:*

Individual: \$12,920 income, \$6,000 savings
Couple: \$17,321 income, \$9,000 savings

Premium – Covered (for plans at or below the average premium price in California)

Deductible – None

Co-Payment – \$2-5 per prescription/refill

“Donut Hole” – \$2-5 per prescription/refill

Catastrophic – Covered, no co-pay

► Annual income & savings limits:*

Individual: \$14,355 income, \$10,000 savings
Couple: \$19,245 income, \$20,000 savings

Premium – Reduced on sliding scale

Deductible – \$50

Co-Payment – 15% per prescription/refill

“Donut Hole” – 15% co-payment

Catastrophic – \$2-5 co-payment

You MUST apply to Social Security for this program. It is not automatic.

* Actual income & savings may be higher, as not all may be considered “countable” income. Check with Social Security for more information.

3 Information for Most Medicare Beneficiaries

TIMELINE

October – You will receive a letter announcing the new Medicare Part D Prescription Drug Coverage and a description of the plans available in California.

November 15 – The first date that Part D plan enrollments can be accepted.

January 1, 2006 – The first day the new Part D plans will cover drugs.

May 15, 2006 – Last day to enroll in a Medicare Prescription Drug Plan without a penalty.

COVERAGE

Premium – About \$37/month*

Deductible – First \$250 in drug costs per year**

Co-Payment – 25% of next \$2,000 in drug costs**

“Donut Hole” (no coverage – you pay all drug costs between \$2,250 and \$5,100**)

Catastrophic Coverage – you pay 5% of drug costs over \$5,100**

* This is only an estimate. Plans with additional benefits may be offered at a higher premium. Not all medications will be covered by all plans. Before choosing a plan, check to see if your medications are covered.

** Countable expenses are for “covered” drugs only. Money spent for drugs not covered by your plan doesn’t count towards the co-payment, deductible, or the “donut hole.”

Medicare Part D Drug Coverage Questions & Answers

1) How Much Does it Cost?

Private insurance companies and HMOs will offer part D. You may have to pay a premium of about \$37 per month. Some plans may offer richer benefits (smaller deductible, co-pays, or “donut hole,”) depending on the type of plan and the premium.

Plans may offer additional drugs (besides the minimum) for an additional charge. This is called the “tier” system. If your drug is not part of the basic plan, it may be offered for an extra charge in a higher cost “tier.”

Finally, if your drug is *not* covered by your plan, you will have to pay for it yourself, and this will not count towards your co-payment and deductible requirements.

2) What’s Covered?

Each plan has a “formulary” – a list of covered drugs. Formularies are not standardized and will vary from plan to plan. You should check to see if a plan covers your medication before enrolling.

3) What’s the Deductible?

There is a \$250 annual deductible.

4) What’s the Co-Payment?

You are required to pay 25% of the cost for the next \$2,000 in drugs (or a maximum of \$500)

5) What Is This “Donut Hole”?

Part D covers most people on Medicare by insuring drug costs up to about \$2,250 a year.

There is no coverage after \$2,250 until your costs exceed \$5,100 per year. At this point, catastrophic coverage begins: you pay only 5% of costs and Medicare pays the rest.

The “donut hole” is the coverage gap between \$2,250 and \$5,100 where you must still pay a premium and the cost of drugs, but receive no benefits.

6) What about my Medigap Policy?

Some Medigap policies offer drug coverage. If you have one of these policies, you will receive a letter from your insurance company this fall telling you if your current coverage is considered “at least as good as Part D coverage.” If it is not, you should enroll in a Part D plan to avoid future premium penalties. You may keep your current policy without drug coverage, or switch to a different Medigap policy that will cover your other expenses.

7) What if I already belong to an HMO?

Medicare HMOs will replace their current drug coverage with Part D prescription drug coverage on January 1, 2006. Some HMO plans may include the Part D benefit; others may charge you for it. You will need to check with your plan.

8) What about my retiree coverage?

If you have drug coverage through a union or company retirement plan, you should receive notification from the plan this fall telling you how your plan benefits will change and whether you should enroll in the new Medicare prescription drug benefit.

9) Do I have to sign up now?

If you have Medicare now, you will have until May 15, 2006 to sign up. If you decide to enroll in Part D after that date, there may be a lifetime premium penalty of 1% for each month you delayed enrollment.

Information and Resources

1) Health Insurance Counseling and Advocacy Program (HICAP)

A network of 24 local, community-based programs throughout California that provide free counseling and education on Medicare and related issues.

To reach the program nearest you, call

1-800-434-0222

In Orange County, call

714-560-0424

2) Web Sites

www.medicare.gov

The official government website for Medicare.

www.cahealthadvocates.org

California Health Advocates, the California HICAP Association site.

www.calmedicare.org

A consumer-oriented web site sponsored by California Health Advocates that provides easy-to understand information about Medicare and offers several dozen Medicare fact sheets in English, Chinese, Spanish and Vietnamese.

www.accesstobenefits.org

Offers a simple tool that will help you find a discount card or drug plan that is right for you, and other prescription assistance programs you may be eligible for.

Original brochure content and layout provided by Senior Action Network, San Francisco.

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Guide to Medicare Part D Prescription Drug Coverage



HICAP Health Insurance Counseling and Advocacy Program

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www.coaoc.org