

Medicare Prescription Drug Coverage Basics

What are Medicare prescription drug plans?

Beginning January 1, 2006, prescription drug coverage will be available to all Americans with Medicare. Every person with Medicare, no matter how they get their health care today or whether they have existing drug coverage, will be eligible for drug coverage under a Medicare prescription drug plan. Insurance companies and other private companies will work with Medicare to offer these drug plans. Medicare prescription drug plans will be available throughout the country, and all plans will cover both brand name and generic drugs.

Medicare prescription drug plans provide insurance coverage for prescription drugs. Like other insurance, if people with Medicare join they will pay a monthly premium (generally around \$37 in 2006) and pay a share of the cost of their prescriptions. Costs will vary depending on the drug plan that is chosen.

Drug plans may vary in what prescription drugs are covered, how much someone has to pay and which pharmacies can be used. All drug plans will have to provide at least a standard level of coverage, which Medicare will set. However, some plans might offer more coverage and additional drugs for a higher monthly premium. When a person with Medicare joins a drug plan, it is important for them to choose one that meets their prescription drug needs.

A person with an average income in a Medicare prescription drug plan would expect to pay a \$250 annual deductible and then 25 percent of their drug costs up to a limit of \$2,250. Medicare's catastrophic drug coverage begins when a patient spends a total of \$3,600 out-of-pocket for covered drugs in a year. After that, they will only need to pay 5 percent of their drug costs. Some plans will offer additional coverage.

What do I tell my patients about the Medicare drug coverage?

Tell them that the new Medicare drug coverage can be a real help to them and your office has an 800 number to the State Health Insurance Assistance Program that can help provide expert advice and counseling to your patients. A copy of those state numbers is on a rolodex card included in this package. Your patients can also call 1-800-MEDICARE to get access to a team of local counselors who can help them with their application for extra help and their selection of a prescription drug plan.

When can people with Medicare join a Medicare prescription drug plans?

Those people who have Medicare Part A (Hospital Insurance) and/or Medicare Part B (Medical Insurance), can join a Medicare prescription drug plan between November 15, 2005 and May 15, 2006. If they join by December 31, 2005, their Medicare prescription drug plan coverage will begin on January 1, 2006. If they join after that, their coverage will become effective the first day of the month after the month they join. For example, if someone joins on April 15th, their coverage will begin May 1. In general, they can join or change plans once each year between November 15 and December 31.

Everyone should consider joining a plan. Even if someone doesn't use a lot of prescription drugs now, they still should think about joining a plan. If they don't join a plan by May 15, 2006, and don't have a drug plan that covers as much or more than a Medicare prescription drug plan, they will have to pay more if they decide to join later.

Is there additional assistance for those who need it?

People who qualify for extra help paying for Medicare prescription drug costs will get continuous coverage with a small out-of-pocket cost. The amount they pay out-of-pocket depends on their income and resources. A beneficiary with limited income and resources who joins a Medicare prescription drug coverage plan and qualifies for the most generous help, will have more than 95 percent of their drug costs covered.

Certain people with limited income and resources will automatically qualify for the extra help and then will join a Medicare prescription drug plan during the regular enrollment period beginning November 15.



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What will the plan's formularies look like and how can I work with them?

- CMS will make sure that all lists of drugs, known as formularies, include a broad range of medically appropriate drugs to treat all diseases and do not substantially discourage enrollment by certain people with Medicare.
- CMS has to approve all changes to formularies. People with Medicare and providers will be notified at least 60 days in advance in the event of deletions or higher cost sharing.
- All plans will have an appeals and exceptions process if a non-formulary drug needs to be provided.
- Formularies must include at least two drugs from each category and class (if two drugs exist). Individual formulary classification structures will be compared to the United States Pharmacopeia (USP) model and other commonly used classification systems to ensure that a formulary includes drugs from a sufficient breadth of categories and classes.
- CMS will review all formularies for inclusion of at least one drug from the USP "Formulary Key Drug Types" and inclusion of drugs identified in widely accepted treatment guidelines.
- Six drug classes of special concern have been specified in which all drugs will be on formulary: anti-neoplastics, anti-HIV/AIDS drugs, immunosuppressants, anti-psychotics, anti-depressants and anti-convulsants.

Do Medicare prescription drug plans work with all types of Medicare Health Plans?

Yes. Medicare prescription drug coverage will be offered by most Medicare Advantage plans and Medicare health plans, and by stand alone Medicare prescription drug plans. People in the original Medicare plan will need to join in Medicare prescription drug plan (P-D-P) to get drug coverage.

What if someone already has prescription drug coverage from a Medigap (Medicare Supplement Insurance) Policy?

Those who have a Medigap policy with drug coverage will get a detailed notice from their insurance company telling them whether or not their prescription drug coverage is, on average, at least as good as standard Medicare prescription drug coverage. If their Medigap coverage is at least as good as Medicare's coverage, and they decide to keep their current drug coverage, they may be able to buy a Medicare prescription drug plan later without having to pay a penalty.

What if someone has prescription drug coverage from an employer or union?

Those who have prescription drug coverage from an employer or union will get a notice from their employer or union that tells them if their coverage is, on average, at least as good as standard Medicare prescription drug coverage.

If the employer or union plan covers as much as or more than a Medicare prescription drug plan the person with Medicare can...

- keep their current drug plan. If they join a Medicare prescription drug plan later their monthly premium won't be higher (no penalty), or
- drop their current drug plan and join a Medicare prescription drug plan, but they may not be able to get their employer or union drug plan back.

If the employer or union plan covers less than a Medicare prescription drug plan, the person with Medicare can...

- keep their current drug plan and join a Medicare prescription drug plan to give them more complete prescription drug coverage, or
- just keep their current drug plan. But, if they join a Medicare prescription drug plan later, they will have to pay at least 1% more for every month they waited to join after May 15, 2006, or
- drop their current drug plan and join a Medicare prescription drug plan, but they may not be able to get their employer or union drug plan back.

For additional information or additional educational materials, review materials available through <http://www.cms.hhs.gov/medlearn/drugcoverage.asp> on the web.