



# Medicare Prescription Drug Benefit<sup>1</sup>

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**People with Medicare must make a decision this year!**

Medicare will add a new prescription drug benefit in 2006. Everyone with Medicare must decide if they want to enroll. Choosing to delay enrolling until a later time could result in higher premiums for those people who do not have other prescription coverage that is *“at least as good as”* the new Medicare benefit.

## **Who is eligible?**

You are eligible for the Medicare prescription drug benefit if you are enrolled in Medicare Part A **and/or** Part B.

## **How will the Medicare prescription drug benefit be offered?**

To receive prescription benefits you can select a plan through a private company approved by Medicare. There are two types of plans:

1. You can choose to receive your medical benefits from the traditional Medicare program and receive prescription drug coverage through a Prescription Drug Plan (PDP). In Georgia, there are 42 PDPs available with monthly premiums between \$17.91 and \$73.17.

**OR**

2. You can join a Medicare Advantage (MA-PD) plan. There are 40 MA-PD plans in Georgia with monthly premiums between \$0 and \$130. MA-PD plans provide another way to receive all your Medicare benefits, including the new drug benefit. MA plans can be a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO) or a Private-Fee-For-Service plan.

The prescription plans can start January 1, 2006. How much you pay for prescriptions, what drugs are covered, and which pharmacy you use will vary depending on the plan you choose.

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<sup>1</sup> This isn't a legal document. The official Medicare program provisions are contained in the relevant laws, regulations and rulings.

## How does Medicare prescription drug coverage work?

- You pay a separate monthly premium for your prescription drug plan.
- You pay a copayment or coinsurance, and deductible for your prescription drugs.
- You get a prescription card from your Medicare Prescription Drug Plan. Show it when you get your prescriptions filled.
- You must go to pharmacies that belong to (are in the network of) the Medicare Prescription Drug Plan that you join. If you go to a pharmacy that isn't part of the plan you join, in most cases, your drug won't be covered and you will have to pay the full cost of the drug.
- Each Medicare Prescription Drug Plan has a list of covered prescription drugs that may vary from plan to plan. In most cases, only drugs on this list will be covered.

| How the Standard Benefit Works |                        |               |                                 |
|--------------------------------|------------------------|---------------|---------------------------------|
| Your Drug Costs                | You Pay                | The Plan Pays | Your Out-Of-Pocket Costs        |
| \$0- \$250                     | A deductible           | \$0           | \$0- \$250                      |
| \$251-\$2,250                  | A co-pay or percentage | The balance   | Varies                          |
| \$2,251-\$5,100                | 100% (\$2,850) **      | \$0           | \$3,600                         |
| Over \$5,100                   | 5%                     | 95%           | 5% of Rx costs after the \$3600 |

\*Does not include premium costs

\*\*This is the coverage gap. Some plans in Georgia provide additional coverage for generics and/or brand name prescriptions.

## When can I enroll?

You can enroll anytime between November 15, 2005 and May 15, 2006. Join by December 31, 2005, and your Medicare prescription drug coverage will begin on January 1, 2006. If you join after that, your coverage will begin the first day of the month **after** you enroll. New Medicare enrollees will be able to enroll in a prescription drug plan when they enroll in Medicare. Enrollment is handled by the plan.

### Delaying Enrollment

If you do not join a plan by May 15, 2006, **and** you do not have an existing drug plan that is *at least as good as* the Medicare prescription drug coverage, then you will pay a higher premium when you do enroll.

## **How do I join a Medicare Prescription Drug Plan?**

You can join a Medicare Prescription Drug Plan in the following ways:

**By paper application:** Contact the company offering the drug plan you choose and ask for an application. Once you fill out the form, mail or fax it back to the company. **On the plan's website:** Visit the drug plan company's website. You may be able to join online. **On Medicare's website:** You will also be able to join a drug plan at [www.medicare.gov](http://www.medicare.gov) on the web using Medicare's online enrollment center. **By calling 1-800-MEDICARE.** You can join a drug plan by calling 1-800-MEDICARE (1-800-633-4227) and talking to a Medicare customer service representative. TTY users should call 1-877-486-2048. **GEORGIA CARES** can help you compare your choices and enroll in a plan that meets your needs. Attend a GeorgiaCares community event or call 1-800-669-8387.

## **How do I pay for the coverage?**

In general, there are three ways you can pay your Medicare drug plan premiums:

1. You can give permission to the company that offers the Medicare drug plan you choose to deduct the premium automatically from your bank account, or
2. You can have your premium deducted every month from your Social Security benefits, similar to your premiums for Medicare Part B, or
3. You can pay the prescription drug plan directly for your premium by mailing them a check or money order each month.

## **What if I have a Medicare supplement with drug coverage?**

If you have a Medicare supplement plan with drug coverage you will get a notice before November 15, 2005 from your insurance company. It will explain how your plan will work with Medicare prescription drug coverage and your options.

- If you keep the original H, I or J plan **with drug coverage** and do not enroll in a prescription drug plan, you will pay a higher premium if you decide to enroll at a later date.
- If you decide to enroll in a prescription drug plan during the initial enrollment period, you can keep plan H, I or J with the drug coverage **removed** or choose a different Medicare supplement plan. Your choices will be plans A, B, C, F, K or L (K and L are new plans that will be offered beginning in 2006).

### **What if I am enrolled in a Medicare Advantage plan?**

If your Medicare Advantage (MA) plan provides drug coverage at least as good as the Medicare prescription drug benefit you are not eligible to enroll in a prescription drug plan without disenrolling from the MA plan. Your Medicare Advantage plan will notify you before November 15, 2005 if your coverage is “as good as” the Medicare prescription drug benefit and what your options are for enrolling in a prescription drug plan. Medicare Advantage Plans will have one premium that includes coverage for Part A and Part B benefits, prescription drug coverage (if offered), and extra benefits (if offered).

### **What if I have an employer/union plan with drug coverage?**

Your employer/union will notify you before November 15, 2005 if your plan’s prescription benefit is **at least as good as** a Medicare prescription drug plan.

- If your employer drug plan **is as good as Part D**, you can stay with that plan and join a Medicare prescription drug plan later with no extra cost.
- If your current prescription drug plan **offers less coverage than Part D**, you can keep your plan and **add** a Medicare drug plan to give you more complete coverage.

If you stay on your current drug plan with **less coverage** than Part D and decide to join a Medicare prescription drug plan later (after May 15, 2006), you will pay at least 1% more for every month you waited to get a Medicare prescription drug plan.

### **What if I am enrolled in Medicare and my supplemental insurance does not have prescription drug coverage?**

If you are enrolled in a Medicare supplement that **does not** have prescription drug coverage, you need to carefully consider your Medicare prescription drug plan options.

- You can keep your supplement and enroll in a Medicare prescription drug plan.
- You can keep your current coverage and not enroll in a Medicare prescription drug plan, but you will have to pay at least 1% more for every month you waited to get a Medicare prescription drug plan if you choose to enroll at a later time.
- You can choose to receive your Medicare benefits, including prescription drugs, through a Medicare Advantage Plan.

**What if I have drug coverage from TRICARE, the Department of Veteran's Affairs (VA), or the Federal Employee Health Benefits Program (FEHB)?**

As long as you still qualify, your TRICARE, VA, or FEHB prescription drug coverage is not changing.

**What if I cannot afford a prescription drug plan?**

People with limited income and resources will qualify for extra help paying their premium and for some of the cost of their prescriptions.

**Does Medicaid pay for your prescription drugs?**

If you are on Medicare and receiving full Medicaid benefits (including prescription drug coverage) you will **automatically** get extra help and be enrolled in a prescription drug plan. This replaces your Medicaid drug coverage beginning January 1, 2006.

The following table explains what you will pay with the basic Medicare prescription drug plan if you also have Medicaid:

| <b>Individuals on Medicare with Medicaid Prescription Benefits</b> |   |   |
|--|---|---|
|  | Living in a nursing home or medical institution | Living at home with income below \$9,570 individual \$12,830 couple |
| <b>Premium</b>   | \$0   | \$0   |
| <b>Deductible</b>  | \$0   | \$0   |
| <b>Co-payment</b>  | \$0   | \$1/generic; \$3/brand  |
| <b>Catastrophic Coverage</b>                                       | \$0   | You pay nothing after your total drug expenses reach \$5,100.       |

**Do you have a limited income but do not qualify for Medicaid coverage for your prescription drugs?**

You may still qualify for extra help with your prescriptions if your income is below \$14,355 if you are single and \$19,245 if you are married and your assets are below \$11,500 for singles and \$23,000 for married. The chart on the next page explains the benefits and how you qualify.

| <b>People with Medicare and Medicaid without Drug Coverage</b> |   |  |
|--|---|--|
| <b>Income</b>  | Income below ++<br>\$12,920/individual*<br>\$17,321/couple*         | Income below<br>\$14,355/individual*<br>\$19,245/couple*       |
| <b>Assets</b>  | Below<br>\$6,000/individual<br>\$9,000/couple                       | Below<br>\$11,500/individual<br>\$23,000/couple                |
| <b>Premium+++</b>  | \$0   | premium<br>based on income                                     |
| <b>Deductible</b>  | \$0   | \$50   |
| <b>Co-payment</b>  | \$2/generic; \$5/brand  | 15% coinsurance  |
|  | You pay nothing after<br>your total drug<br>expenses reach \$5,100. | \$2/generic; \$5/brand<br>after drug expenses<br>reach \$5,100 |

\*2005 income requirement

++Includes individuals enrolled in SSI and Medicare Savings Programs (QMB, SLMB, QI-1)

+++The subsidy will pay for an "average priced" plan (\$33.17). If you choose a higher-cost plan, then you will have to pay the difference between the subsidy and the plan premium.

If you think you qualify for extra help with drug plan costs, and you do not already have Medicaid, then you must follow a **two-step process**:

1. First, you must **apply for the extra help** paying prescription plan costs. You can apply by mail, telephone (1-800-772-1213) or online at [www.ssa.gov](http://www.ssa.gov).
2. Then, you must **enroll in a Medicare prescription drug plan** that meets your needs. Enrollment in the plans begins November 15, 2005.

### **How do I choose a Medicare prescription drug plan?**

You should compare the costs of your prescriptions with the benefits provided by each of the plans to make sure you choose a plan that meets your needs. **GEORGIA CARES** can provide personalized help when plan information becomes available in October– call **1-800-669-8387** to reach your local Area Agency on Aging office.

**GeorgiaCares' State Health Insurance Assistance Program (SHIP)** is a free, unbiased counseling program provided by the State of Georgia Department of Human Resources, Division of Aging Services.

**GEORGIA CARES** can also help answer your questions about Medicare, Medicare supplement insurance, long-term care insurance and other types of health insurance sold to people on Medicare.



**If you have questions, GEORGIA CARES can help.  
1-800-669-8387**



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LOCAL HELP FOR PEOPLE WITH MEDICARE