

A Final Word on Medicare Prescription Drug Benefits **By Jacques Chambers, CLU**

The effective date of the new Medicare Part D Prescription Drug Plan is getting closer, January 1, 2006. More information is being published about the alternatives. In addition, the ripple effect of the new plan on Medicaid and other prescription drug coverage is becoming clearer.

The benefits and choice of the available plans depends on what other programs are being utilized. So to summarize the plan and its effect on the potential beneficiaries, let's look at each group separately:

1. Persons who do not have Medicare – This program will have absolutely no effect on you, your Medicaid coverage, or any other drug program you participate in. To be eligible for Medicare Part D, you must be enrolled in either Part A or Part B or Parts A & B of Medicare.

2. Persons who have both Medicare and Full Medicaid – You either have received or will be receiving shortly a letter (on yellow paper) from the federal Department of Health & Human Services – Centers for Medicare & Medicaid Services. The letter starts by stating in bold: **“Please read this letter carefully because your prescription drug coverage is changing.”**

This letter tells you two things:

1. What your benefits will be. Most people in this group will pay nothing for the drug coverage, will not have a deductible and will pay no more than \$1 for generic and \$3 for brand name prescriptions.
2. It also tells you which drug plan you will be put into if you do not select a different plan before December 31, 2005.

This means that you are automatically enrolled in the “Extra Help” program that is available to lower income beneficiaries and that if you don't select your own drug plan, you will be put into one automatically.

Unless you want to select your own drug plan, discussed later in this article, there is really nothing for you to do. Just remember that after 01-01-06, your prescriptions will be provided under this plan and not Medicaid. You will also need to obtain your prescriptions from a pharmacy that participates in the drug plan you are enrolled in.

3. Persons who have Medicare and “Medically Needy” Medicaid (This is the Medicaid offered in some states when your income is higher than the Medicaid Maximum amount so you have to pay a portion of your medical costs each month through a Share of Cost or other similar mechanism).

This becomes a little more complicated. If you have met your Share of Cost in any one month from March through December, 2005, you are eligible for the automatic enrollment, so what is stated for group 2 above also applies to you.

If you do not meet the Share of Cost in any month from March through December, 2005, then you will have to complete an enrollment form for “Extra Help” and enroll in a Prescription Drug Plan. See below for help on enrolling in them.

4. Persons who have Drug Coverage through an Employer’s Health Plan.

The insurance company and/or plan administrator will be sending you a letter that states whether the drug coverage you are currently under equals or exceeds the Medicare Prescription Drug Coverage. These letters are called “Determination of Creditable Coverage.”

If your current drug coverage equals or exceeds Medicare’s plan, you may keep your current coverage and not enroll in the Medicare drug plan. Be sure to keep that letter. If you ever need to enroll in Medicare’s plan at a later time, that letter will let you avoid paying any late enrollment penalties.

If your drug coverage from your employer does not equal Medicare’s plan, you should seriously consider enrolling in one of Medicare’s plans to avoid having to pay enrollment penalties in the future. See the enrollment information below.

5. Persons who have Drug Coverage through an Individual Health

Insurance Plan. Although these are not as automatic, you should receive a letter from the insurance company giving the same information as that from employer health plans, described above. If you do not receive such a letter by mid-November, call your insurance company and request one. Then follow the instructions above for employer plans.

6. Persons who are Currently Enrolled in a Medicare Advantage HMO or PPO. If your plan is going to offer a drug plan, you should enroll in it. Most plans consider enrollment in a stand-alone plan as cancellation of the HMO/PPO coverage.

If your plan is not offering a Medicare Prescription Drug Plan, then you may choose one of the stand-alone drug plans. See below for directions on that process.

ENROLLING IN “EXTRA HELP.” The government offers two plans for low income beneficiaries to assist with payment of prescription charges, “Extra Help” and “Partial Subsidy Extra Help.” If you are not automatically enrolled in either, you may still be eligible for them, but you will need to enroll.

These programs are available based on your income and assets. Generally, persons with incomes below \$15,000 per year and assets below \$10,000, not counting one house, one car, or tax sheltered savings such as IRAs or 401(k)s should apply for this assistance. Eligibility in one of these plans will greatly reduce your out of pocket costs under the Medicare Part D basic benefit schedule as well as cover all or most of the drug plan's premium.

The forms are available now and you should enroll soon. You may enroll in these plans online at www.ssa.gov, or you may obtain an application from your local Social Security office or by calling 1-800-772-1213 or 1-800-MEDICARE.

ENROLLING IN A MEDICARE PRESCRIPTION DRUG PLAN. Unlike the other parts of Medicare, the Part D Prescription Drug Plan is administered by private companies, insurance carriers and prescription administrators. The law requires every person to have a choice of at least two drug plans; however, in most states, there are substantially more choices.

A list of the plans available in your state can be found at:
<http://www.medicare.gov/MPDPF/Public/Include/DataSection/Results/ListPlanByState.asp?dest=Nav|Home|State|ListPlanByState#TabTop>.

Click on "Plans In Your State." It will show you the companies awarded contracts in your state as well as the number of plans they are offering along with their monthly cost and the companies' contact information. However, very few details of the plans are available.

To enroll in a specific drug plan you will need to contact that particular plan and they will assist you with the enrollment process. Some insurance agents are marketing some of the larger plans; however, due to restrictions on aggressive marketing, you will need to contact the insurance agent. They cannot contact you directly without some prior inquiry on your part.

HOW TO FIND THE RIGHT PLAN FOR YOU. This is turning out to be much more difficult, especially in this initial year's enrollment period. Many drug plans still do not have a lot of details available on the benefits. Medicare is setting up a site that will have more details, however, the deadline for completing the site has been moved back to November 15, 2005, and it is possible all data will not be loaded by then.

At present, we are making the following recommendation to persons needing to choose a plan.

1. Make a list of all your medications. If possible, obtain the names of alternate drugs in the same therapeutic class in case some of your medications are not on a plan's formulary.
2. Go to <http://plancompare.medicare.gov/formularyfinder/selectstate.asp> and follow the steps for finding the drug plan that best suits you. **NOTE:**

- While all information has not yet been loaded on this site, currently it will give a list of plans that cover the drugs you are currently taking.
3. Print out the list of plans that cover your medications and ask your pharmacist which of the plans s/he is participating in. While the pharmacist cannot recommend a specific plan, you will know that you can continue using that pharmacy and the pharmacist may have some informal suggestions.
 4. Once you have found the plan that is covering your current medications and using your pharmacist, then you can choose, based on cost and other benefit factors, which will be the best plan for you.
 5. Contact the drug plan provider and enroll in the plan.

This is the biggest change to Medicare in its forty year existence, and there are still a lot of unanswered questions. However, more is coming out almost daily as people actually utilize the new tools being introduced.

Remember the deadline for enrolling for a January 1 effective date is not until the end of December, so, you may want to wait until early December to decide and actually enroll in a plan.