

## HOW MEDICARE PRESCRIPTION DRUG PLANS WILL WORK

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### How Plans Work

Medicare prescription drug plans will vary, but in general, this is how they will work. When you join, you will pay a **monthly** premium (varies depending on the plan you choose, but generally about \$37) in addition to any premiums for Medicare Part A and/or Part B. You will pay the first \$250 per year for your prescriptions. This is called your "deductible."

After you pay the \$250 yearly deductible, **here's how the costs work:**

- You pay 25% of your yearly drug costs from \$250 to \$2,250, and your plan pays the other 75% of these costs, then
- You pay 100% of your drug costs from \$2,251 until your **out-of-pocket costs** reach \$3,600, then
- You pay 5% of your drug costs (or a small co-payment) for the rest of the calendar year after you have spent \$3,600 out-of-pocket and your plan pays the rest.

**Here is an example as to how this might work:**

	<b>\$250 Deductible</b>	<b>\$250- \$2,250</b>	<b>\$2,251 – you reach \$3600 in out-of- pocket cost</b>	<b>After \$3600 in Out-of- Pocket Costs</b>
What You Pay	\$250	25% up to \$500	\$2,850*	5%
What Your Plan Pays	\$0	75% up to \$1500	\$0	95%
Total Drug Spending	\$250	\$2250	\$5,100	

\*\$250 deductible + \$500 (25% share \$250 to \$2250) + \$2,850 = \$3600 out of pocket cost

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### How to Enroll in a Medicare Prescription Drug Plan

To enroll, you must have Medicare Part A or Part B. You can first enroll from November 15, 2005 through May 15, 2006. This is called the "initial open enrollment period." Enrolling is your choice. **Note:** After this initial open enrollment period, you can change your plan during the open enrollment period, which will be from November 15 through December 31 each year. Your Medicare prescription drug plan will begin January 1 of the following year. To join, you will need to decide how you want to get your prescriptions. You can

- get all your health care benefits and prescriptions through a Medicare Advantage Managed Care Plan that offers optional

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coverage for prescription drugs,

- get your health care benefits through the Original Medicare Plan and choose a Medicare prescription drug plan, or
- get your health care benefits through another type of Medicare Advantage health plan or a Medicare Managed Care Plan that isn't a Medicare Advantage Plan. In these kinds of plans, you may be able to choose a Medicare prescription drug plan.

Medicare prescription drug plans can offer coverage like this or more generous coverage for higher premiums. Joining is your choice.

However, **if you don't join when you are first eligible, you may have to pay a higher premium if you choose to join later.** You will have to pay this higher premium for as long as you have a Medicare prescription drug plan.

**Note:** If you already have prescription coverage from other insurance, you can keep that coverage. If that coverage offers the same or better benefits as described above, you will not have to pay a higher premium if you decide to join later. Check with your other insurance to see how your coverage compares.

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**How are the new Medicare drug plans that are starting in 2006 different from the Medicare-approved drug discount cards that are already available?**

Medicare prescription drug plans are a new type of insurance that can give you prescription drug coverage from Medicare. These plans work like other insurance you may already have. If you join one of these plans, you will pay a monthly premium, and you will have to pay a co-payment or coinsurance for each prescription you fill. You will first be able to sign up for one of these new plans beginning November 15, 2005.

The Medicare-approved drug discount cards that became available in May 2004 are a way for you to get a discount on your prescriptions at the pharmacy. They work like other grocery store or pharmacy discount cards you may have. You can sign up for one of these cards only until December 31, 2005. They were offered as a transition step to help people with Medicare save money on prescription drug costs until Medicare prescription drug plans became available.

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**What happens to my Medicare-approved drug discount card when I sign up for a Medicare prescription drug plan?**

You can use your Medicare-approved drug discount card until May 15, 2006 or until you join a Medicare prescription drug plan, whichever is first. Once you have a Medicare prescription drug plan, you can't use your Medicare-approved drug discount card. You will get coverage for prescription drugs through the Medicare prescription drug plan instead of saving with the discount card.

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**Can I still use any credits left on my Medicare-approved drug discount card after December 31, 2005?**

Yes. You can continue to use your Medicare-approved drug discount card and your credit until May 15, 2006 or until you join a Medicare prescription drug plan, whichever is first. After you join a Medicare prescription drug plan, you can't use your Medicare-approved drug discount card. You also can't use any of the credit you have left.

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**What if I Don't Take Any Prescription Drugs?**

Even if you don't use a lot of prescription drugs now, **you should still consider joining** a Medicare prescription drug plan. As we age, most people need prescription drugs to stay healthy. For most people, joining as soon as possible means you will pay your lowest monthly premium.

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**How Can I Learn More?**

Medicare wants to make sure you get the coverage you need! Medicare will provide more information in the fall to help you get ready, including how to choose and join a plan that meets your needs. In the fall of 2005, the Medicare & You 2006 handbook will list the Medicare prescription drug plans available in your area.

There are several places you can find more information about Medicare prescription drug plans right now:

- The Medicare publication titled **"The Facts About Medicare Prescription Drug Plans"**
- **Frequently Asked Questions**