

Some Basic Facts About Medicare Part D



Medicare Part D is the name of the new Prescription Drug Benefit Program being offered to all Medicare beneficiaries. It starts on January 1, 2006. Private health plans and Medicare HMOs will apply to Medicare for approval to offer a Part D plan that covers prescription drugs. Medicare beneficiaries will then be able to compare the Part D plans and enroll directly into the plan of their choice.

Who Will Be Impacted?

Medicare consumers who now get their prescription drugs through Medical Assistance (the ACCESS card) will have to enroll in a Part D plan. That is because Medical Assistance will no longer cover prescriptions for those on Medicare after December 31, 2005.

Other Medicare consumers will need to review their prescription coverage and decide whether or not to enroll in Part D—keeping in mind that if they do not act within the initial enrollment period (November 15, 2005 through May 15, 2006) they could face a penalty for their delayed enrollment.

What will Part D cost?

The cost of a Medicare Part D plan will be different from one plan to the next. Part D plans will charge a monthly premium (estimated to average about \$35 in 2006). In addition, most consumers will need to meet an annual deductible. In 2006, the deductible will be \$250.

Are there co-pays or additional costs?

Yes. After meeting their deductible, consumers will also have to pay for a part of the cost of their prescriptions depending on how much prescription coverage they use. This is how it will work:

- ✍️ Consumers will have to pay for some or all of the cost of their prescriptions until their total “out-of-pocket” expenses equal \$3,600
- ✍️ After they reach \$3,600, consumers will have small co-pays (no more than 5% of the cost of the drug) for the remainder of the year



Is there help available to pay for these costs?

Yes! Depending on your income and your assets, you may be able to get help with paying for many of the costs involved with Medicare Part D. This help is called a “subsidy”.

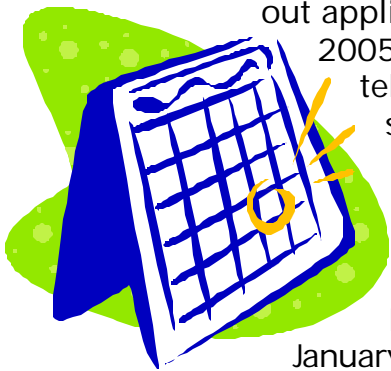
How Do I get a subsidy?

If you want to see if you qualify for help with your Part D costs, you will need to fill out and send in a subsidy application.* On this application you will need to report your and your spouse’s income and assets. Subsidy applications are available at many locations including your local Social Security Office and your local County Assistance Office.

*If you are receiving help from Medical Assistance (the ACCESS card), even if MA is only paying for your Medicare Part B Premium, you will be notified that you are automatically eligible for a full Part D subsidy and you do not need to apply.

When can I apply for a subsidy?

You can apply for a subsidy beginning in June, 2005. Social Security will begin to mail out applications to those who appear to be eligible for a subsidy in May, 2005. Once your application is submitted, you will get a decision back telling you if you qualify for a subsidy and how much it will be. The subsidy will start once you enroll into a Part D Plan.



When can I enroll in a Part D plan?

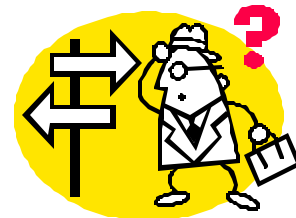
Medicare will announce the approved Part D plans in Fall, 2005. Consumers can then compare their choices and begin to enroll in a Part D plan starting on November 15, 2005 for coverage to start on January 1, 2006. The initial enrollment period will last until May 15, 2006.

What If I Am Enrolled in a Medicare HMO?

If you get your Medicare benefits through a Medicare HMO, and you want to enroll in a Part D Plan, your choices are limited. If your HMO is approved to offer a Part D plan, your only Part D plan choice is to go with the plan offered by your HMO. You will have to disenroll from your Medicare HMO if you want one of the other Part D plans available in your region.

How Do I Choose a Part D Plan?

Each of the Part D plans will be different. Each will have a list of prescription drugs that they cover (also called a "formulary"). Each will have a limited network of pharmacies that you can use. Each will have different costs. Once Medicare approves the Part D plans, you will be able to review and compare the plans by going to the Medicare website at www.medicare.gov. If possible, you should choose a Part D plan that covers the prescription medications you take and that allows you to continue to go to the pharmacy you prefer.



Do I Have to Enroll in a Medicare Part D Plan?

No. Enrollment into a Medicare Part D plan is voluntary. However, if you choose not to enroll within the initial enrollment period and then later decide to enroll in Part D, you may be penalized by having to pay a higher premium for your Part D coverage. The only persons who will not have to pay a penalty for a delayed enrollment are those persons who have other "creditable coverage" (that is, prescription coverage that is determined to be equivalent to the standard Part D coverage)

If you have questions or you want more information, call the Pennsylvania Health Law Project's Helpline at 1-800-274-3258.