

INTRODUCTION TO MEDICARE PART D

Prescription Drug Coverage Under Medicare



From the Office of
Senator Hillary Rodham Clinton
New York

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Dear New York Medicare Beneficiary:

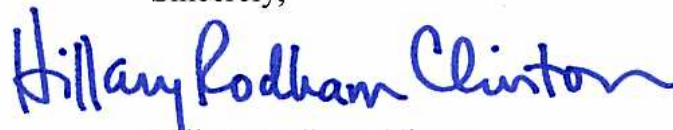
Beginning January 1, 2006, new Medicare prescription drug plans will be available to people with Medicare as a result of the *Medicare Prescription Drug, Improvement and Modernization Act of 2003* that was signed into law in December 2003.

Insurance companies and other private companies will work with Medicare to offer these drug plans. They will negotiate discounts on drug prices. These plans are different from the Medicare-approved drug discount cards, which phase out by May 15, 2006, or when your enrollment in a Medicare prescription drug plan takes effect, if earlier.

Many New York seniors have questions about how these changes will affect them, how and when they will occur, and what steps must be taken to get these new benefits. This booklet outlines highlights of the Medicare law and what these changes could mean to you. It is an introduction to how Medicare prescription drug plans will work. It explains the decisions that you will need to make in coming months, by helping you to become familiar with changes to the Medicare program.

This guide will also provide resources to give you more information about Medicare, prescription drug coverage, and important timelines. You will also find contact information if you have additional questions or concerns. I hope that you find this information helpful.

Sincerely,



Hillary Rodham Clinton

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Medicare will soon be offering insurance coverage for prescription drugs through Medicare prescription drug plans. Insurance companies and other private companies will work with Medicare to offer these plans. In order to get this prescription coverage, you must choose and enroll in a Medicare prescription drug plan that meets your needs. Here are a few basic steps that will help you to prepare as you are making decisions for the Medicare prescription drug benefit.

- ✓ **Look over your current health insurance coverage.** Are prescription drugs covered? The choices you have for Medicare prescription drug coverage will partly depend on what kind of health care coverage you have today.
- ✓ **Keep a list** of the name, dosage, and cost of the prescriptions you use. Since different plans will cover different drugs and could require different co-payments, this will help you choose a plan that meets your prescription needs.
- ✓ **Get ready.** You will not be able to make a final decision until this fall, when private companies release the details of the prescription drug plans that they are offering. You will have a good head start if you learn more about Medicare prescription drug plans now.
- ✓ **Compare your choices.** When details of specific Medicare prescription drug plans are available, you will want to compare your choices before you decide what is best for you. Counselors at local Offices for the Aging and the Medicare Rights Center can help in weighing options.
- ✓ **Decide what is right for you.**

Frequently Asked Questions



Q: What are Medicare Prescription Drug Plans?

Medicare Prescription Drug Plans provide insurance coverage for prescription drugs. Like other insurance, if you join you will pay a monthly premium and pay a share of the cost of your prescriptions. Costs will vary depending on the drug plan you choose. Part D is a new addition to Medicare that provides an outpatient prescription drug benefit starting January 1, 2006.

★ **Medicare Part D Prescription Drug Benefit Begins on January 1, 2006**

Q: Who is eligible for Medicare Part D prescription drug coverage?

All individuals enrolled in Medicare Part A or Medicare Part B are eligible to enroll regardless of age, income, or health conditions. (Medicare Part A covers hospital and other inpatient services. Part B covers doctor visits and other outpatient services, including durable medical equipment.)

Medicare Part A

covers hospital and inpatient services.

Medicare Part B

covers doctor visits and other outpatient services, including durable medical equipment.

Q: Do I have to participate in a Part D plan?

No, you do not have to participate. It is your choice. However, similar to other types of insurance, the longer you wait to enroll, the higher your premium will be.

Q: Do I have to decide on a Prescription Drug Plan Now?

Medicare will send you more information about the prescription drug program before you need to choose a plan. If you have Medicare now AND get your medicines through Medicaid you will also be asked to sign up for one of the new Medicare drug plans. If you don't choose a plan this fall, you will be signed up for the new Medicare drug coverage automatically and a plan will be chosen for you. It is **important to note** that if you fall under this category and do not choose a plan (i.e. a plan is chosen for you automatically), it may not cover all of your prescription needs.



Q: Why is there a late enrollment fee?

Congress has crafted these rules on enrollment deadlines in order to encourage people to enroll in the beginning instead of waiting to join only when health problems develop and drug costs rise. The late enrollment fee gives people a reason not to postpone the decision to join a Part D plan.

Even if you don't use many prescription drugs now, you should consider joining a plan. Although enrollment in the Medicare drug benefit is voluntary, you may have to pay a premium penalty if you enroll in it after you are first eligible. You could have to pay a penalty if 1) you do not enroll by May 15, 2006, or 2) you do not have current coverage that is at least as comprehensive as Medicare's coverage (called **creditable coverage**) for 63 days or more before you enroll.

The penalty means you must pay a higher monthly premium, which increases for every month you meet the above criteria. If you have to pay a premium penalty you will have to pay it for the rest of your life, and the penalty will likely increase every year.

IMPORTANT NOTE:

If you are low income and qualify for extra help, and you do not choose a plan yourself, you will be automatically enrolled in a prescription drug plan. This plan may NOT cover all of your prescription drugs. If you want to enroll in a Medicare Part D plan, you should compare and decide which plan best meets your individual needs.

◆ Enrolling after May 15, 2006 may subject you to a late enrollment fee. ◆



Q: How do I know if I should sign up?

You will need to review your options carefully to see if a Part D plan is right for you. Part D plans are designed to provide financial savings to most people with Medicare. As insurance plans, they were designed to provide protection against future, unexpected costs. They also provide additional financial assistance for people with lower incomes.

Q: If my income is low, will I get any added help?

Yes. There is additional help available for people with low incomes. Whether you qualify for this help—and what specific help you may get — will depend on your income and your assets. It will also depend on whether or not you are eligible for Medicaid.

REMEMBER:

You must still apply for a prescription drug plan even if you are automatically eligible for extra help.

For example, your annual income may be less than 135 percent of the federal poverty level (in 2005, that's \$12,919 for a senior living alone or \$17,320 for a couple—the amount will be higher in 2006). If so, and if your total assets amount to no more than \$6,000 (for an individual) or \$9,000 (for a couple), you'll be able to get drugs for \$1-2 per prescription for generic drugs and \$3-5 for brand-name drugs.

You should check with your state Medicaid office or local Social Security Office if you have questions about whether or not your assets are too high. When determining the value of your “assets” to see if you qualify, the value of your home, your car, and some other non-cash assets [such as a wedding ring] are not counted. If you qualify for Medicaid, you are automatically eligible for low-income help.

It is **important to note** that, though you may be eligible for this low-income assistance, you must still apply for a prescription drug plan.

Q: What assets will be counted to determine if I am eligible for help?



The assets that will be counted include cash or any property that can be converted to cash within 20 days. This includes checking accounts, savings accounts, certificates of deposit, retirement accounts (like IRAs or 401ks), stocks, bonds, mutual fund shares, promissory notes, mortgages, and life insurance policies. Property that is not counted includes your primary home, burial plots, or burial agreements. Certain funds set aside for burial expenses, up to \$1,500, will also not be counted.

Q: Why is the Social Security Administration involved?

While the overall responsibility for development and administration of the new Medicare Part D program resides with CMS, the Social Security Administration, or SSA, is required by law to assist CMS in identifying low income individuals who are eligible for Part D.

Social Security Administration and Centers for Medicare & Medicaid Services are working together to get the eligible people extra help with prescription drug costs. SSA officials will determine who is eligible for extra assistance based on income, value of your savings, investments and real estate (other than your home).

The SSA will be sending out applications and making them available online. SSA representatives will be available to you in a variety of ways in coming months. They will be answering phones, hosting outreach sessions at local senior centers, libraries, and town halls, and assisting individuals in filing applications. The information that you provide to SSA will be kept confidential and will only be used to determine whether you are eligible for Part D and shared with Part D sponsors in your area.

You may call the Social Security Administration at its toll-free help line: **1-800-772-1213**. Support counselors will be able to answer your questions directly.

Q: What is this SSA Form and where can I find it?

From June through August 2005, millions of Medicare beneficiaries who may be eligible for extra help will be mailed an *Application for Help with Medicare Prescription Drug Plan Costs* (Form SSA-1020). If you are a **dual eligible** (covered by both Medicaid and Medicare) then you will be automatically approved for the low-income subsidy and an application will not be sent to you. If you receive an application, you should complete and return it as soon as possible. If you do not receive an application in the mail or do not want to wait, you can get one by calling Social Security at **1-800-772-1213**. Beginning July 1, 2005 you can also apply online at www.ssa.gov.



Q: Is it safe to give out personal information?

You should always be careful when sharing personal information, but be assured that the Social Security Administration and Centers for Medicare & Medicaid Services keep all information regarding their clients confidential.

The information that you provide to SSA will be kept confidential – it will only be used for eligibility determination purposes.

Q: Should I be worried about fraud?

Authorized SSA and CMS officials will conduct official outreach sessions in coming months. They will ask you for basic information – such as name, date of birth, and social security number – in order to help you in filing applications. SSA officials lead group sessions; you should beware of anyone who comes to your door or asks you to pay for applications. These individuals are not official Medicare designees. You should always be vigilant and confirm all applications with your local Social Security office or Medicare officials.

Q: How do I get the new benefit?

The prescription drug benefit will be provided through private prescription drug plans that contract with the Medicare program. Managed care plans, like those currently in Medicare + Choice (now Medicare Advantage), can also provide the

prescription drug benefit. To receive the benefit, you will have to sign up with a plan offering the drug benefit in your area.

Q: Will there be a plan in my area?



Yes. Medicare is required to contract with at least two plans that provide prescription drug coverage. Therefore, you will have at least two Medicare private drug plans to choose from. At least one of the two must be a stand alone prescription drug plan. There may be some areas in the country where no private plan, or only one plan, wants to participate. For those areas, the government will provide a “fall-back” plan, and this plan will provide the same amount of coverage as a basic Medicare prescription drug plan.

Q: Will all plans cost the same and offer the same things?



No. The 2003 Medicare law outlined a plan that will be used as the standard for the overall value a plan must offer in order to be approved as a Medicare private drug plan. However, you may never see a plan exactly like the basic plan outlined in the law. Plans can structure their benefit differently as long as the overall value is at least as good as the Medicare basic plan. They can also offer better coverage, for which they will likely charge a higher premium.

Also, drugs covered by private plans can vary from plan to plan. Plans do not have to cover all drugs. Medicare has guidelines for what plans must cover, but those guidelines do not guarantee that all plans will offer the same thing. Plans are required to cover some drugs in all “therapeutic” classes. However, plans are not required to cover every drug in a class. For example, a plan may cover several drugs for high blood pressure that are similar to the one you take, but not yours. You will need to make sure that the plan you enroll in covers the drugs you need. This is important because the plan will only pay for the drugs it covers and only those drugs count towards your deductible and out-of-pocket limit. It is important to note that private plans can change the prescription drugs that are covered under their plan.

Plans are not required to cover every drug in a “therapeutic class”. For example, a plan may cover several drugs for high blood pressure that are similar to the one you take, but that are not yours.

Q: Can premiums be deducted from Social Security checks?



Yes, you will have the option to have the premium deducted from your Social Security check (just like your Part B premium), or you or your former employer can pay your premium directly to the private company.

Q: Will I need to reapply every year?

No. If you do nothing, the Medicare prescription drug plan that you choose will continue, but you should re-evaluate your Medicare private drug plan every year to make sure you are getting the best coverage for your needs.

Just like your Part B premium, prescription plan premiums can be deducted directly for your Social Security check every month.

Q: Can I change Part D plans once I have enrolled?

Yes, you can change your Part D plan. The opportunities to switch are:

1. Annual Enrollment

Each year, you will be able to choose a different Part D prescription drug plan or Medicare Advantage Plan during an annual enrollment period that lasts from November 15 through December 31. Coverage under the new plan will begin the following January 1.

2. Other exceptions

There are limited exceptions that may give you the right to switch plans during a year. For example, if you move out of the service area of your current plan, you will have an opportunity to choose another plan that serves your new area.



Q: Will the amounts that I pay change over time?

Yes. The deductible and the out-of-pocket expenses will grow each year based on increases in drug spending for the Medicare benefit. Not only will the

amounts you have to pay in deductibles and in the “doughnut hole” go up with drug spending in Medicare, but your premiums will increase as well. Premiums will be set based on plans’ bids. Plans will base their bids on drug costs. So, as drug spending goes up, you may expect to see your premiums increase, too.



Q: How will I know if the drugs I currently take will be covered?

Each Part D plan will provide its own **formulary** (list of drugs covered by a plan). This information will be available through the plan’s web site, customer service center, and through marketing materials. Your plan must send you written notice at least 60 days before it changes its coverage of a drug you use. This might include ending coverage of a medication you take or changing how much you have to pay for it. Any formulary changes will also be posted on the plan’s web site prior to 60 days before the change. (Note: 60-day notice is not required if the drug is removed for safety reasons.) Alternatively, the plan can provide you the written notice after the change has taken effect as long as they cover a 60-day supply of the drug when you refill it at the pharmacy.

You will receive information in the mail on a private plan’s specific formulary after **October 1, 2005**.

**Q: I have drug coverage through the Veterans’ Administration (VA).
Can I continue to get my prescriptions through the VA in 2006?**

The introduction of Part D prescription drug plans in 2006 will have no impact on Veterans’ Administration benefits. Medicare beneficiaries who currently have prescription drug benefits through the VA will be able to continue to obtain their prescriptions through the VA. If you ever do want to enroll in the Medicare prescription drug benefit later, VA drug coverage is “creditable coverage”, so you will not have to pay a penalty as long as you enroll in the Medicare prescription drug benefit within 63 days of dropping VA benefits.

A **formulary** is a list of the drugs that a plan covers. Each plan has its own formulary. All formularies are similar because they are based on federal guidelines, but they may not include exactly the same drugs. The differences may be important to you.

Q: What happens to my TRICARE For Life (TFL) drug coverage when the Medicare drug benefit begins?

TRICARE For Life is Medicare wrap around coverage available to uniformed service retirees, family members, and widows, and Congressional Medal of Honor recipients.

Your TRICARE coverage will remain the same and you will not have to enroll in the Medicare prescription drug benefit to keep it. (Note: This is different from medical coverage under TRICARE which requires you to enroll in Medicare Parts A and B.) If you decide you want to enroll in the Medicare drug benefit later, you will not have to pay a penalty as long as you enroll within 63 days of dropping or losing TRICARE coverage.

Q: Will I be allowed to buy cheaper drugs from Canada or other countries?



No. Under the legislation, drugs can only be re-imported from Canada, and then only if the Secretary of Health and Human Services certifies both that re-importation is safe and that it would significantly reduce costs. The Secretary has already issued a report finding that the cost of making individual re-importation safe is too high.

Q: Is coverage for prescription drugs the only new Medicare benefit?

No, Medicare will now cover new services that will help to find and treat illnesses in their early stages. Certain blood tests to detect cardiovascular disease and diabetes screening for those at risk will now be covered by Medicare. There is also a “Welcome to Medicare” physical exam for all people who are joining Medicare.

You may call Medicare at its toll-free help line: **1-800-MEDICARE** or **1-800-633-4227** for questions regarding Medicare coverage.

Prescription Drug Benefit

A significant part of the new law is a new benefit to help people in Medicare with their prescription drug costs. This assistance goes into effect in two stages:

① The **FIRST STAGE** began in May 2004 when people in Medicare were able to sign up for a discount drug care to help them with some drug costs. This is a temporary program that phases out in **December 2005**.

② The **SECOND STAGE** of assistance, a Medicare prescription drug benefit, goes into effect on **January 1, 2006**.

How it Works

In December 2003, Congress passed the Medicare Prescription Drug, Improvement and Modernization Act of 2003. This law will launch a new Medicare prescription drug benefit, called Medicare Part D. Initial enrollment periods for this new benefit begin on November 15, 2005 and end on May 15, 2006. If individuals enroll after this date, they will be subject to a late enrollment penalty. You will be able to change your Part D plan each year during the annual enrollment period.

If you choose to enroll in a Medicare drug plan, you will have to pay a **premium** each month. The premium will likely be about \$35 a month. Some plans will charge more, others will charge less.

These plans will vary - you may never see a plan exactly like the basic plan outlined in the law. Plans can structure their benefit differently as long as the overall value is at least as good as the Medicare basic plan. They can also offer better coverage, for which they will likely charge a higher premium.

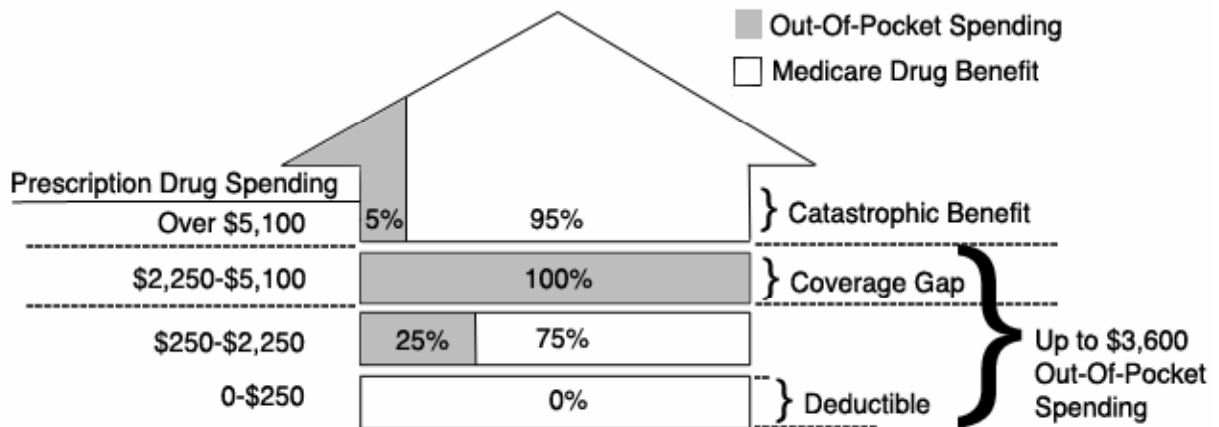
Premiums will vary based on what each plan offers and where it is offered (i.e. which county) in each state.

You will have a \$250 deductible each year. After you have reached the deductible, Medicare will cover 75% of your drug costs, up to \$2,250. (This means that you will pay 25% of drug costs between \$250 and \$2,250).

After total drug costs reach \$2,250, you will pay an additional \$2,850 in out-of-pocket drug costs before Medicare will resume coverage. This is called the **coverage gap**, also known as the **doughnut hole**.

Once your out-of-pocket drug costs not including monthly premiums, reach \$3,600 (\$250 deductible + \$500 **co-insurance** + \$2,850 coverage gap), Medicare will begin paying again.

At this point, Medicare will cover up to 95% of your drug costs (also called the **catastrophic benefit**). You will pay either \$2 for generic drugs and \$5 for brand name drugs or 5% of the prescription drug costs, whichever is greater.



Note: Premiums not included.

Figure: <http://www.aarp.org/bulletin/medicare/>



Co-insurance is a kind of cost-sharing (the way that an insurance plan shares its costs with a member) where costs are split on a percentage basis. For example, a plan might pay 75% and you would pay 25%.

As with Medicare Part B enrollment, there will be a **late enrollment penalty** for not enrolling in the Medicare drug benefit in the first six months that you are eligible. The penalty will be about 1% of the premium for each month that you delay enrollment. For example, if the average national premium in 2007 is \$45 a month and you had delayed enrollment for 15 months, your monthly premium would be \$51.75. ($\$45 \times 1\% = \$0.45 \times 15 = \$6.75 + \$45 = \51.75).



Drug plans may have a list of drugs that they will cover. These lists are called formularies or preferred drug lists. The drugs will be in groups called therapeutic classes. There will be at least one drug for each therapeutic class. There will also be an appeals process to request coverage for a drug not on the formulary.



How the Medicare Drug Benefit Works with Other Coverage

Medigap Drug Coverage. If you have a Medigap policy with drug coverage, you will get a detailed notice from your insurance company telling you whether or not your policy covers as much or more than a Medicare prescription drug plan. This notice will explain your rights and choices. If you are in a Medigap plan that does not have a drug benefit, your coverage is not affected. If you have a Medigap plan with a drug benefit, you will have to choose between keeping your current Medigap drug benefit and enrolling in the Medicare drug benefit.

If you like your current Medigap plan with a drug benefit, you can choose to keep it and not enroll in the Medicare prescription drug benefit. But if you later change your mind and want to get the drug benefit, you will have to pay a late enrollment penalty.

If you want to enroll in the Medicare prescription drug benefit, you can either enroll in another Medigap plan (without a drug benefit) or keep your current Medigap plan and drop its drug coverage and pay a lower Medigap premium. Or, you can sign up for a Medicare Advantage Plan with drug coverage. (Note: Once Medicare's prescription drug benefit starts in 2006, new Medigap policies with a drug benefit will not be sold. People who do not already have a Medigap policy with a drug benefit will not be able to buy one.)

State Pharmacy Assistance Programs. Some states have their own programs to help people with drug costs. Each state will decide how its program will work with the Medicare drug benefit. This could affect things like the cost of premiums, co-pays, deductibles and coverage gaps. State pharmacy assistance programs can pay for drugs during the coverage gap or doughnut hole. These payments count towards the \$2,850 out-of-pocket coverage gap or doughnut hole.

You may call EPIC's toll-free hotline at **1-800-332-3742** with questions about your coverage.

The **Elderly Pharmaceutical Insurance Coverage Program**, or **EPIC**, is a New York State sponsored prescription plan for senior citizens who meet certain eligibility requirements. EPIC is a cost sharing program. Seniors with moderate incomes pay a low quarterly fee and participate in the Fee Plan. Seniors with higher incomes must pay an annual deductible and participate in the Deductible Plan. Those who pay a fee or meet their deductible make a co-payment at the pharmacy when purchasing prescriptions.

In New York, individuals taking part in the EPIC Program can use the Medicare Drug Plan as well. EPIC will continue to be available to current and new enrollees. The EPIC program will still exist and seniors can choose to join a Medicare prescription drug plan that will be supplemented by EPIC to save costs. EPIC officials will encourage members to consider joining for a Medicare prescription drug plan. By using these programs together, seniors will be able to purchase their prescription drugs at the lowest co-payment possible. EPIC can also be used to cover prescription drugs that are not covered by Medicare.

To encourage EPIC members to apply for the low-income subsidy, those enrolled in a Medicare prescription drug plan with the subsidy will have their EPIC enrollment fees waived. Combining the Medicare prescription drug coverage with their EPIC coverage will result in the same coverage at less cost.

Extra help will be available from the SSA for seniors with limited income and resources. This low income subsidy will pay for the annual premium and deductible for the Medicare prescription drug coverage and limit co-payments to \$2 and \$5.

Employer Retiree Health Coverage. Employers who provide a prescription drug benefit to their retirees that is at least as comprehensive as the Medicare drug benefit ("creditable coverage") will get a federal subsidy to help ensure that employers do not drop coverage. This subsidy will cover some of the companies' drug costs as long as their retirees don't enroll in the Medicare drug benefit. It is your choice whether to enroll,

even if you are now covered for prescription drugs by a retiree health plan. It will be important to consider decisions your former employer makes about coverage in 2006 as you make your choice.



Creditable coverage is prescription drug coverage, from a plan other than a Part D plan, which meets certain Medicare standards.

If you enroll in Medicare’s prescription drug benefit, your former employer may be able to “wrap around” the benefit with your retiree health plan. (However, in that case, the employer will not get the federal subsidy). You should note that if you drop employer or union health coverage, you may not be able to get it back. You should make sure to ask your employer directly about specific details before making any decisions about your coverage options.

Before making any decisions about your prescription drug coverage, you should make sure to ask your employer directly about plan details.

The following are **important facts for you to consider**:

- ★ The Medicare prescription drug benefit does not start until January 1, 2006. By then, you will have more information from Medicare and your former employer that will help you decide whether or not to enroll.
- ★ Employers will make choices about whether to change their retiree drug coverage. For example, they may decide to wrap their benefit around the Medicare program to fill in gaps in coverage. Or, they may decide to only pay the Medicare drug premium for retirees.
- ★ Retiree benefits can help pay for prescription drug costs during the Medicare coverage gap. But the amounts paid will not count toward the \$3,600 in your total out-of-pocket spending.
- ★ If your employer cancels your retiree health benefits after your initial chance to enroll in the Medicare drug benefit, you will be able to enroll later—as long as your employer’s plan is at least as good as the Medicare Part D benefit. A late penalty may apply under certain conditions.

Low-Income Features. For people with low incomes, Medicare drug assistance has special features. Individuals who are enrolled in both Medicare and Medicaid (**dual eligibles**) will have their primary drug coverage switched from Medicaid to Medicare. Medicaid beneficiaries will continue to have hospital and other expenses covered by Medicaid.


Many people with low incomes will get extra help with their Medicare prescription drug benefit. People with the lowest incomes will pay no premiums or deductibles, small or no co-payments, and will have no coverage gap. Those with slightly higher incomes will have a reduced deductible and some will have a sliding scale premium and small co-insurance. The chart below helps to highlight these important points.

	Monthly Premium	Deductible	Coverage Gap	Co-payment or Co-insurance	Co-payment over the catastrophic limit
People with Medicare and full Medicaid Coverage (dual eligibles). Income below \$9,630 (single) or \$13,000 (couple)	No	No	No	\$1 for generic drugs, \$3 for brand-name drugs No co-pay if in nursing home	No
Income below \$13,000 (single) or \$17,550 (married couple). Assets below \$6,000 (single) or \$9,000 (couple)	No	No	No	\$2 for generic drugs, \$5 for brand-name drugs	No
Income below \$13,000 (single) or \$17,550 (couple). Assets below \$10,000 (single) or \$20,000 (couple)	No	\$50	No	15% co-insurance	\$2 for generic drugs, \$5 for brand name drugs
Income between \$13,000-\$14,450 (single) or \$17,550-\$19,500 (couple). Assets below \$10,000 (single) or \$20,000 (couple)	Sliding Scale	\$50	No	15% co-insurance	\$2 for generic drugs, \$5 for brand name drugs



Medicare Advantage

Medicare Part C, or the Medicare+Choice program, is being renamed Medicare Advantage. A Medicare Advantage plan is your option to get your Medicare-covered health care services through a Medicare private health plan. These plans will remain similar to the plans with which you are familiar.

 **Medicare Advantage Plans may be:**
Health Maintenance Organizations (HMO);
Point-of-Service (POS) plans;
Private Fee-For-Service (PFFS) plans; or
Preferred Provider Organizations (PPO)

Although each type of Medicare Advantage plan differs, they have certain features in common:

- ① The Medicare Advantage company decides the rules for covering your benefits and payments. Each year, it can change benefits, premiums and other costs to you.
- ① The amount of money that the company gets from the government for your care is set, no matter how many or how few services you use.
- ① Each year, the private company decides whether or not to offer a Medicare Advantage plan.
- ① Each year, you can decide whether to stay in your plan, switch to another, or return to traditional Medicare.

Starting **January 1, 2006**, all companies offering Medicare Advantage plans except Private Fee-For-Service plans must offer at least one plan with drug coverage. If you select a Private Fee-For-Service plan or another Medicare Advantage plan without drug coverage, you may also select a Medicare prescription drug benefit plan in your area.

 Starting **January 1, 2006**, companies offering Medicare Advantage plans must offer at least one plan with drug coverage.

There are some differences among Medicare Advantage plans, and the plans may vary widely. In some plans, you can pick your doctors only from the plan's network. In others, you can either choose doctors from in-network, or you can go outside the network. Some of the plans pay only for in-network care, while others will pay for care both in- and out-of-network. Generally, going out-of-network costs more. Remember, you do not have to enroll in a Medicare Advantage plan. You can stay in the traditional Medicare program.

 There are differences among Medicare Advantage Plans, and the plans may vary widely.



Other Changes in Medicare

In addition to the changes that were outlined in this booklet, there are other important changes to Medicare that may affect you.

Part B Deductible

Starting in January 2005, the yearly deductible for Medicare Part B—the part of Medicare that helps you pay for doctor bills—increased from \$100 to \$110. After 2005, there will be yearly increases in the deductible based on increases in Medicare Part B costs. You will be notified of these updates by Medicare.

Part B Premiums

Starting in 2007, people with Medicare who have higher incomes will pay higher premiums for Medicare Part B coverage. Currently, the premium for everyone is about 25% of the actual cost of Part B coverage.

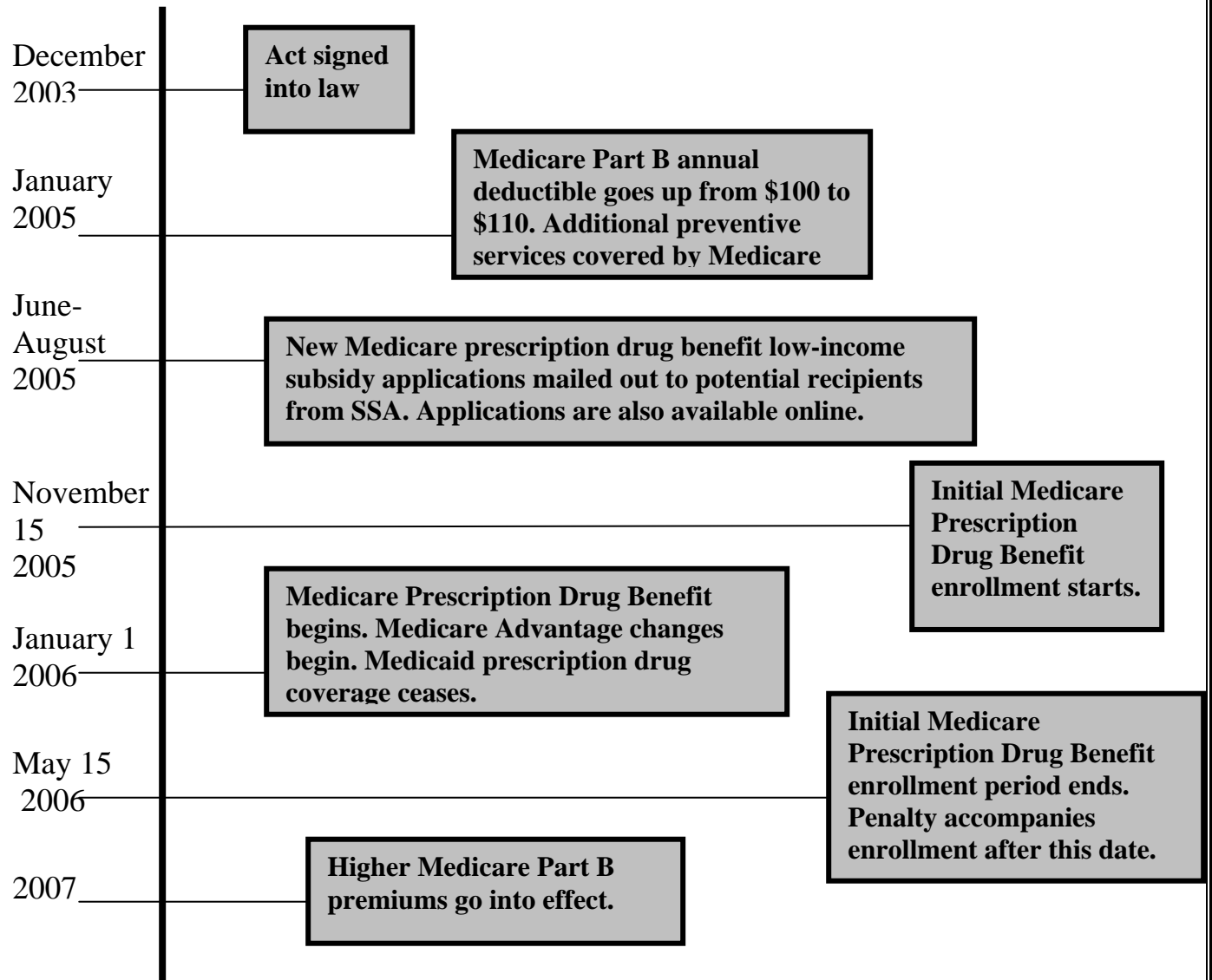
Additional Preventive Services

Starting in January 2005, Medicare expanded coverage for preventive services. These include an initial physical exam after enrolling in Medicare and screening tests for heart disease and diabetes.

Chronic Care Improvement Program

This is a pilot program that aims to establish a chronic care improvement program for people with Medicare who have certain chronic conditions. It will include education for patients and their caregivers, coordination of health care services, and new technologies to monitor health.

Timeline for Medicare Changes





For More Information

Medicare will send you more information as fall enrollment for the prescription drug benefit approaches. Each November, new information will be available on Medicare's website and in mailings to Medicare beneficiaries. Fifteen days before the annual sign-up period, people with Medicare coverage will get a list of prescription drug plans in their area and a comparison of the coverage options of each plan.

You may find the following resources helpful in answering additional questions.

- The Medicare Rights Center has a fully staffed hotline (1-800-333-4114) available to all constituents.
- Medicare has a toll-free telephone number (1-800-MEDICARE or 1-800-633-4227 or TTY 877-486-2408 and a web site (www.medicare.gov). There are counseling programs that can provide direct assistance for those who prefer to get help in person, and referrals may be obtained through Medicare's toll-free hotline.
- The Social Security Administration has a fully staffed hotline (1-800-772-1213) where agents answer your questions directly.
- The EPIC Program has a toll-free helpline (1-800-332-3742) that you may call for questions about your drug coverage.
- AARP has a web site (www.aarp.org) and a phone number (1-888-OUR-AARP or 888-687-2277) to give you information to help you understand your Medicare and prescription drug choices.
- New York State Office for the Aging provides assistance for senior citizens across the state. You may contact the main Office for the Aging helpline at 1-800-342-9871 or at its web site (<http://aging.state.ny.us/>). You may also contact your local Aging offices (please see below) for direct assistance with counselors.

Albany County Department for the Aging

112 State Street, Room 710
Albany, NY 12207-2069
(518) 447-7179
FAX: (518) 447-7188

Allegany County Office for the Aging

17 Court Street
Belmont, NY 14813-1001
(585) 268-9390
FAX: (585) 268-9657

Broome County Office for the Aging

Government Plaza
PO Box 1766
Binghamton, NY 13902-1766
(607) 778-2411
FAX: (607) 778-2316

Cattaraugus County Department of Aging

One Leo Moss Drive, Suite 7610
Olean, NY 14760-1101
(716) 373-8032
FAX: (716) 372-4734

Cayuga County Office for the Aging

160 Genesee Street
Auburn, NY 13021-3483
(315) 253-1226
FAX: (315) 253-1151

Chautauqua County Office for the Aging

7 North Erie Street
Mayville, NY 14757-1027
(716) 753-4471
FAX: (716) 753-4477

Chemung County Office for the Aging

425 Pennsylvania Avenue, P.O. Box 588
Elmira, NY 14902-0588
(607) 737-5520
FAX: (607) 737-5521

Chenango County Area Agency on Aging

County Office Bldg., 5 Court St.
Norwich, NY 13815-1794
(607) 337-1770
FAX: (607) 337-1749

Clinton County Office for the Aging

135 Margaret Street, Suite 105
Plattsburgh, NY 12901-2966
(518) 565-4620
FAX: (518) 565-4812

Columbia County Office for the Aging

610 State Street
Hudson, NY 12534 - 2514
(518) 828-4258
FAX: (518) 822-0010

Cortland County Office for the Aging

County Office Building
60 Central Avenue, P.O. Box 5590
Cortland, NY 13045-5590
(607) 753-5060
FAX: (607) 758-5528

Delaware County Office for the Aging

6 Court Street
Delhi, NY 13753-1066

(607) 746-6333
FAX: (607) 746-6227

Dutchess County Office for the Aging

27 High Street
Poughkeepsie, NY 12601-1962
(845) 486-2555
FAX: (845) 486-2571

Erie County Dept. of Senior Services

95 Franklin Street
Buffalo, NY 14202-3985
(716) 858-8526
FAX: (716) 858-7259

Essex County Office for the Aging

P.O. Box 217 - 100 Court Street
Elizabethtown, NY 12932-0217
(518) 873-3695
FAX: (518) 873-3784

Franklin County Office for the Aging

355 West Main Street, Suite 447
Malone, NY 12953-1826
(518) 481-1526
FAX: (518) 481-1878

Fulton County Office for the Aging

19 N. William Street
Johnstown, NY 12095-2534
(518) 736-5650
FAX: (518) 762-0698

Genesee County Office for the Aging

Batavia-Genesee Senior Center
2 Bank Street
Batavia, NY 14020-2299
(585) 343-1611
FAX: (585) 344-8559

Greene County Department for the Aging

411 Main Street
Catskill, NY 12414
(518) 719-3555
FAX: (518) 719-3798

**Hamilton County * see
Warren/Hamilton**

Herkimer County Office for the Aging

109 Mary Street, Suite 1101
Herkimer, NY 13350-2924
(315) 867-1121
FAX: (315) 867-1448

Jefferson County Office for the Aging

County Office Bldg
250 Arsenal Street
Watertown, NY 13601-2546
(315) 785-3191
FAX: (315) 785-5095

Lewis County Office for the Aging

Outer Stowe Street, P.O. Box 408
Lowville, NY 13367-0408
(315) 376-5313
FAX: (315) 376-5105

Livingston County Office for the Aging

Livingston County Campus Bldg. 8
Mt. Morris, NY 14510-1601
(585) 243-7520
FAX: (585) 243-7516

Madison County Office for the Aging

138 Dominick Bruno Blvd.
Canastota, NY 12032

(315) 697-5700
FAX: (315) 697-5777

Monroe County Dept. of Human & Health Services

Office for the Aging
111 Westfall Road, Room 652
Rochester, NY 14620
(585) 274-6280
FAX: (585) 274-6282

Montgomery County Office for the Aging

380 Guy Park Avenue, P.O. Box 52
Amsterdam, NY 12010-0052
(518) 843-2300
FAX: (518) 843-7478

Nassau County Dept. of Senior Citizen Affairs

60 Charles Lindbergh Boulevard
Uniondale, NY 11553-3653
(516) 227-8900
FAX: (516) 227-8972

New York City Department for the Aging

2 Lafayette Street
New York, NY 10007-1392
(212) 442-1000
FAX: (212) 442-1095

Niagara County Office for the Aging

111 Main Street
Lockport, NY 14094-3718
(716) 438-4020
FAX: (716) 438-4029

Oneida County Office for Aging and Continuing Care

235 Elizabeth Street

Utica, NY 13501
(315) 798-5558
FAX: (315) 798-6444

Onondaga County Department of Aging and Youth

Civic Center - 13th Floor
421 Montgomery Street
Syracuse, NY 13202
(315) 435-2362
FAX: (315) 435-3129

Ontario County Office for the Aging

3010 County Complex Drive
Canandaigua, NY 14424-9502
(585) 396-4040
FAX: (585) 396-7490

Orange County Office for the Aging

30 Matthews Street, Suite 201
Goshen, NY 10924-1985
(845) 291-2150
FAX: (845) 291-2182

Orleans County Office for the Aging

County Administration Building
14016 Route 31 West
Albion, NY 14411-9382
(585) 589-3191
FAX: (585) 589-3193

Oswego County Office for the Aging

County Office Complex
70 Bunner St., PO Box 3080
Oswego, NY 13126-3080
(315) 349-3484
FAX: (315) 349-8413

Otsego County Office for the Aging

County Office Building
197 Main Street

Cooperstown, NY 13326-1129
(607) 547-4232
FAX: (607) 547-6492

Putnam County Office for the Aging
110 Old Route 6, Bldg. A
Carmel, NY 10512-2196
(845) 225-1034
FAX: (845) 225-1915

Rensselaer County Unified Family Services
1600 7th Avenue
Troy, NY 12180
(518) 270-2730
FAX: (518) 270-2617

Rockland County Office for the Aging
The Dr. Yeager Health Center
Pomona, NY 10970-0350
(845) 364-2110
FAX: (845) 364-2348

St. Lawrence County Office for the Aging
80 State Highway, Suite 7
Canton, NY 13617-1497
(315) 386-4730
FAX: (315) 386-8636

St. Regis Mohawk Office for the Aging
420 State Route 37
Hogansburg, NY 13655-9704
(518) 358-2272
FAX: (518) 358-3203

Saratoga County Office for the Aging
152 West High Street

Ballston Spa, NY 12020-3528
(518) 884-4100
FAX: (518) 884-4104

Schenectady County Senior & Long Term Care Services
Schaffer Heights
107 Nott Terrace, Suite 202
Schenectady, NY 12308-3170
(518) 382-8481
FAX: (518) 382-8644

Schoharie County Office for the Aging
478 West Main Street, Suite 2
Cobleskill, NY 12043-1622
(518) 234-4219
FAX: (518) 234-4831

Schuyler County Office for the Aging
P.O. Box 810
Montour Falls, NY 14865-0810
(607) 535-7108
FAX: (607) 535-2030

Seneca County Office for the Aging
1 DiPronio Drive
Waterloo, NY 13165-1681
(315) 539-1765
FAX: (315) 539-9479

Seneca Nation of Indians Office for the Aging
28 Thomas Indian School Drive
Irving, NY 14081
(716) 532-5778
FAX: (716) 532-5077

Steuben County Office for the Aging
3 E. Pulteney Square

Bath, NY 14810-1510
(607) 776-7813
FAX: (607) 776-7813

Suffolk County Office for the Aging
H. Lee Dennison Building, 3rd Floor
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, NY 11788-0099
(631) 853-8200
FAX: (631) 853-8225

Sullivan County Office for the Aging
100 North Street, P.O. Box 5012
New County Government Center
Monticello, NY 12701-1139
(845) 794-3000
FAX: (845) 794-7409

Tioga Opportunities, Inc.
Department of Aging Services
Countryside Community Center
9 Sheldon Guile Blvd.
Owego, NY 13827-1062
(607) 687-4222
FAX: (607) 687-4147

Tompkins County Office for the Aging
320 N. Tioga Street
Ithaca, NY 14850-4206
(607) 274-5482
FAX: (607) 274-5495

Ulster County Office for the Aging
400 Stockade Drive
Kingston, NY 12401
(845) 340-3456
FAX: (845) 340-3583

Warren/Hamilton Counties Offices for the Aging
333 Glen Street, 3rd Floor, Suite 306
Glens Falls, NY 12801
(518) 761-6347
FAX: (518) 745-7643

Washington County Office for the Aging and Nutrition Services
383 Broadway, Suite B10
Fort Edward, NY 12828
(518) 746-2420
FAX: (518) 746-2418

Wayne County Department of Aging and Youth
1519 Nye Road, Suite 300
Lyons, NY 14489-9111
(315) 946-5624
FAX: (315) 946-5649

Westchester County Department of Senior Programs & Services
9 South First Avenue, 10th Floor
Mt. Vernon, NY 10550-3414
(914) 813-6400
FAX: (914) 813-6399

Wyoming County Office for the Aging
5362 Mungers Mill Road
Silver Springs, NY 14550-9704
(585) 786-8833
FAX: (585) 786-8832

Yates County Area Agency on Aging
417 Liberty Street, Suite 1116
Penn Yan, NY 14527
(315) 536-5515
FAX: (315) 536-5514

