

FOR IMMEDIATE RELEASE

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**MEDICARE UPDATE**

Contact: CMS Public Affairs

(202) 690-6145

**NEW DRUG COVERAGE INCLUDES OPTIONS  
FOR ADDITIONAL BENEFITS AND SAVING MONEY**  
*COST, COVERAGE AND CONVENIENCE CAN BE FOCUS OF CHOICE*

All people with Medicare will have a range of choices to enable them to get prescription drug coverage that reflects their preferences, including options with low premiums and options offering more coverage than Medicare's standard drug benefit, the Centers for Medicare & Medicaid Services (CMS) announced today.

"Medicare drug coverage is coming with lower costs and better coverage options than many people expected, and there will be help available locally and nationally to assist people in making a decision," HHS Secretary Mike Leavitt said.

"Everyone in Medicare, no matter what their income or how they get their health care, can choose coverage that reflects what they want, including lower cost, more complete coverage, and convenient access," said CMS Administrator Mark B. McClellan, M.D., Ph.D.

For example, for people who want to get their coverage in traditional Medicare, the lower cost choice could be a stand-alone plan with a low premium and low prices for a beneficiary's drugs. The more complete coverage choice could be a drug plan that offers coverage for generic drugs and in some cases even brand-name drugs through the "coverage gap" in the standard Medicare benefit, a plan with no deductible, and a plan that covers almost all of the commonly used drugs. And for convenient access, a beneficiary can choose a plan that provides coverage through their own preferred pharmacies.

In every state, Medicare beneficiaries will have options that include coverage in the standard benefit's "coverage gap." In every state, beneficiaries will have access to options with deductible below the standard \$250. All states except Alaska have options with premiums below \$20 a month, and many states have options with premiums for significantly less than that. Also to simplify coverage, many plans have flat copays or "tiers" of drug payments. For example, a plan might offer generic drugs for one rate, preferred brand name drugs for slightly more and most other brand name drugs for a somewhat higher charge.

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Beneficiaries have options that permit even more savings with additional coverage in Medicare Advantage plans, which are available in every state but Alaska and Vermont. In 2006, 70 percent of beneficiaries across the country will have access to a Medicare Advantage plan where the *total* monthly premium, not including the Part B premium, is zero. This kind of plan would get a beneficiary Medicare's medical and hospital coverage, drug coverage and additional benefits beyond Medicare's standard health benefits.

In all but nine states (Connecticut, Idaho, Iowa, Maine, Nebraska, New Hampshire, North Carolina, North Dakota and South Dakota), beneficiaries will have the option to select a Medicare Advantage plan with at least some coverage through the Medicare drug benefit's coverage gap.

Medicare Advantage plans, which enable people to get their Medicare through health plans such as HMOs and PPOs, offer drug coverage on top of a package of health benefits that generally exceed Medicare's benefits. In the traditional Medicare program, beneficiaries would have to pay premiums for Part B, Part D, and a Medigap plan to fill in some of the gaps in Medicare coverage. Including Medigap, these premium costs can easily amount to several hundred dollars per month. Beneficiaries in Medicare Advantage now save an average of about \$100 in out of pocket costs compared to traditional Medicare.

The stand-alone prescription drug coverage and the Medicare Advantage coverage include many plans with very broad formularies. Next month, Medicare will provide specific information on the formularies and the costs of drugs in the formularies.

All approved prescription drug plans and Medicare Advantage plans meet Medicare's requirements for providing access to medically necessary drugs, including formulary standards, as well as standards for access to convenient retail pharmacies and to drugs in nursing homes. The plans are required to provide coverage at least as good as Medicare's standard coverage, which pays on average 75 percent of drug costs after a \$250 deductible up to \$2,250 in total drug spending. The coverage also pays approximately 95 percent after \$3,600 in out-of-pocket costs to protect against very high drug expenses. This means that for a monthly premium that is lower than expected, Medicare would pay more than half of a typical beneficiary's drug costs, or more than \$1,100 a year. Medicare beneficiaries will have access to plans that cover much more than the standard benefit, as noted above.

Enrollment for Medicare's prescription drug coverage runs from November 15 through May 15, 2006. Coverage begins on January 1 if a beneficiary enrolls before then. After that, coverage begins on the first of the month after a beneficiary enrolls.

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Medicare will provide comprehensive support to help beneficiaries make a confident decision about drug coverage. That support includes community-based resources offering personalized counseling, materials on [www.medicare.gov](http://www.medicare.gov) and through 1-800-MEDICARE, and the *Medicare & You* handbook with information about coverage in the local area.

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