



Information Financial Professionals Can Use on:

Medicare Prescription Drug Coverage

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What you need to know about Medicare prescription drug coverage to help your clients

Why Is This Important?

- Everyone with Medicare is eligible for this coverage, regardless of income and resources, health status, or current prescription expenses.
- This valuable insurance coverage is an important part of long-term financial planning and includes a catastrophic insurance benefit.
- To have Medicare help pay for their drugs, people with Medicare must choose a plan that provides Medicare prescription drug coverage. Your clients may have questions for you as they compare options for themselves or loved ones.

Medicare Prescription Drug Coverage Basics

- **Coverage:** Medicare prescription drug coverage is insurance that covers both brand-name and generic prescription drugs.
- **Cost:** Medicare drug plans may have a monthly premium, deductible or copayments, and may set a limit on what they will pay. Medicare drug plans will also discount the price of the drugs they cover. With Medicare prescription drug coverage, a typical person with Medicare, who has no prescription drug coverage today, will save about 50% on prescription drug costs.
- **Peace of mind:** Medicare drug plans include catastrophic coverage of up to 95% of the bill if yearly out-of-pocket drug costs exceed \$4,050 (in 2008) or \$4,350 (in 2009).
- **Extra help:** If your client has limited income and resources, they may qualify for extra help to pay for their prescription drugs.

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Medicare Prescription Drug Coverage Basics (continued)

- **Choices to get coverage:** People with Medicare have two ways to get their Medicare prescription drug coverage:
 - 1) **Join a Medicare Prescription Drug Plan.** These plans add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service Plans, and Medicare Medical Savings Account Plans.
 - 2) **Join a Medicare Advantage Plan (like an HMO or PPO) that includes prescription drug coverage as part of the plan** (these plans are sometimes called MA-PDs). They get all of their Medicare coverage through these plans, including prescription drugs.
- **Retiree coverage:** Retirees with prescription drug coverage will get information from their former employer or union on what they should do.

Choosing Medicare Prescription Drug Coverage

If your client joins a Medicare drug plan when they are first eligible, this means they will pay their lowest possible monthly premium. If your client doesn't join a Medicare drug plan when they are first eligible, they may have to pay a late enrollment penalty for as long as they have Medicare prescription drug coverage.

People with Medicare can make changes to their coverage from November 15 – December 31 each year. It's best to enroll early in the month. This gives the Medicare drug plan time to mail their membership card, acknowledgement letter, and welcome package before their coverage becomes effective.

This way, even if they go to the pharmacy on their first day of coverage they can get their prescriptions filled without delay.

If your client is happy with the way they are getting their current Medicare drug coverage, they don't need to do anything.

Additional Information for Financial Professionals

- Visit www.cms.hhs.gov/Partnerships/14_FP.asp on the web for financial professional information.

Additional Information for People with Medicare

- Get a free copy of the “Medicare & You” handbook and/or “Your Guide to Medicare Prescription Drug Coverage.”
- Visit www.medicare.gov on the web. Select “Compare Medicare Prescription Drug Plans.”
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

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My Medicare.