



The Facts About Medicare Prescription Drug Plans

Coming in 2006

MEDICARE MODERNIZATION ACT

What are Medicare prescription drug plans?

Beginning January 1, 2006, new Medicare prescription drug plans will be available to people with Medicare. 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.

Medicare prescription drug plans provide insurance coverage for prescription drugs. Like other insurance, if you join you will pay a monthly premium (generally around \$35 in 2006) and pay a share of the cost of your prescriptions. Costs will vary depending on the drug plan you choose.

Drug plans may vary in what prescription drugs are covered, how much you have to pay, and which pharmacies you can use. All drug plans will have to provide at least a standard level of coverage, which Medicare will set. However, some plans might offer more coverage and additional drugs for a higher monthly premium. When you join a drug plan, it is important for you to choose one that meets your prescription drug needs.

When can I join a Medicare prescription drug plan?

If you currently have Medicare Part A (Hospital Insurance) and/or Medicare Part B (Medical Insurance), you can join a Medicare prescription drug plan between November 15, 2005, and May 15, 2006. If you join by December 31, 2005, your Medicare prescription drug plan coverage will begin on January 1, 2006. If you join after that, your coverage will be effective the first day of the month after the month you join. In general, you can join or change plans once each year between November 15 and December 31.

Even if you don't use a lot of prescription drugs now, you still should consider joining a plan. If you don't join a plan by May 15, 2006, and you don't have a drug plan that covers as much or more than a Medicare prescription drug plan, you will have to pay more each month (a surcharge) to join later.

What if I can't pay for a Medicare prescription drug plan?

Some people with an income at or below a set amount and with limited assets (including your savings and stocks, but not counting your home) will qualify for extra help. The exact income amounts will be set in early 2005. People who qualify will get help paying for their drug plan's monthly premium, and/or for some of the cost they would normally have to pay for their prescriptions. The type of extra help will be based on your income and assets.

Look for details in the mail from Medicare and the Social Security Administration (SSA). If you think you qualify for extra help, you can sign up with SSA or your local Medicaid office as early as the summer of 2005.

Do Medicare prescription drug plans work with all types of Medicare health plans?

Yes. There will be Medicare prescription drug plans that add coverage to the Original Medicare Plan. These plans will be offered by insurance companies and other private companies.

There will also be other drug plans that are a part of Medicare Advantage Plans (like HMOs), in some areas.



What if I already have prescription drug coverage from a Medigap (Supplemental Insurance) Policy?

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.

What if I have prescription drug coverage from an employer or union?

If you have prescription drug coverage from an employer or union, you will get a notice from your employer or union that tells you if your plan covers as much or more than a Medicare prescription drug plan.

If your employer or union plan covers as much as or more than a Medicare prescription drug plan you can...

- keep your current drug plan. If you join a Medicare prescription drug plan later your monthly premium won't be higher (no surcharge), or
- drop your current drug plan and join a Medicare prescription drug plan, but you may not be able to get your employer or union drug plan back.

If your employer or union plan covers less than a Medicare prescription drug plan you can...

- keep your current drug plan and join a Medicare prescription drug plan to give you more complete prescription drug coverage, or
- just keep your current drug plan. But, if you join a Medicare prescription drug plan later, you will have to pay more for the monthly premium (a surcharge), or
- drop your current drug plan and join a Medicare prescription drug plan, but you may not be able to get your employer or union drug plan back.

When will I get more information?

Throughout 2005, Medicare provide you more information about Medicare prescription drug plans, including how to choose and join a drug plan that best meets your needs. In the fall of 2005, the "Medicare & You 2006" handbook will list the Medicare prescription drug plans available in your area.

In mid-2005, SSA will send people with certain incomes information about how to apply for extra help paying their prescription drug costs.

How can I get help choosing a Medicare prescription drug plan?

In the fall of 2005, you will be able to get personalized information at www.medicare.gov on the web, or by calling 1-800-MEDICARE (1-800-633-4227) to help you make your best choice. TTY users should call 1-877-486-2048. Your State Health Insurance Assistance Program (SHIP), and other local and community-based organizations, will also provide you with free health insurance counseling.