

Vignettes

Below are cleared vignettes that can be used to help explain how Medicare prescription drug coverage works with/affects other types of health care coverage. These vignettes aren't intended to serve as a stand-alone publication, but can be used within publications, presentations, and other outreach materials.

LIS costs

Darnell is eligible for Medicare Part A and Part B. His only income is a monthly Social Security check of \$850. Darnell currently spends \$210 per month on 3 prescriptions. He receives a letter from the Social Security Administration (SSA) telling him he may qualify for extra help with his Medicare prescription drug coverage costs. He completes the application that came with the letter and mails the application back to the SSA. He gets a response from the SSA that he qualifies for the extra help and that his copayments for his prescription drugs will be \$2 for generic and preferred drugs and \$5 for brand name drugs. He also learns from the response that he will have to join a drug plan approved by Medicare beginning November 15, 2005. Darnell joins a drug plan in December, and his drug coverage will start January 1, 2006. He will pay only \$9 per month for his 3 prescriptions (2 generic drugs and 1 brand name drug), a total savings of \$201 per month.

Dual eligible after January 1

Edith has full Medicaid coverage and will turn age 65 on August 11, 2006. She will first be eligible to sign up for Medicare Part B and Medicare prescription drug coverage beginning May 1, 2006, through November 30, 2006. Since Edith has full Medicaid coverage, she will automatically qualify for extra help paying her Medicare prescription drug coverage costs. Medicare sends her a letter telling her that she automatically qualifies and that Medicare will enroll her in a drug plan if she doesn't join one by July 31, 2006 for coverage effective August 1, 2006.

HIV

Jane has been getting Social Security Disability Income (SSDI) benefits for over 2 years and has Medicare. Her SSDI benefit is \$780 a month. She also has full Medicaid coverage. Starting January 1, 2006, Medicare will cover her prescription drug costs instead of Medicaid. Her antiretroviral regimen is efavirenz and FTC/TDF that costs \$1,300 per month. With the amount of extra help paying Medicare prescription drug costs that Jane automatically qualifies for, she will pay \$6 in copayments (\$3 for each brand name drug) per month for the two prescriptions. By April, the total drug costs are more than \$5,100 ($\$1,300 \times 4 = \$5,200$), so she will no longer have to pay copayments and therefore has no drug costs for the rest of the year. Jane pays \$18 in copayments for 2006.

Jason is on Social Security Disability Income (SSDI), Medicare, and has a small private disability insurance benefit. His income is \$1,100 a month. His antiretroviral regimen is efavirenz and FTC/TDF which costs \$1,300 per month. Jason applies through SSA and qualifies

for extra help paying for Medicare prescription drug costs. Jason joins a drug plan with a monthly premium of \$37. The amount of extra help Jason qualifies for will pay for 75% of Jason's monthly premium, so Jason only pays \$9.25 per month in premiums (25% of \$37). With the extra help, Jason only pays a \$50 deductible rather than a \$250 deductible, and will pay no more than 15% coinsurance for his drugs until his total drug costs equal \$5,100. During the first month in the drug plan he pays the \$50 deductible plus \$187.50 (15% co-insurance of \$1,250 drug cost balance). In the second month, Jason pays \$195 coinsurance (15% coinsurance of \$1,300), and in the third month he pays \$195 coinsurance for total drug costs of \$3,900 over three months. During the fourth month he pays \$180 coinsurance (15% of \$1,200). Since the total drug costs are now above \$5,100, he pays \$10 a month in copayments (\$5 for each brand name drug) for the rest of the year. With the amount of extra help Jason qualifies for, he pays \$998.50 for his prescriptions for the year (\$111 in premiums, \$807.50 for the deductible and coinsurance, and \$80 in copayments). This is a total savings of \$14,601.50 for the year (\$15,600-\$998.50).

Peter is 65 years old and has Medicare. His income is \$1,600 a month. His antiretroviral regimen is efavirenz and FTC/TDF which costs \$1,300 per month. Peter enrolls in a drug plan approved by Medicare that offers standard coverage. He pays a \$37 premium each month. During his first month in the plan, he pays a \$250 deductible plus \$262 (25% coinsurance of \$1,050 (\$1,300-\$250) drug cost balance). In the second month, Peter pays \$237 (25% coinsurance of \$950 balance to reach \$2250) plus \$350 (100% coinsurance for \$1,300-\$950 drug cost balance). In the third month, Peter pays \$1,300 (100% coinsurance). His costs after three months total \$2,399. During the fourth month, he pays \$1,201 (100% coinsurance for a total of \$3,600). Since the total drug costs are above \$5,100, he now pays \$65 (5% coinsurance) a month for the rest of the year. With the Medicare prescription drug plan Peter joined, he pays \$4,564 for his prescriptions for the year (\$444 in premiums and \$4,120 for the deductible and coinsurance). He saves a total of \$11,036 that he would have paid if he didn't join a Medicare drug plan (\$15,600-\$4,564).

ESRD

Polly has the Original Medicare Plan (Part A and Part B). She has Medicare because she currently has ESRD (permanent kidney failure). **She generally cannot enroll in a Medicare Advantage Plan or other Medicare Health Plan because she has ESRD.** When Medicare prescription drug coverage becomes available, Polly can choose from the Medicare prescription drug plans available in her area that add coverage to the Original Medicare Plan to get Medicare prescription drug coverage.

Charlie enrolled in a Medicare HMO when he turned 65. While a member of the Medicare HMO he develops ESRD (permanent kidney failure). He can stay a member of the plan because he developed ESRD after he joined the health plan. When Medicare prescription drug coverage becomes available, he can get prescription drug coverage through the plan if the plan offers it in 2006. If his Medicare HMO doesn't offer prescription drug coverage in 2006, he could change to another Medicare Health Plan that offers Medicare prescription drug coverage as long as he does so before May 15, 2006. Or he could change to the Original Medicare Plan and join a Medicare prescription drug plan. However, if Charlie chose the Original Medicare Plan, he

probably wouldn't be able to change back to a Medicare Health Plan. People with ESRD generally can't enroll unless it is a Medicare Special Needs Plan that accepts people with ESRD.

Higher Premium Dollar Amount Calculation

Selma has a break in her prescription drug coverage. Her break in coverage started June 1, 2006 and ended December 31, 2006. She waits until November 15, 2006 to enroll in a Medicare drug plan. She went for 7 months without coverage, on average, at least as good as a standard Medicare drug plan. Her monthly premium will be at least 7% more per month. The Medicare drug plan she joins has a \$37 monthly premium. A 7% increase means she will pay \$2.59 more (or \$39.59 each month) in 2007. The monthly premium for her plan increases to \$40 in 2008. A 7% increase means she will pay \$2.80 more (or \$42.80 each month) for that year.

Creditable Coverage – Employer/Retiree

Betty is a widow with Medicare Part A who gets her health care through insurance from where her husband used to work. Her insurance covers her prescriptions. Betty's insurance company let her know that the prescription drug coverage she has is, on average, at least as good as standard Medicare prescription drug coverage. Betty decides to stay with the insurance from her husband's former employer since it's less expensive and provides good coverage. She won't have to pay higher premiums if she decides to get a Medicare drug plan later (after May 15, 2006).

George has Medicare Part A and a retiree plan from his previous employer. When he learned that Medicare will offer prescription drug coverage, he talks to the benefits administrator from his previous employer to find out if he should keep his retiree drug coverage or get a Medicare drug plan. He learns that under the rules of his employer plan, he can't keep his current retiree drug coverage unless he also enrolls in a Medicare drug plan. He also finds out that his employer will provide additional drug coverage when he enrolls in a Medicare drug plan. George decides to enroll in a Medicare drug plan.

Elizabeth has Medicare Part A and kept her employer health plan when she retired. She learns her retiree prescription drug coverage will change. Her former employer will partner with a Medicare drug plan to offer drug coverage to its employees and retirees. Elizabeth will enroll in that Medicare drug plan to continue getting prescription drug coverage.

Mildred has Medicare Part A and a retiree plan from her previous employer. She gets an application in the mail from the Social Security Administration (SSA) for extra help with her Medicare drug plan costs. She talks to the benefits administrator from her previous employer to find out if she should keep her retiree drug coverage or get a Medicare drug plan. Mildred finds out that she could save money with the extra help from Medicare for Medicare drug plan costs. Mildred fills out the application form from SSA for the extra help and sends it to SSA. SSA tells her she qualifies for extra help. In the fall of 2005, she looks in her "Medicare & You 2006" handbook to find out which Medicare drug plans are available in her area. She gets more information from the plans and picks the plan that meets her prescription drug needs. She fills out the enrollment form for the Medicare drug plan and sends it to the company offering the plan

to join. Mildred cancels her retiree drug coverage and understands she may not be able to get it back later.

Non-Creditable Coverage – Employer/Retiree

Juan is retired. He has the Original Medicare Plan (Part A and Part B) and a prescription drug plan from his previous employer. His previous employer notifies him that his employer drug plan is not, on average, at least as good as standard Medicare prescription drug coverage. Juan enrolls in a Medicare drug plan and cancels his retiree drug plan. He realizes he may not be able to get his employer drug plan back later.

Regina has Medicare Part A and an employer health plan. Her employer told her that her employer drug coverage is not, on average, at least as good as standard Medicare prescription drug coverage. She contacts the benefits administrator to discuss her options and decides to keep her employer health plan **and** enroll in a Medicare drug plan. Together, these plans will give her more complete drug coverage. Regina will pay monthly premiums for her employer health plan and for a Medicare drug plan.

Albert is retired. He has the Original Medicare Plan (Part A and Part B) and a health plan from his previous employer. His previous employer notifies him that his employer's health plan drug coverage isn't, on average, at least as good as standard Medicare drug coverage. He contacts his benefits administrator for more information. He decides to keep his health plan since it meets his current prescription needs and is less expensive. If he joins a Medicare drug plan later (after May 15, 2006), his premium will go up at least 1% for each month that he waited to join a Medicare drug plan. He would pay this higher premium as long as he has a Medicare drug plan.

Dual Eligible

Martha has Medicare and full Medicaid coverage. She has never had to pay for her prescriptions because Medicaid covers them. Beginning January 1, 2006, Medicare will cover her prescriptions through a Medicare drug plan instead of Medicaid. Her Medicaid drug coverage ends December 31, 2005. In the fall of 2005, she looks in her "Medicare & You 2006" handbook to find out which Medicare drug plans are available in her area. She gets more information from the plans and enrolls in the plan that meets her prescription drug needs. Martha will pay a few dollars for each prescription she fills at the pharmacy no matter which Medicare drug plan she enrolls in.

Keisha has Medicare and full Medicaid coverage. Medicaid currently covers her prescriptions. On January 1, 2006, Medicare will start to cover her prescriptions instead of Medicaid through a Medicare prescription drug plan. She waits and doesn't choose a Medicare drug plan by December 31, 2005, so Medicare enrolls her in one so she doesn't lose drug coverage. Her Medicare prescription drug coverage begins January 1, 2006.

Dual Eligible & Switch Plans

Larry has Medicare and full Medicaid coverage. Medicaid currently covers Larry's prescriptions. On January 1, 2006, Medicare will start to cover his prescriptions instead of Medicaid through a Medicare drug plan. Larry waits and doesn't choose a Medicare drug plan by December 31, 2005 so Medicare enrolls him in one so he doesn't lose drug coverage. If Larry feels the Medicare prescription drug plan he's been enrolled in is meeting his needs, he doesn't have to do anything. However, if Larry feels the drug plan he was enrolled in isn't meeting his needs, he can call 1-800-MEDICARE and find another plan and enroll in that plan at any time.

Dual Eligible – Nursing Home Resident

Anna has Medicare and full Medicaid coverage. She is 93 and lives in a nursing home, where Medicaid pays for her prescription drugs. On December 31, 2005, Medicaid will stop covering her prescriptions. Because she didn't enroll in a Medicare drug plan by December 31, 2005, Medicare enrolls her in a plan so she doesn't lose drug coverage. Because she qualifies for full Medicaid coverage, she will pay nothing for premiums and deductibles related to her new drug plan. Since Anna lives in a nursing home, she also will pay nothing when she needs a prescription.

Deemed Non-Duals

Jean has Medicare and receives monthly Supplemental Security Income (SSI) benefits to help pay her basic needs like food and rent. She doesn't have prescription drug coverage. She gets a notice from Medicare that she will automatically get extra help paying for her prescription drug costs if she enrolls in a Medicare drug plan. She doesn't have to apply for this extra help. She can enroll in a drug plan beginning November 15, 2005 through May 15, 2006. If Jean doesn't choose a plan and enroll by May 15, 2006, Medicare will enroll her in a plan. If Medicare enrolls her, Jean's prescription drug coverage will begin on June 1, 2006. She will pay up to a \$2 or \$5 copayment for each prescription.

Paul is paralyzed and receives monthly Supplemental Security Income (SSI) benefits to help pay his basic needs like food and rent. He doesn't have prescription drug coverage. He gets a notice from Medicare that he will automatically get extra help paying for his prescription drug costs if he enrolls in a Medicare drug plan. He doesn't have to apply for this extra help. In the fall of 2005, he looks in his "Medicare & You 2006" handbook to find out which Medicare drug plans are available in his area. He gets more information from the plans and picks a plan that covers the prescription drugs he needs. He completes an enrollment form for the Medicare drug plan and sends it to the company offering the plan in December. Paul's drug coverage will begin on January 1, 2006. He will pay a up to a \$2 or \$5 copayment for each prescription.

Arthur has Medicare and belongs to a Medicare Savings Program that pays his Medicare Part B monthly premium. He doesn't have prescription drug coverage. He gets a notice from Medicare that he will automatically get extra help paying for his prescription drug plan costs if he enrolls in a Medicare drug plan. He doesn't have to apply for this help. He can enroll in a drug plan beginning November 15, 2005 through May 15, 2006. If Arthur doesn't choose a plan and enroll by May 15, 2006, Medicare will enroll him in a plan. If Medicare enrolls him, his prescription

drug coverage will begin on June 1, 2006. He will pay up to a \$2 or \$5 copayment for each prescription.

Drug card

Jackie has a Medicare-approved drug discount card. In the fall of 2005, she learns that the organization sponsoring her drug card will be offering Medicare prescription drug coverage. When enrollment for Medicare prescription drug coverage begins on November 15, 2005, she decides to enroll in the Medicare drug plan that her drug card sponsor is offering. She fills out an enrollment form and sends it to the drug plan. She understands that once her Medicare prescription drug coverage begins on January 1, 2006, she can no longer use her Medicare-approved drug discount card.

In March 2006, Scott has a Medicare-approved drug discount card and an \$80 credit left on the card. He has no other help paying for prescription drugs. Since he can only use his Medicare-approved drug discount card and credit until May 15, 2006, he decides to find out more about his choices for the new Medicare prescription drug coverage. He may also qualify for extra help to pay Medicare drug plan costs. His son helps him complete and submit an application for extra help at www.socialsecurity.gov on the web. He finds out from the Social Security Administration that he qualifies for extra help. Scott decides to enroll in a Medicare drug plan and fills out an enrollment form and sends it to the company offering the plan. He understands that when his Medicare prescription drug coverage begins on April 1, 2006, he can no longer use his Medicare-approved drug discount card or any remaining credit.

Trent has a Medicare-approved drug discount card and qualified for a credit on his card which he has spent. He may also qualify for extra help to pay Medicare drug plan costs. In the summer of 2005, he gets an application in the mail from the Social Security Administration (SSA), fills it out, and sends it in to get this extra help. Trent finds out from SSA that he qualifies for extra help. In the fall, he looks in his "Medicare & You" handbook to find out which Medicare drug plans are available in his area. He gets more information from the plans and picks a plan that meets his prescription drug needs. He enrolls in the plan when enrollment for Medicare prescription drug coverage begins on November 15, 2005. When his Medicare prescription drug coverage begins on January 1, 2006, he will no longer be able to use his Medicare-approved drug discount card. Trent will pay a few dollars for each prescription he fills at the pharmacy no matter which plan he enrolls in.

Eligibility

Cassandra will turn age 65 on July 5, 2006. She will first be eligible to sign up for Medicare Part B and Medicare prescription drug coverage beginning April 1, 2006, through October 31, 2006. She decides not to enroll in a Medicare drug plan then. She won't be able to enroll again until November 15-December 31 each year. Cassandra doesn't have other drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage. If and when she decides to enroll in a Medicare prescription drug plan, her monthly premium will go up at least 1% for each month after October that she waits to enroll. She will pay this penalty as long as she has a Medicare drug plan.

Limited Income with Subsidy

Sam has the Original Medicare Plan (Part A and Part B). In the summer of 2005, he gets an application in the mail from the Social Security Administration for extra help with his Medicare drug plan costs, fills it out, and sends it in. His limited income and resources qualify him to get extra help with Medicare drug plan costs. In the fall of 2005, he looks in his “Medicare & You 2006” handbook to find out which Medicare drug plans are available in his area. He gets more information from the plans and picks the plan that meets his prescription drug needs. Sam fills out the enrollment form for the Medicare drug plan and sends it to the company offering the plan.

MA-PD

Esther has Medicare Part A and Part B and joined a Medicare Advantage Plan. She gets all her health care coverage from the plan, including some prescription drug coverage. She also gets coverage for some things not covered by Medicare, like vision exams. Starting January 1, 2006, her Medicare Advantage Plan will provide her with new Medicare prescription drug coverage. She doesn't need to join a new Medicare Prescription Drug Plan. Her Medicare Advantage Plan monthly premium will now include Medicare prescription drug coverage.

Darryl has Medicare Part A and Part B and joined a Medicare HMO. He gets all his health care coverage from the plan, including some prescription drug coverage. Starting January 1, 2006, his Medicare Health Plan will provide him with new Medicare prescription drug coverage. Darryl doesn't want the new Medicare prescription drug coverage. He decides to look at other Medicare Advantage Plans and other Medicare Health Plans in his area that aren't offering the new Medicare prescription drug coverage. He enrolls in one that meets his needs. Since Darryl doesn't have any drug coverage, if he decides to join a Medicare drug plan after May 15, 2006, his monthly plan premiums will go up at least 1% for each month he waited to join a Medicare prescription drug plan. He would have to pay this penalty as long as he has a Medicare drug plan.

Jim turns 65 next month. Currently, he has group health coverage through a health plan from his employer, but that coverage will stop when he retires. Jim decides to keep Medicare Part A and Part B, and enroll in a Medicare Advantage Plan or other Medicare Health Plan. He chooses a Medicare PPO. This Medicare PPO will provide all of his health care benefits, including Medicare prescription drug coverage. Because Jim enrolls in a Medicare PPO, he isn't allowed to enroll in and doesn't need a separate Medicare Prescription Drug Plan or a Medigap (Medicare Supplement Insurance) policy.

Ronald is enrolled in a Medicare HMO. His plan used to pay a small amount of his prescription drug costs. Now his plan is offering more prescription drug coverage. Ronald compares his Medicare HMO expanded drug coverage with other new Medicare drug plans available in his area. He decides not to make any changes to his health care. He will get all of his health care benefits, including his Medicare prescription drug coverage, through his Medicare HMO.

Elaine has the Original Medicare Plan (Part A and Part B) and a Medigap (Medicare Supplement Insurance) policy that doesn't cover prescription drugs. She wants prescription drug coverage. However, she is concerned about the cost of paying her monthly Part B premium, her Medigap policy premium, and a Medicare drug plan premium. She calls 1-800-MEDICARE for information on Medicare Advantage Plans and other Medicare Health Plans available in her area. She enrolls in a Medicare HMO and gets all her health care coverage including Medicare prescription drug coverage from the plan.

Sally has a Medicare Cost Plan that doesn't cover her prescription drugs. As of January 1, 2006, her plan won't be offering prescription drug coverage. Sally calls 1-800-MEDICARE to get information on the Medicare Advantage Plans and other Medicare Health Plans that will offer prescription drug coverage in her area. She finds a new plan that will meet her needs. She decides to switch to the new Medicare Health Plan when she is first eligible (November 15, 2005-May 15, 2006) and get all of her health care benefits, including her Medicare prescription drug coverage, through this new plan.

Medigap plan without Rx coverage

Lillian has both the Original Medicare Plan (Part A and Part B) and a Medigap (Medicare Supplement Insurance) policy that doesn't cover prescription drugs. Lillian uses a lot of prescription drugs. She signs up for a Medicare Prescription Drug Plan to add to her current coverage. She will pay monthly premiums for her Medicare Part B, her Medigap policy, and a Medicare Prescription Drug Plan.

Joseph has the Original Medicare Plan and a Medigap (Medicare Supplement Insurance) policy that doesn't cover prescription drugs. He decides not to join a Medicare drug plan at this time. Since he doesn't have other drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage, he knows if he joins later (after May 15, 2006), his plan premiums will go up at least 1% for each month he waited to join a Medicare drug plan. If he joins later, he would pay this penalty as long as he has a Medicare drug plan.

Medigap plan with Rx coverage (not creditable)

Ethel has a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage. She got a notice from her Medigap insurer that said her Medigap policy's drug coverage, on average, is not as good as Medicare prescription drug coverage. She decides to join a Medicare Prescription Drug Plan to save money. Since she joined by May 15, 2006, she doesn't have to pay a penalty. Also, because she joined by that date, she has the right to switch, and did switch, to a different Medigap policy offered by her Medigap insurance company that doesn't have drug coverage. As required, she did this by applying for the new policy within 63 days after her Medicare prescription drug coverage started. She now pays monthly premiums for her Medicare Part B, her Medicare Prescription Drug Plan, and her new Medigap policy.

Maria is in the Original Medicare Plan (Part A and Part B) and has a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage. She got a notice from her Medigap insurer explaining her prescription drug coverage choices. Although the prescription

drug coverage through her Medigap policy is not, on average, at least as good as standard Medicare prescription drug coverage, she decides to keep her Medigap policy with the prescription drug coverage. Since her Medigap drug coverage is not as good, if she decides to join a Medicare drug plan after May 15, 2006, her plan premiums will go up at least 1% for each month she waited to join. She would have to pay this penalty as long as she has a Medicare drug plan.

Frances is in the Original Medicare Plan (Part A and Part B) and has a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage. She got a notice from her Medigap insurer explaining her prescription drug coverage choices. Since her Medigap policy drug coverage isn't, on average, at least as good as standard Medicare prescription drug coverage, she decides to enroll in a Medicare Advantage Plan or other Medicare Health Plan that includes Medicare prescription drug coverage. She drops her Medigap policy since it won't work with a Medicare Health Plan. Frances will get all of her Medicare health care benefits including Medicare prescription drug coverage from the Medicare Health Plan.

Gwen is in the Original Medicare Plan (Part A and Part B) and has a Medigap (Medicare Supplement Insurance) Policy that covers prescription drugs. She got a notice from her Medigap insurer explaining her prescription drug coverage choices. Since her Medigap policy drug coverage isn't, on average, at least as good as standard Medicare prescription drug coverage, she decides to get her Medicare health care benefits through a Medicare Cost Plan. Since the Medicare Cost Plan she joins offers Medicare prescription drug coverage, she doesn't need to join a separate Medicare Prescription Drug Plan.

PDP - enrolling

Mary has the Original Medicare Plan (Part A and Part B). She pays for all of her prescriptions herself. To help with her drug costs, Mary decides to join a Medicare drug plan in April 2006. She checks the list of the Medicare Prescription Drug Plans available in her area in her "Medicare & You 2006" handbook. She calls the plan for more information and chooses a plan that covers her prescriptions. Next, she completes an enrollment form and sends it to the company offering the plan. Her coverage will begin May 1, 2006.

SPAP

Madeline has the Original Medicare Plan (Part A and Part B) and a Medigap (Medicare Supplement Insurance) policy. She doesn't have a prescription drug plan. A state program gives her \$1000 a year toward her prescriptions. She calls her state program and finds out the program will work with her Medicare prescription drug coverage. Madeline decides to enroll in a Medicare Prescription Drug Plan. The \$1000 from the state program will help her pay the copayment amounts she owes when she fills a prescription with her Medicare Prescription Drug Plan. She continues to pay a monthly premium for her Medicare Part B and a monthly premium for her Medigap policy.

Frank has the Original Medicare Plan (Part A and Part B). He belongs to a state program that helps him cover his prescription drug costs. Frank may also qualify for extra help to pay

Medicare drug plan costs. He gets an application in the mail from the Social Security Administration (SSA), fills it out, and sends it in to get this extra help. He finds out from SSA that he qualifies for extra help. In the fall, he looks in his "Medicare & You 2006" handbook to find out which Medicare drug plans are available in his area. He gets more information from the plans and picks the plan that meets his prescription drug needs. Frank calls the state program to find out how his state program will work with the Medicare prescription drug coverage. Frank's state program will pay the \$2 and \$5 copayments not covered by Medicare. He fills out the enrollment form for the Medicare drug plan and sends it to the company offering the plan.

Switch Plans

In February 2006, Bob signs up for a Medicare drug plan. On March 1, 2006, Bob begins receiving prescription drug coverage through the plan. In June, he reads about a different Medicare drug plan from another company that he believes will better meet his prescription drug needs. Bob can switch to the new plan from November 15, 2006 through December 31, 2006. His coverage under the new plan will start January 1, 2007.

VA

Douglas is a veteran. He gets his health care and prescription drugs from the Veteran's Administration (VA). Douglas decides not to change how he gets his health care because the prescription drug coverage offered through the VA is, on average, at least as good as standard Medicare prescription drug coverage.

TRICARE

Sam retired from the military. He has TRICARE, which is the health insurance for people who are or were in the military. His TRICARE plan pays for his prescription drugs. Sam's TRICARE prescription drug coverage is, on average, at least as good as standard Medicare prescription drug coverage. Sam decides to keep his TRICARE coverage. If he loses his TRICARE prescription drug coverage and/or he wants to join a Medicare drug plan later (after May 15, 2006), he won't have to pay higher monthly premiums.

FEHB

Mark retired from the Federal government. He has Medicare Part A and a Federal Employee Health Benefits Plan that includes prescription drug coverage. He got information from the benefits administrator from his Federal agency and found out that his drug coverage is, on average, at least as good as that offered by a standard Medicare prescription drug coverage. Mark decides to keep his current coverage. If he decides to join a Medicare drug plan after May 15, 2006, he won't have to pay higher monthly premiums.

RRB

Steve is a retired locomotive engineer. He gets his Medicare benefits through the Railroad Retirement Board (RRB). With Medicare prescription drug coverage beginning in 2006, he has

the same decisions to make about his prescription drug coverage as other people with Medicare. To learn more about the new Medicare prescription drug coverage, Steve calls 1-800-808-0772 and visits www.rrb.gov on the web. He also visits his local RRB office to talk to staff about his choices.

PACE

Timothy has a Programs of All-inclusive Care for the Elderly (PACE) plan and receives all his Medicare benefits through the plan. He also receives prescription drug coverage through PACE. Timothy doesn't need a separate Medicare drug plan. He gets all of his health benefits, including Medicare prescription drug coverage, through his PACE plan.

LTC Pharmacy

Sarah has the Original Medicare Plan (Part A and Part B). When enrollment for Medicare prescription drug coverage starts on November 15, 2005, Sarah decides not to enroll in one. She is in good health and takes no prescriptions. In March 2007, she falls ill and is admitted to a nursing home. She now takes several prescriptions. Because she's entering the nursing home, she's given a special opportunity to choose and enroll in a Medicare drug plan that contracts with the nursing home's pharmacy and meets her prescription drug needs. The Medicare Prescription Drug Plan she joins will help pay the cost of her prescriptions.

[Optional addition: Because she waited to enroll in a Medicare drug plan, she will pay a penalty. If Sarah applies and qualifies for extra help paying her Medicare prescription drug costs, she may also qualify for extra help paying her penalty.]

Charlene has Medicare and full Medicaid coverage. She has never had to pay for her prescriptions because Medicaid covers them. Beginning January 1, 2006, Medicare will cover her prescriptions through a Medicare Prescription Drug Plan. Charlene will pay a few dollars for each prescription she fills at the pharmacy. The following year, Charlene moves into a nursing home. Since her Medicare Prescription Drug Plan doesn't participate with the nursing home's pharmacy, she can switch to a Medicare Prescription Drug Plan that participates with the nursing home's pharmacy and meets her prescription drug needs. While she is in the nursing home, she won't have to pay any copayments for the prescriptions she fills at the nursing home's pharmacy.

Penalty

Hannah has had the Original Medicare Plan (Part A and Part B) since 1999. She has never had prescription drug coverage, and when Medicare prescription drug coverage becomes available (November 15, 2005 to May 15, 2006), she decides not to join. In 2007, she changes her mind. She enrolls in November 2007 and her coverage begins January 1, 2008. Her monthly premiums will go up at least 1% for every month she waited to enroll in a plan. Hannah will pay a penalty, at least 19% more per month, than she would have paid if she had joined in a plan when they were first available.

I/T/U

Tracy gets all of her medical care from the Indian Health Service and gets her prescriptions filled at a local tribal clinic. In the fall of 2005, she looks in her “Medicare & You 2006” handbook to find out which Medicare drug plans are available in her area. She checks with her clinic’s pharmacy and enrolls in a Medicare Prescription Drug Plan that contracts with the pharmacy and meets her needs.