



The New Medicare Prescription Drug Coverage: Extra Help for People with Limited Incomes

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This booklet explains how people on Medicare who have limited incomes can get extra help to pay for prescription drugs. For more information on Medicare’s new prescription drug plans and how to choose one, see AARP’s companion booklet *The New Medicare Prescription Drug Coverage: What You Need to Know*.

Medicare's Prescription Drug Coverage

If you take medication regularly, you already know that the cost of prescription drugs can be very high. Right now, many people can't afford the drugs they need. But Medicare-approved companies will soon offer insurance plans to help people pay for prescription drugs. The new program, known as **Medicare Part D**, starts January 1, 2006.

Here are some things you need to know about Medicare's new drug coverage:

- >> Anyone on Medicare can join a Medicare-approved drug plan. No one can be denied for health reasons or level of income.
- >> There is no single Medicare drug plan offering the same coverage for everyone. Instead, Medicare has approved a variety of different plans offered by private companies. To get drug coverage, you must enroll in one of these drug plans.
- >> You are not required to sign up for Medicare's prescription drug coverage if you don't want to — this coverage is voluntary. But if you do sign up, you will want to choose a plan that meets your needs.

(You can learn more about Medicare's drug coverage and how to choose a plan that is right for you in AARP's companion booklet, *The New Medicare Prescription Drug Coverage: What You Need to Know*.)

Extra Help for People with Limited Incomes

If your income and assets are limited, there is a special part of Medicare's new drug program that may provide you with even greater help in paying for your prescription drugs. This is often called simply, "Extra Help." Here are some things you need to know about this Extra Help right away:

- >> If you qualify for Extra Help, Medicare will pay almost all of your drug costs and you will receive unlimited coverage throughout the year.
- >> Whether you qualify for Extra Help depends on the amount of your income and the value of some of the things you own or have saved (known as assets).
- >> To find out if you qualify for Extra Help, you will need to apply to the Social Security Administration or to a Medicaid office. Social Security or your state Medicaid program will determine if you qualify for the Extra Help.
- >> Even if you don't qualify for Extra Help, you can still join a Medicare drug plan, which will pay some of your prescription drug costs.

This booklet explains:

- > The value of the Extra Help — what you pay and what benefits you receive.
- > Who is eligible for the Extra Help.
- > How to apply for the Extra Help.
- > What to do if Social Security says you are not eligible for Extra Help.
- > How the Extra Help fits in with other government assistance programs.
- > Who can help you apply for the Extra Help, or answer other questions you may have.

You will also find worksheets that can help you determine your income and assets. This information will be useful to you when you are applying for the Extra Help.

Note: If some of the terms used in this booklet are unfamiliar, words that appear in **bold** are explained in the glossary on page 23.

How Valuable Is This Extra Help?

People on Medicare who qualify for Extra Help could save a lot of money paying for prescriptions — thousands of dollars a year in many cases. In fact, this special program will enable people with limited incomes and assets to afford almost all the medications they need.

People who qualify for the most help will pay no **premiums** or **deductibles**, and their **copayments** for each prescription will be \$1 or \$2 for generics and \$3 or \$5 for brand-name drugs. People in nursing homes with both Medicare and Medicaid will pay nothing for their prescriptions.

Those with somewhat higher incomes will pay reduced monthly premiums and a reduced annual deductible of \$50 a year. Their copayments will be 15 percent of the cost of each prescription. Everyone who qualifies for Extra Help will get continuous drug coverage throughout the year.

Some people automatically qualify for Extra Help and will not need to apply for it. (Medicare has already notified them about this.) Anyone else who thinks they may be eligible for Extra Help must apply, as explained later in this booklet.

Do I Qualify for Extra Help To Pay for My Prescription Drugs?

It depends on your **income** and your **assets**.

In general, you may qualify if your 2005 income is below \$14,355 a year as a single person or below \$19,245 a year if you're married and living with your spouse. But in some cases, a higher income may qualify — for example, if you live in Alaska or Hawaii, or if you have dependent family members living with you. People living in Puerto Rico and the U.S. territories will receive different assistance. Contact your local **State Health Insurance Assistance Program (SHIP)** to learn more. See “Where Can I Go for More Help?”, page 22.

Your assets — the value of some of the things you own or have saved — are also considered when determining if you can receive the Extra Help.

What counts as “income”?

Income includes money you receive from Social Security, a job, retirement benefits, veterans' benefits, and interest from investments. Not all cash payments you receive are counted, however. For example, the following payments are **not counted** as income:

- > Food stamp assistance (see page 21)
- > Home energy assistance
- > Help with medical treatment or drugs
- > Housing assistance (see page 21)
- > Disaster assistance
- > Earned income tax credit payments
- > Victim's compensation
- > Scholarships and education grants
- > Cash or credit from a reverse mortgage

What counts as “assets”?

Your total assets generally must be valued at less than \$11,500 if you are single or \$23,000 if you are married and living with your spouse. Assets include the value of some of the things you own at the time you apply for Extra Help. For example:

- > Real estate (not including the house you live in)
- > Bank accounts, including checking, savings and certificates of deposit
- > Stocks and bonds (including U.S. Savings Bonds)
- > Mutual funds
- > Individual retirement accounts
- > Cash you keep at home or anywhere else

There are some exceptions, however. For example, the asset limits include \$1,500 per person for funeral or burial expenses. When you fill out the application form, it will ask you if you expect to use any of your savings, investments or life insurance for this purpose. If you answer “yes”, then Social Security will not count \$1,500 as an asset.

Things you own that are **not counted** as assets include:

- > The house you live in and the land it stands on
- > Your personal possessions (including jewelry and furniture)
- > Your vehicles
- > Burial plots
- > Up to \$1,500 (\$3,000 for a couple) of the cash value of life insurance policies you hold

At the back of this booklet are two worksheets that can help you determine your income and assets. Using the “Income Worksheet” on page 18, figure out your yearly income. Using the “Assets Worksheet” on page 19, figure out the value of the things you own.

This information will be useful later, when you apply with the Social Security Administration or Medicaid office for the Extra Help.

The chart “Will I Qualify for Extra Help? If So, How Much Help Will I Receive in 2006?” on page 16 gives a general idea of whether you qualify for Extra Help and the benefits you will receive. But if your income or assets seem a little too high, it’s still worth applying anyway because not everything may be counted.

How Do I Apply for The Extra Help?

People who already receive certain types of government assistance will automatically qualify for the Extra Help and need not apply (see “What If I Already Get Government Assistance?” on page 13).

Anyone who is not automatically eligible for the Extra Help needs to apply to get it. You can apply on your own or, if you prefer, someone else can help you or do it for you. That includes a family member, friend, caregiver, legal representative, social worker or a counselor who helps people with health insurance issues.

The Social Security Administration has sent out millions of letters and applications to Medicare beneficiaries who might be eligible for Extra Help. If you have received one of these applications, it could be well worth your time to fill it out and return it.

If you have not received an application from Social Security but think you might qualify for the Extra Help, contact the Social Security Administration or Medicaid office as soon as possible, in any of the ways explained below.

The application can be made:

- >> **By Mail** — Get an application from the Social Security Administration. Fill it out and mail it back. If you are married and living with your spouse, both you and your spouse must sign it. You can get an application by calling Social Security at 1-800-772-1213.

Send the completed application to:

**Social Security Administration
Wilkes-Barre Data Operations Center
P.O. Box 1020
Wilkes-Barre, PA 18767-9910**

- >> **By Phone** — Call the Social Security Administration at 1-800-772-1213 (TTY: 1-800-325-0778). A Social Security worker will complete the application with you over the phone. No signature is required.
- >> **By Internet** — You may apply online through the Social Security Administration’s website at www.socialsecurity.gov. No signature is required.
- >> **In Person** — You may apply by going to your local Social Security or Medicaid office, or to a nonprofit agency such as your State Health Insurance Assistance Program (SHIP), where a counselor can give you free personal help. To find addresses and phone numbers, see “Where Can I Go For More Help?” on page 22.

If I apply, will there be a lot of red tape?

There is one, eight-page application form that you must fill out, and you may get phone calls from Social Security to get more information if you do not answer all questions on the application. This is necessary because the law requires you to provide information about your income and assets in order to qualify for the Extra Help. But, you don't have to show or give the Social Security Administration or Medicaid office any of your papers or records.

What if I can't find all the information that is needed to apply?

Collect what you can and apply. If you can't find something, giving a good estimate of the amount is okay. Under Social Security Administration rules, someone from Social Security must contact you to fill in any missing information.

What happens after I apply?

Social Security will send you a letter telling you if you qualify for this Extra Help or not. If you qualify, you must then choose and join a Medicare prescription drug plan that meets your needs.

What If Social Security Says I Don't Qualify for Extra Help, But I Still Think I Should Get It?

You have the right to appeal the decision. Social Security will provide you with a hearing by telephone. The person who will review the decision will be someone who had no involvement in the original decision about whether or not you qualify. Social Security will review those parts of the decision that you believe are wrong and will look at any new facts you provide. Social Security may also review those parts that you believe are correct.

To request an appeal, call Social Security toll-free at 1-800-772-1213. (When calling, you should repeatedly press the “#” key to bypass the recorded messages and speak to someone in person.) If you want to file an appeal, remember the following:

- >> You have 60 days to ask for an appeal.
- >> The 60 days start the day after you receive a letter from Social Security saying you are not eligible. Social Security will assume you got the letter 5 days after the date on the letter unless you show them that you didn't get it within the 5-day period.
- >> You can have a lawyer, friend, or someone else help you. Your local Social Security office has a list of groups that can help you with your appeal. To find your local Social Security office, call 1-800-772-1213.

What if I still don't qualify for Extra Help?

You can still enroll in a Medicare drug plan to get the drug coverage, even while the decision about Extra Help is being appealed. To learn more about Medicare's standard coverage and how to choose a drug plan, see the companion booklet *The New Medicare Prescription Drug Coverage: What You Need to Know*. You can also call Medicare at 1-800-MEDICARE (1-800-633-4227; or TTY 1-877-486-2048).

What else can I do if I don't qualify?

You may also be eligible for your state pharmacy assistance program, if your state has one. To find out if you are eligible, call your local State Health Insurance Assistance Program (SHIP). You can find a local SHIP phone number by calling 1-800-677-1116 or by going to www.shiptalk.org on the Web. You can also go to www.benefitscheckup.org and complete a survey to see if you might be eligible for other programs.

What If I Already Get Government Assistance?

You may already be receiving some form of government assistance—for example, through **Medicaid**, a **Medicare Savings Program** that pays your Medicare Part B premium, or **Supplemental Security Income (SSI)**. If so, you should have received a letter from Medicare saying that you will be automatically eligible for the Extra Help and need not apply. You will still need to pick and join in a Medicare-approved drug plan. If you don't choose one, Medicare will enroll you in one automatically.

It is important to know the rules for joining, as they vary slightly depending on the type of government assistance you currently receive. The following section explains these rules.

If you're on Medicare and also get help from Medicaid:

Starting in 2006, you will receive your drugs through Medicare, not Medicaid. You should still keep your Medicaid card, because it will still help pay for your health services other than prescription drugs.

Because you are currently getting assistance through both Medicare and Medicaid, you will automatically be able to get Medicare's Extra Help and do not need to apply for it. But you'll still need to join in a Medicare-approved drug plan. You can choose a plan yourself between **November 15, 2005** and **December 31, 2005**. If you don't choose one, Medicare will pick one for you so that your drug coverage will continue without interruption when Medicare's drug program begins on **January 1, 2006**. You'll be able to change your plan at any time if you find one that works better for you.

What if I go to my drugstore in January 2006 and try to use my Medicaid card?

They won't accept your Medicaid card to pay for your medicines. Instead, you should use your new Medicare prescription drug plan card. The first time you do this, take your drug plan information with you, in case the pharmacist doesn't know which plan you have. If you haven't chosen a plan yourself, Medicare will enroll you in one and send you this information at the end of 2005.

If you're in a Medicare Savings Program:

Medicare Savings Programs such as the Qualified Medicare Beneficiary (QMB), the Qualifying Individuals (QI) and the Specified Low Income Medicare Beneficiary (SLMB) programs are designed to pay Medicare premiums and in some cases copays for some people with limited incomes.

If you're in one of these programs, you will automatically be able to get the Extra Help and need not apply. You'll still need to join a Medicare-approved drug plan and can choose one between **November 15, 2005** and **May 15, 2006**. If you join by **December 31, 2005**, your Medicare coverage will begin on **January 1, 2006**. If you join between **January 1, 2006** and **May 15, 2006**, your Medicare drug coverage will begin on the first day of the month after you enroll in the plan. If you do **not** choose a plan by **May 15, 2006**, Medicare will enroll you in one and your new drug coverage will begin **June 1, 2006**. You'll be able to change your plan at any time if you find one that works better for you.

If you receive Supplemental Security Income:

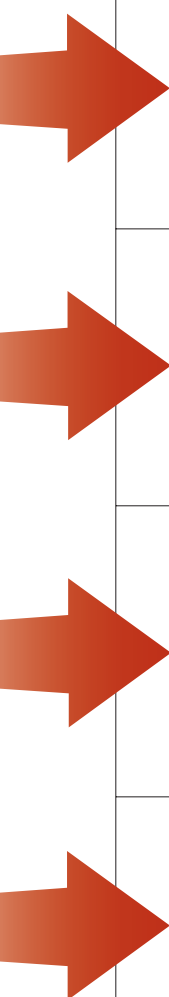
If you have Supplemental Security Income, but do not receive help from Medicaid, you'll automatically be eligible for the Extra Help and **do not need to apply**. You'll still need to join a Medicare-approved drug plan and can choose one between **November 15, 2005** and **May 15, 2006**. If you join in a plan by **December 31, 2005**, your Medicare drug coverage will begin on **January 1, 2006**. If you join between **January 1, 2006** and **May 15, 2006**, your Medicare drug coverage will begin on the first day of the month after you join the plan. If you do **not** choose a plan by **May 15, 2006**, Medicare will enroll you in one and your new drug coverage will begin **June 1, 2006**. You'll be able to switch to another plan of your own choosing one time after **June 1**. After **December 31, 2006**, you will be able to change plans yearly between November 15 and December 31 of each year.

If you're in a state pharmacy assistance program:

Many states have pharmacy assistance programs to help residents pay for prescription drugs. Each state will determine how its programs will fit in with the new Medicare coverage. Your program will probably notify you about this before November 2005. If you have not heard from them by then, you should contact the program to find out what changes are being made and what you should do (if anything) about joining a Medicare drug plan.

Will I Qualify For Extra Help? If So, How Much Help Will I Receive in 2006?

YOU QUALIFY	IF YOU HAVE ...	OR ...	OR ...	OR ...
In addition to being on Medicare, in 2005 you must be receiving the following:	Full Medicaid benefits and income no higher than \$9,570 (single) or \$12,830 (couple)	Medicaid but with income higher than \$9,570 (\$12,830 couple)* or SSI (without Medicaid); or Medicare premiums paid by your state	Income no higher than \$12,919 (single) or \$17,320 (couple)*	Income no higher than \$14,355 (single) or \$19,245 (couple)*
Value of assets (not including your home, vehicles, burial plot or personal possessions)	Not applicable	Not applicable	No more than \$7,500 (single) or \$12,000 (couple)	No more than \$11,500 (single) or \$23,000 (couple)
To find out eligibility	Automatically qualifies	Automatically qualifies	Must apply	Must apply



WHAT YOU GET				
Drug coverage	Unlimited	Unlimited	Unlimited	Unlimited
Monthly premium	\$0	\$0	\$0	Reduced on sliding scale based on income
Annual deductible	\$0	\$0	\$0	\$50
Copayment per prescription	\$1 for generics \$3 for brands (\$0 if you're in a nursing home)	\$2 for generics \$5 for brands	\$2 for generics \$5 for brands	15 percent of cost of each prescription

* If your income is higher, you may still qualify in certain circumstances — for example, if you live in Alaska or Hawaii, or have certain earnings that don't count, or if you or your spouse pays at least half the support of relatives living with you.

Sources: Centers for Medicare & Medicaid Services; Social Security Administration; AARP Public Policy Institute

Income Worksheet

Use this worksheet to figure out what you must count as income. Income includes money you receive from a job, retirement benefits, veterans' benefits and interest from investments.

Social Security Checks _____

Retirement Benefits _____

All pay from a job _____

Veterans' Benefits _____

Interest from investments
or savings accounts _____

Other
(e.g., alimony or rental income) _____

Total income for the year: _____

Do not include the following, which do not count as income for Extra Help

- > Food stamp assistance
- > Home energy assistance
- > Help with medical treatment or drugs
- > Housing assistance
- > Disaster assistance
- > Earned income tax credit payments
- > Victim's compensation
- > Scholarships and education grants
- > Cash or credit from a reverse mortgage

Assets Worksheet

Use this worksheet to figure out what you must count as assets. List only assets you have during the month in which you apply for Extra Help.

Real Estate _____
(not including the house you live in or the land it stands on)

Bank Accounts _____
(checking, savings, certificates of deposit)

Stocks and Bonds _____

Mutual Funds _____

Individual Retirement
Accounts _____

Cash _____

Other _____

Total: _____
(This figure represents your total assets.)

Do not include the following, which do not count as assets for Extra Help:

- > The house you live in and the property it stands on
- > Your personal possessions
- > Your vehicles
- > Things you could not easily convert into cash, such as jewelry or furniture
- > Burial plots
- > Up to \$1,500 (\$3,000 if you are married and living with your spouse) of the cash value of life insurance policies you hold

Information and Resources

Answers to Other Questions About Extra Help

I currently use the Medicare-approved discount drug card. Should I still apply for Extra Help?

Yes. The new, better, Medicare prescription drug program is replacing the discount card and takes effect on **January 1, 2006**. The discount cards only offered reduced prices on prescription drugs, but Extra Help and Medicare's new drug coverage is insurance. You can still use your discount card until **May 15, 2006** or until your new Medicare prescription drug coverage begins, whichever comes first.

I currently get free or low-cost drugs from a drug company or from TogetherRx. Should I still apply for the Extra Help?

Yes. The Medicare drug program covers drugs that the drug company discount cards don't, if you should need other drugs in the future. The TogetherRx card cannot be used after December 31, 2005, and some drug manufacturers may also discontinue their patient assistance programs for people on Medicare after that date. Others may continue their programs and you may still be able to get drugs from them after you start receiving drugs from Medicare. Call the manufacturer's program to find out.

I buy my prescription drugs at a discount pharmacy. Should I still apply for the Extra Help?

Yes. If you qualify for the Extra Help, the value of the assistance you get from a Medicare-approved drug plan will be much greater than the discount you get now. Still, when choosing your Medicare drug plan, you should consider one that is accepted at your drugstore.

My Medigap insurance (also called Medicare Supplemental Insurance) currently pays for most of my prescription drugs. Should I still apply for Extra Help?

Yes. No Medigap drug coverage is as good as Medicare's Extra Help, so you will save money if you qualify for the Extra Help. Once you join a new Medicare drug plan, you will be able to drop the drug coverage from your Medigap insurance, which may also save you money and let you keep your current Medigap insurance to cover your other health costs. Or you can switch to another Medigap plan that does not cover prescription drugs. Your Medigap insurer will be notifying you this fall of your options for prescription drug coverage.

I am already in a Medicare HMO or PPO. Should I still apply for Extra Help?

Yes. But make sure that your plan will provide drug coverage in 2006. If it doesn't, you should look for another plan that does cover drugs so that you can get Extra Help. Even if your current plan includes drugs, make sure it will cover those you need in 2006 — and, if not, consider switching to another plan.

My employer, union, the Veterans Affairs, or the military now pays for most of my prescription drugs. Should I still apply for Extra Help?

Maybe. This fall your employer or union must send you a letter explaining whether your current drug coverage is better or worse than Medicare's. Even if your coverage is better than the standard Medicare benefit, Extra Help may be even better as long as you qualify. In this case, ask your current provider for advice on what to do. If you drop your current coverage, you may not be able to get it back. The same applies if you now receive low-cost drug coverage from the military retirees' TriCare For Life program (which also covers dependent relatives) or from Veterans Affairs.

How will the new Medicare prescription drug program affect my Food Stamps and my government housing assistance?

Housing assistance — If you join the new Medicare drug program, you will not lose your housing assistance. However, the amount you pay for your housing may go up. But you should still apply for the Medicare drug program—the money you save on your drug costs will be much greater than your increase in housing costs.

Food stamps — If you join the new drug program, you may lose your Food Stamps or the amount of your food stamps may go down. However, you should still apply for the Extra Help, because the money you save on drug costs will be much greater than the amount of Food Stamps you lose.

Where Can I Go for More Help?

Social Security. Call 1-800-772-1213 (or TTY 1-800-325-0778), or visit www.socialsecurity.gov.

Medicare. Call 1-800-Medicare or 1-800-633-4227 (or TTY 1-877-486-2048), or visit www.medicare.gov. If you prefer to get help in person, counseling programs can provide you with direct assistance. Several programs are likely to be available to choose from in your area. To find a program, contact your nearest AARP office or your local SHIP.

State Health Insurance Assistance Program (SHIP). Call Medicare at 1-800-633-4227 to find your state SHIP, or visit www.shiptalk.org and choose your state.

Local Area Agency on Aging. Call the Administration on Aging's Eldercare Locator at 1-800-677-1116, or visit www.eldercare.gov and follow the steps on screen to find help with "Health Insurance Counseling."

AARP. Call 1-888-OUR-AARP (1-888-687-2277), or visit www.aarp.org for more information.

Key Words with Definitions

Assets — The value of things you own, including real estate, bank accounts, stocks, bonds, mutual funds and cash.

Copayment — A part of a prescription's cost that you pay out of your pocket. A fixed amount for each prescription.

Deductible — The amount you must pay each year for your medicine or medical treatment before your insurance starts to help pay your costs.

Income — Money you receive from Social Security, a job, retirement benefits, veterans' benefits, and other sources such as interest from investments.

Medicaid — A joint federal/state-funded program, run by your state, that provides medical coverage for families, older people, and people with disabilities. Note: the Medicaid program in your state may have another name.

Medicare Savings Programs — Programs to help people who are in Medicare (but do not qualify for full Medicaid benefits) pay for some of the costs of Medicare.

Premium — The amount you pay each month to receive insurance coverage.

State Health Insurance Assistance Program (SHIP) — A state program that offers free one-on-one counseling and assistance to people with Medicare and their families. The name for this program may vary from state to state.

Supplemental Security Income (SSI) — A federal income program that provides cash to meet basic needs for food, clothing, and shelter for aged, blind, and disabled people with limited incomes and assets.

NOTES

Important Dates to Remember

For Those Not On Medicaid

Insurance companies will start to give information about their Medicare-approved drug plans	October 5, 2005
Range of dates when you can choose a Medicare-approved drug plan	November 15, 2005 thru May 15, 2006
First day you can use your Medicare-approved drug plan (if you have signed up)	January 1, 2006
Last day for you to choose a Medicare-approved drug plan before Medicare chooses one for you	May 15, 2006
First day of drug coverage if Medicare chooses a plan for you	June 1, 2006

For Those On Medicaid

Insurance companies will start to give information about their Medicare-approved drug plans	October 5, 2005
Range of dates when you can choose a Medicare-approved drug plan if you are on Medicaid	November 15, 2005 thru December 31, 2005
Last day for you to choose a Medicare-approved drug plan before Medicare chooses one for you	December 31, 2005
First day you can use your Medicare-approved drug plan (if you have signed up)	January 1, 2006
First day of drug coverage if Medicare chooses a plan for you	January 1, 2006



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For more information about Medicare's prescription drug coverage, visit AARP's website at www.aarp.org/medicarerx or call 1-888-OUR-AARP (1-888-687-2277).