

The New Medicare Part D Drug Benefit Is Coming This Year Here's How to Tell Which Program Will Apply to You...

1 *I'm on Medi-Cal Right Now* (if No – skip to # 2)

If you are enrolled in Medi-Cal and also covered by Medicare, your prescription drug benefit will be eliminated on January 1, 2006, and replaced by Medicare Part D. Look to the right in Column # 1 for information.

2 *My Income Is Low* (if over \$18,750 for a couple, skip to # 3)

There is a special program for people with low incomes—above the limit for Medi-Cal, but still below \$18,750 for a couple. Look to column # 2 to see how to qualify for a Medicare subsidy

3 *I am enrolled in Medicare* (my income for a couple is over \$18,750)

Later this year you will be offered information on the new Part D Medicare benefit. It is important to look this over carefully. You have until May 16, of 2006, to choose and enroll in a plan without penalty. If you delay after that date you will have to pay a 1% per month lifetime premium penalty.

1

For People with Medicare AND Medi-Cal

TIMELINE

June – You will receive a mailing describing the new Part D Medicare program that will replace your Medi-Cal drug coverage

July 1 – The first date you can apply for a Part D plan

September 15 – If you don't enroll before, you will be randomly assigned to a plan on this date

December 1 - Last date to switch to another plan and get coverage without interruption in January

January 1 – Medi-Cal drug coverage no longer offered

COVERAGE

Premium – Covered
(for plans at or below the average cost in CA)

Deductible and Co-payment* – Covered
* co-payment per scrip - \$1/3

Donut Hole - Covered

Catastrophic Coverage – Covered

NOTE #1) Not all drugs are covered by these plans. You **MUST** review the plan you are assigned and see if you need to switch to another one to cover your medications.

NOTE #2) Plans may offer drugs in a “tier” system with higher co-pays for certain medications. You may have to pay these out of pocket costs yourself.

2

For Low-Income People — NOT on Medi-Cal

TIMELINE

May – You will get a mailing announcing the new Medicare Part D from Social Security – and a subsidy application

July 1 – The first day you can apply for a subsidy

November 15 – The first date that enrollments can be accepted

January 1 – The first time the Part D benefit will cover drugs

May 16, 2006 – Last day to enroll without a penalty

COVERAGE

Income 100-135% Poverty Level

\$9,310-\$12,569 single or \$12,490-\$16,862 couple

Premium – Covered

Deductible / Co-payment* – Covered

* co-payment per scrip \$2-5

Donut Hole – Co-payment

Catastrophic – Covered

Income 136-150% Poverty Level

\$12,569-\$13,965 individual or \$16,862-\$18,735 couple

Premium – Reduced on sliding scale

Deductible / Co-payment* – \$50

* co-payment per scrip \$2-5

Donut Hole – 15% co-payment

Catastrophic – Reduced co-payment

You MUST apply to Social Security for this subsidy program. It is not automatic.

3

For Most Medicare Beneficiaries

TIMELINE

October – You will get a mailing announcing the new Medicare Part D and a description of the plans in California

November 15 – The first date that enrollments can be accepted

January 1, 2006 – The first time the Part D benefit will cover drugs

May 16, 2006 – Last day for enrollment without a penalty

COVERAGE

Premium – About \$35/month*

Deductible – First \$250** a year

Co-payment – 25% of next \$2,000

Donut Hole (there is no coverage between \$2,250 and \$5,100)

Catastrophic Coverage – 95% of expenses over \$5,100

* Plans may be offered at higher cost, or a “basic” plan at this level might limit the drugs that are covered. Not all medications will be covered. Before choosing a plan, check to see if your medications are covered.

** Expenses are for “covered” drugs only. Money spent for drugs not covered by your plan doesn’t count towards the co-payment, deductible, or the donut hole.

Part D Questions

1 *How Much Does it Cost?*

Part D will be offered by private insurance companies. You will have to pay a premium of about \$35 per month.

Plans may offer additional drugs (besides the minimum) for an additional charge. This is called the "tier" system. If your medication is not part of the "basic" plan, it might be offered in a higher cost "tier," and you will have to pay extra.

Finally, if your medication is not covered by a plan, you will have to pay for it yourself, but this will not count towards the co-pays and deductible charges.

2 *What's Covered?*

There is a "formulary" of drugs covered by individual plans. The government requires that plans offer at least 2 drugs in each of 209 categories. You need to check if a plan covers your medication.

3 *What's the Deductible?*

There is a \$250 annual deductible.

4 *What's the Co-Payment?*

You are required to pay 25% of the cost for the next \$2,000 in drugs (or a maximum of \$500)

5 *What Is This "Donut Hole"?*

Part D covers most people on Medicare by insuring drug costs up to about \$2,250 a year. Over this amount you get no coverage until your costs exceed \$5,100 and then catastrophic coverage kicks in. After this you pay only 5% of costs and Medicare pays the rest.

The donut hole is the "gap" between \$2,250 and \$5,100 where you must still pay a premium and the cost of drugs, but get no coverage.

6 *What about my Medi-Gap Policy?*

Some Medi-Gap policies now offer drug coverage. This will ALL be eliminated on January 1, 2006. You will need to buy a Part D policy to get drug coverage, although you may keep your Medi-Gap policy to cover other expenses.

7 *What if I belong to an HMO?*

Medicare HMO's will eliminate drug coverage after January 2006, and it will be replaced by Part D. Some HMO plans may "roll in" the Part D benefit, others may charge for it separately. You will need to check with your plan.

8 *What about my retiree coverage?*

If you have drug coverage through a union or company retirement plan, you will receive a letter from the plan telling you if you need to replace it with Part D this year.

9 *Do I have to sign up now?*

If you are on Medicare now, you will have until May 2006 to sign up. If you wait past then and later sign up for part D there can be a lifetime premium penalty of 1% per month.

Information and Resources

1 Health Insurance Counseling and Advocacy Program (HICAP)

There is a network of 26 local, community-based programs throughout California which provide free counseling on Medicare issues.

To reach the nearest program to you, call **1-800-434-0222**

2 Web Sites

www.medicare.gov

The official government website for Medicare

www.cahealthadvocates.org

State association of HICAPS site offers several dozen Medicare fact sheets in English, Chinese, Spanish, and Vietnamese

www.calmedicare.org

Consumer oriented site which provides Medicare information

www.benefitscheckuprx.org

A simple 10 minute process will interview you and find ALL the private drug discount cards you might be eligible for, as well as Medicare discount cards.

Senior Action Network

965 Mission St. Suite 705

San Francisco, CA 94103

415-546-1333

www.senioractionnetwork.org

California Alliance for Retired Americans

2761 Geary Blvd.

San Francisco, CA 94118

415-550-0828

www.californiaalliance.org



SENIOR ACTION NETWORK



CALIFORNIA HEALTH ADVOCATES
The California HICAP Association

CALIFORNIA ALLIANCE
FOR RETIRED AMERICANS



GUIDE TO MEDICARE

PART D



SM
MEDICARE
APPROVED X

**Following is updated information following the same format as above,
Information for Medi-Cal recipients, low-income Medicare beneficiaries,
and other Medicare beneficiaries.**



Medicare Part D
Drug Benefit Update



I Have Medi-Cal

1. You should have gotten a letter from Medi-Cal telling you about the new Part D program from Medicare
2. There are 6 or 7 Part D drug plans you can choose from if you are on Medi-Cal
3. OCTOBER 15 – you will be automatically enrolled in a randomly selected plan if you don't choose one
4. DECEMBER 1 – you need to check your plan, and change to a new one if necessary by now
5. JANUARY 1 – the new program will replace Medi-Cal

My income is low But I'm NOT on Medi-Cal

1. You can sign up for a subsidy from the government IF
 - Income below \$14,355 single
 - Income below \$\$19245 couple
- AND
Assets under \$20,000\
2. You need an application form from SOCIAL SECURITY to get the subsidy
 3. Apply for the subsidy first, and when you get your notice, choose a Part D plan and enroll – the subsidy is automatic

I'm on Medicare

1. OCTOBER 1 - information on plans will come out
2. **It looks like there will be 40 plans to choose from**
3. Plans will be in four main groups:
 - **No premium – no costs**
(maybe 6 of these)
 - **Premium under \$20**
(maybe 6 of these)
 - **Premium about \$20**
(about 10 of these)
 - **Premium about \$30**
(about 22 of these)
4. Do **NOT** sign up for a Part D plan if you **ALREADY** have drug coverage – you can be dropped from your plan and not be able to get back – **WAIT until you get a letter from your current plan**