



Medicare Part D Prescription Drug Benefit

- Voluntary prescription drug program for anyone on Medicare (Part A or Part B).
- Medicare Part B will continue to cover the drugs that it paid for in the past.
- Coverage begins January 1, 2006, for those enrolled by December 31, 2005; otherwise coverage begins the first day of the month after enrollment.
- Initial enrollment period November 15, 2005, through May 15, 2006.
- After the initial enrollment period, beneficiaries may change drug plans only at the annual open enrollment period.
- Anyone without “creditable drug coverage” who does not enroll in Medicare Part D when eligible will be charged a late enrollment fee of at least 1% of the national average premium for each month they delay enrollment.
- Employers, unions, or other third party providers must provide a statement of “creditable” coverage by November 14, 2005.
- All plans are operated by private companies approved by Medicare.
- Plans may have big differences in the premiums and deductibles, the drugs they cover, the co-pays they charge, and the pharmacies they use.
- Each Part D private insurance plan establishes its own formulary, or list of covered drugs, for which the insurance company will make payment.
- Insurance company may make changes in drugs covered with 60 days notice.
- Plans are required to make 90 day supplies available through their network pharmacies.
- The private insurance plan must have a transition process for new enrollees and provide a temporary “first fill” supply of 30 days.

Standard Benefit Package (Numbers will vary by company and plan.)

- Monthly premium approximately \$37.
- Annual deductible \$250.
- Co-insurance 25% of next \$2,000 (\$250 to \$2,250).
- Gap in coverage of \$2,850 (2,250 to \$5,100). Drugs covered in gap at discounted prices negotiated by company.
- Total out of pocket spending \$3,600 before reaching catastrophic coverage.
- Not included in \$3,600 out of pocket expense: premiums, drugs not covered by plan, drugs purchased in Canada or other foreign country, payments made by employer, union, or others.

Annual deductible	\$250
Co-pay -25% of \$2,000 (\$250 to \$2,250)	\$500
Gap in coverage - \$2,250 to \$5,100	\$2,850
Total out of pocket	\$3,600

- After \$5,100 in costs plan pays catastrophic coverage - Greater of 5% co-insurance or \$2 generic/\$5 brand co-payment above \$5,100

Medicare Part D and Dual Eligible Medicare/Medicaid Recipients

- Prescription drug coverage under Medicaid ends December 31, 2005.
- Some dual eligible Medicare/Medicaid recipients will be automatically enrolled in one of Part D programs; other dual eligibles will be required to apply.
- Dual eligibles may change plans more often than once a year.
- For Medicaid beneficiaries deemed eligible:
 - No premiums
 - No deductibles
 - Nominal cost sharing - \$1 generic/\$3 brand if below Federal Poverty Level; \$2 generic/\$5 brand if above Federal Poverty Level
 - No gap in coverage
- Payments by a family member who supplements the cost of prescription drugs not covered by Medicare may be considered patient income which may affect Medicaid eligibility and/or patient responsibility.
- Barbiturates and benzodiazepines, which are widely used in nursing homes, are not covered under the Medicare Part D plan.
- If a prescribed drug is EXCLUDED by Medicare and is covered by the Medicaid program, Medicaid will continue to pay for the drug for dual eligibles.
- If the Medicare private insurance drug plan to which the Medicaid patient is assigned does not carry the drug the patient needs, the patient's representative may be able to ask the pharmacist to grant an EXCEPTION for the drug. (This will also apply to dosages which are not covered.) The private insurance drug plan must grant an exception "whenever it determines that the non-preferred drug for the treatment of the enrollee's condition is medically necessary."
- Exceptions which are denied will be eligible for the appeal process.

Extra Help for People with Limited Income and Assets

- 2005 income no higher than \$12,919 (\$17,320 for married couple living together) and assets no more than \$7,500 (\$12,000 for couple): No premiums or deductibles; co-pays \$2 for generics; \$5 for brand name drugs; co-pays nothing for catastrophic coverage.
- 2005 income no higher than \$14,355 (\$19,245 for couple) and assets no more than \$11,500 (\$23,000 for couple): monthly premium \$0 to \$35 depending on income; annual deductible of \$50; 15% of cost of each prescription; co-pays \$2 or \$5 at catastrophic coverage level.
- Income includes Social Security, wages, dividends, rental property, workers' compensation. It does not include cash or credit acquired through reverse mortgage.
- Assets include bank accounts, investments, life insurance, real estate other than home. Not included are home, cars, burial plots, personal possessions, or \$1,500 in savings intended for funeral expenses.
- SSA rules don't prevent spending down or giving away assets to get below asset limit.
- To find out about qualifications, contact Social Security Administration (SSA) at (800) 772-1213 or online at www.socialsecurity.gov.

Contact Information

Medicare telephone hotline: (800) 633-4227 or online www.medicare.gov.

State health insurance counseling information: (800) 677-1116 or online www.shiptalk.org.

Law Offices of Charles F. Robinson
410 South Lincoln Avenue, Clearwater, FL 33576
Phone 727-441-4516, Fax 727-447-7578
E-mail Elderlaw@charlie-robinson.com
Web site www.charlie-robinson.com