

CLIENT PAGE

INFORMATION FOR CLIENTS OF TEXAS ATTORNEYS



Medicare Prescription Drug Coverage

BY DIANE T. CARTER

How does Medicare prescription drug coverage work?

Coverage under Medicare's first prescription drug coverage program, known as Medicare Part D, began on Jan. 1. Medicare prescription drug coverage is insurance that covers both brand-name and generic prescription drugs at participating pharmacies. Coverage is provided by a variety of private plans, not by the Medicare program itself. When you join a plan, Medicare helps pay the bill. You can choose a separate prescription drug

plan while remaining enrolled in the traditional Part A and Part B Medicare program, or you can choose a Medicare Advantage plan that includes a prescription drug benefit. While prescription drug plans may have different lists of drugs for which they provide coverage, the federal government requires that certain drugs be covered by all plans.

Who is eligible for Medicare prescription drug coverage?

Everyone with Medicare is eligible for

Medicare prescription drug coverage, regardless of income and resources, health status, or current prescription expenses. If you are eligible, you must enroll in order to obtain coverage.

How and when do I enroll? How long does my enrollment last?

You can enroll in a Medicare prescription drug plan by contacting the company offering the plan you choose and requesting an application. Alternatively, you may be able to enroll in the plan by phone or online through the company's website. You may be able to enroll in the plan at www.medicare.gov using Medicare's online enrollment center; however, plan participation in Medicare's enrollment center is voluntary, so not all plans will offer that option. People with Medicare Part A and/or Part B coverage can enroll in a Medicare prescription drug plan during the initial open enrollment period, which is Nov. 15, 2005, through May 15, 2006. If you choose not to sign up for a plan during the initial open enrollment period, you may be required to pay penalties if you sign up after May 15, 2006. If you are eligible for both Medicare and Medicaid, you will automatically be enrolled in a prescription drug plan. If you enrolled in a prescription drug plan on or before Dec. 31, 2005, your coverage began on Jan. 1, 2006. If you enroll between Dec. 31, 2005, and May 15, 2006, then your coverage will begin on the first day of the month after the month during which you enroll. Once your enrollment is approved, the company offering the plan will send you the necessary plan member materials including a membership card, member handbook, list of covered drugs, pharmacy provider directory, and complaint and appeals information. Once you are enrolled in a prescription drug

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plan, you remain enrolled until you enroll in another plan.

What happens if I choose not to enroll in a prescription drug plan by May 15, 2006?

If you fail to enroll in a Medicare prescription drug plan during the initial open enrollment period (Nov. 15, 2005, through May 15, 2006), then you will have to pay a higher monthly premium as a penalty when joining a plan on a subsequent date. Your Medicare prescription drug monthly premium will go up at least 1 percent for every month after May 15, 2006, that you were eligible but not enrolled. That penalty will be imposed for as long as you remain enrolled in a Medicare prescription drug plan. In addition, you will have to wait to enroll in a prescription drug plan during the next general enrollment period, which is Nov. 15 through Dec. 31 each year. The Medicare prescription drug coverage will be effective Jan. 1 of the following year.

What if I already have prescription drug coverage? Do I have to join a drug plan?

If you already have some form of prescription drug coverage from an employer- or union-sponsored health care plan, you might not need to join a Medicare prescription drug plan. Your current prescription drug plan may be determined to be as good and as valuable as Medicare's prescription drug program ("creditable coverage"). By now, your employer or union should have sent you written notice stating whether your current prescription drug coverage meets Medicare's criteria. If you did not receive such notice, then you should contact the benefits administrator for your plan. If you received such notice, then you should retain such notice in a safe place so that, if you lose that employer- or union-sponsored coverage in the future, you will be able to enroll with a Medicare

prescription drug plan without paying any premium penalties since you had creditable coverage. To avoid those penalties, you must provide documentation of such creditable coverage and enroll in the new plan within 63 days after the loss of your previous employer- or union-sponsored coverage.

What are the costs of joining a plan?

Costs will vary depending on which prescription drug plan you choose. You will pay a monthly premium, which varies by plan, and a yearly deductible (no more than \$250 in 2006). You will also pay a part of the cost of your prescriptions, including a copayment or coinsurance. Some plans may offer more coverage and additional drugs for a higher monthly premium. It is advisable to compare monthly premiums, copayments, and yearly deductibles. It is estimated that a typical person with Medicare who currently has no prescription drug coverage will save approximately 50 percent on prescription drug costs under a Medicare prescription drug plan. For an average monthly premium of approximately \$32, you get two levels of coverage: standard and catastrophic. After a \$250 deductible, Medicare pays 75 percent of the cost of covered drugs until yearly costs reach \$2,250. When yearly out-of-pocket prescription costs exceed \$3,600, catastrophic coverage takes effect and Medicare pays up to 95 percent of drug charges for the rest of the year.

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

It is estimated that almost one in three people with Medicare will qualify for extra help, and Medicare will pay for almost all of their prescription drug costs. If you have limited income and resources, you may qualify for such assistance. If your income was less than approximately \$1,200 a month in 2005

(\$1,600 for couples), then you may qualify for "Extra Help," a federal program that helps pay for your Medicare prescription drug coverage. If you have no prescription drug coverage and you get Extra Help, you should enroll in the Medicare prescription drug plan because the government will pay most of your costs. Call Social Security at (800)772-1213 or visit www.ssa.gov to apply.

What should I do if Medicare does not cover my prescription?

When a prescription drug plan's formulary does not include a prescription drug ordered for a resident, states may provide coverage under the Medicaid program or a State Pharmaceutical Assistance Program (SPAP). This coverage must be made only with state funds, not federal funds. You may also ask for an exception. If an exception for a medically necessary prescription drug is denied, you may pursue the various levels of administrative appeal and, if necessary, judicial review. The appeals process also addresses other "coverage determinations," such as a decision that a prescription is not medically necessary, cannot be filled for the amount specified, or cannot be filled at the time requested.

When and how often can I change my drug plan?

You are permitted to change to other prescription drug plans at any time. Changes in a prescription drug plan will go into effect only on the first day of each month.

Where can I find more information?

For more information on Medicare Part D, visit the Medicare websites at www.cms.hhs.gov/partnerships or www.medicare.gov or call its 24-hour toll-free number at 800MEDICARE or (888)633-4227.