

Medicare Prescription Drug Coverage “Information for Retirees with Employer-Sponsored Prescription Drug Coverage”



A Question and Answer Guide Produced by the CHOICES Program

On January 1, 2006 Medicare will begin to pay for prescription drugs for anyone who has Medicare Part A or Part B. The new program is called **Medicare Prescription Drug Coverage**. It is also known as “Medicare Part D.”

If you are an active or retired employee (or the spouse or dependant of such an employee), AND you are on Medicare Part A or Part B, you will be eligible for Medicare prescription drug coverage. You need to read this brochure to learn how this new program will affect you, even if you currently have prescription drug coverage through your employer or former employer. This is because the coverage you have now may change significantly when the new program begins next year.

The following questions and answers are designed to give you information about the new program and help you decide whether to keep your current prescription drug coverage or enroll in a Medicare prescription drug plan.

1. What is Medicare prescription drug coverage? Medicare prescription drug coverage is a new program that will pay for prescription drugs, insulin and insulin supplies, and smoking cessation drugs. It will not cover certain drugs, such as over-the-counter drugs, barbiturates, benzodiazepines, or drugs for weight loss or gain.

Medicare will contract with private companies to provide Medicare prescription drug coverage to beneficiaries in Connecticut. These can be freestanding Prescription Drug Plans, Managed Care Organizations (HMO or PPO), or even employee retirement health plans like the one you have now.

You will need to enroll in one of these private plans to have Medicare prescription drug coverage. The plan that you join will give you a member card that you can present at your local retail pharmacy. Some plans will also allow members to get their prescriptions through the mail.

Different plans will offer different benefit packages. The monthly premium for a plan with standard benefits is expected to be about \$37 per month in 2006. Like most insurance, there will be an annual deductible and co-pays. Depending on your income and assets, you may qualify for "Extra Help" to pay for premiums, deductibles and co-pays.

For detailed information on benefits under Medicare prescription drug coverage, please refer to the CHOICES Question and Answer Guide entitled "General Information about Standard Benefits." You can get a copy of this guide by calling CHOICES at 1-800-994-9422.

2. Do I have to enroll in a Medicare prescription drug plan or can I keep my existing drug coverage? The answer to this question will depend on a few facts:

- You need to contact your plan's Benefits Administrator to find out if your employer is going to keep your retiree coverage the same after January 1, 2006, or change it to work with Medicare prescription drug coverage. Employers have options as to how they can make their existing benefits work with Medicare. This information may help you decide if you can stay with your existing plan or if you will have to select a Medicare prescription drug plan for coverage.
- You need to find out if the coverage you have from your existing plan is considered "creditable coverage" (on average, is it as good as the Medicare prescription drug benefit?). If the answer is "yes", then you may stay with your existing drug coverage and do not need to select a new plan at this time. However, if your existing coverage is not creditable you need to select and enroll in a Medicare prescription drug plan during the initial enrollment period in order to avoid paying an increased premium in the future.

3. How will I know if my existing prescription drug coverage is creditable? This summer or fall, your current prescription plan's Benefits Administrator will send you a "Notice of Creditable Coverage." The notice will tell you whether your existing prescription plan is considered "creditable." **You should SAVE this notice.** If your existing prescription drug plan is, on average, at least equal to or better than Medicare's prescription drug coverage, it is considered creditable. Contact your employer or your plan's Benefits Administrator if you do not receive a Notice of Creditable Coverage by October 31, 2005.

4. What are my choices if my existing coverage is creditable (as good as Medicare prescription drug coverage)? If your existing coverage is creditable when the new Medicare program begins, you will have three choices:

- **You can decline Medicare prescription drug coverage and stay with your existing prescription drug plan.** You may wish to do this if the costs of your existing plan are less than the costs of Medicare prescription drug coverage, OR ...
- **You can keep your existing prescription coverage and enroll in a Medicare prescription drug plan to supplement your present coverage,** OR ...
- **You can drop your present prescription coverage and enroll in a Medicare prescription drug plan.** If you select this option you may not be able to rejoin your Employer Group or retiree health plan if you later change your mind. Check with your plan's Benefits Administrator.

Important! If you lose your creditable coverage in the future, you will have **63** days to enroll in a Medicare prescription drug plan. If you do not enroll within that time, you may have to wait for the next annual enrollment period to get coverage and you may pay a higher premium.

5. What are my choices if my existing coverage is not “creditable”? If your existing coverage is not creditable you should consider enrolling in a Medicare prescription drug plan to ensure that you will have prescription drug coverage in the future. **Important:** If you do not have creditable coverage and you do not enroll in a Medicare prescription drug plan between November 15, 2005 – May 15, 2006, your monthly premium will be 1% higher for each month that you waited to enroll. For example, on a \$37 monthly policy, your premium would be \$39.96 if you waited 8 months to enroll ($\$37 \times .01 \times 8 = \39.96).

Even if you do not have high prescription costs now, that may change over time. It is important to prepare for that possibility by considering enrollment in a Medicare prescription drug plan, to avoid the higher premium costs later on.

There is help available to people with limited incomes to cover Medicare prescription drug costs. You will want to check whether you may qualify for **Extra Help** to pay for Medicare prescription

drug coverage. This Extra Help may significantly reduce your costs. As a result, your costs under the Medicare prescription drug program may be less than under your present coverage.

6. How will I know if I qualify for Extra Help? If your annual countable income is below \$14,355 (single) or \$19,245 (couple), and your countable assets are below \$10,000 (single) or \$20,000 (couple), you may qualify for Extra Help. You may be eligible to receive up to \$2,100 in Extra Help each year in the form of lower co-payments and little or no costs for premiums and deductibles.

Even if your income and assets are somewhat above these amounts, you may still qualify for Extra Help. This is because Medicare does not count all of your income and assets. For example, the house you live in, your car, up to \$1,500 in term life insurance, and some funds set aside for burial, do not count towards the asset limit. If you think you may be eligible for Extra Help it is a good idea to apply even if you are not sure whether you will be continuing to receive coverage through your existing health plan.

This spring or summer (2005), you may get an application for Extra Help in the mail from the Social Security Administration (SSA). **It is very important that you fill out this application and return it to SSA.** If you don't get an application but think you may qualify for Extra Help, call SSA at 1-800-772-1213. TTY users should call 1-800-325-0778. You can also visit www.socialsecurity.gov on the web, or you can call CHOICES (1-800-994-9422) for assistance.

7. What if I have other insurance in addition to my retirement coverage?

- If you have a Medigap supplemental insurance plan, or if you belong to a Medicare Advantage Plan (a Medicare HMO or PPO), the plan will send you a Notice of Creditable Coverage and will tell you what will happen to your coverage when the Medicare prescription drug program begins on January 1, 2006. Please note that most Medigap policies are not considered creditable.
- If you have TRICARE (military insurance), you will also receive a Notice of Creditable Coverage. Please note that all TRICARE policies are considered creditable.

- If you are on ConnPACE, Medicare will become the primary payer for your prescription drugs. You will still have ConnPACE, but you will be required to apply for the Medicare Prescription Drug program so that ConnPACE can coordinate your benefits with Medicare. You will also be required to apply for the Extra Help. You will receive more information about this directly from ConnPACE.
- If you have a Medicare Prescription Drug Discount Card it will automatically expire the day before your Medicare prescription drug coverage begins, or May 15, 2006, whichever comes first. You don't need to do anything to cancel it.

8. What should I do if I decide to join a Medicare prescription drug plan? In the next few months you will receive much more information about the new program from Medicare and other sources. You will also find out about the specific Medicare prescription drug plans that will become available in your area in the fall 2005.

These plans will vary in terms of monthly cost and benefit structure. All plans will offer standard benefits (the minimum benefit package required under Medicare law) and may also offer supplemental benefits at additional costs.

Each plan will also offer its own selection of drugs. Some plans may have a wider selection of drugs than others, possibly resulting in higher premiums. You need to study each plan's offering to find the plan that is best for you, at a cost you can afford. Look at:

- How do the costs of each plan compare in terms of premiums, deductibles and co-pays?
- Does the plan cover the medications that you take? In the dosages and quantities you require? You may want to obtain from your pharmacy a list of your current medications and their dosages to check this factor.
- Is the plan accepted at the retail or mail order pharmacy that you use?

9. How do I enroll in the Medicare prescription drug program? Once you have selected a plan, contact the plan directly to obtain an enrollment form. Complete the enrollment form and send it back to the plan as directed. You may also be able to enroll in some plans online.

10. If I enroll in a Medicare prescription drug plan, when will my coverage begin? The initial open enrollment period is November 15, 2005 – May 15, 2006. If you enroll between by December 31, 2005, coverage will begin on January 1, 2006. If you enroll between January 1 – May 15, 2006, coverage will begin on the first day of the next month following enrollment. For example, if you enroll on February 15, 2006, coverage will begin on March 1, 2006.

11. What happens next? This summer or fall you will receive a Notice of Creditable Coverage from your current plan's Benefits Administrator. You will need this information to decide whether to stay with your existing plan or enroll in a Medicare prescription drug plan. Be sure to **SAVE** this important notice for future reference!

You may also receive a letter from Social Security if their records indicate that you may qualify for Extra Help with Medicare prescription drug costs. If you receive such a letter, be sure to complete the Extra Help application and return it to Social Security.

In October you will receive a "Medicare & You 2006" handbook from Medicare. It will further describe the Medicare prescription drug program and will identify available plans in your area. Carefully compare the plans to each other, and to your existing coverage, to pick the plan that is best for you.

12. Where can I get more information about the Medicare prescription drug program? Call CHOICES at 1-800-994-9422 to speak to a counselor at the Area Agency on Aging serving your area of the state. CHOICES counselors are trained and certified to assist you with your Medicare issues and concerns. They can also help with comparing and enrolling in a Medicare Prescription Drug plan and getting Extra Help to pay for your premiums, deductibles, and co-pays.

CHOICES is a program of the State of Connecticut Department of Social Services, Aging Services Division, and serves as Connecticut's State Health Insurance Assistance Program (SHIP), as designated by the Centers for Medicare and Medicaid Services. CHOICES is administered in partnership with the Area Agencies on Aging and the Center for Medicare Advocacy, Inc.



LOCAL HELP FOR PEOPLE WITH MEDICARE



DSS Publication 2005 - 6, June 29, 2005

This publication is not a legal document. The official Medicare provisions are contained in the relevant laws, regulations and rulings. This information is available in alternative formats. Call 1-800-994-9422. TDD/TTY users call 1-800-842-4524.