

# Medicare Prescription Drug Coverage

## “How to Get Extra Help Paying for Your Prescription Drugs”



### A Question and Answer Guide Produced by the CHOICES Program

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On January 1, 2006 Medicare will begin to pay for prescription drugs under a new program called **Medicare Prescription Drug Coverage**. There are premium costs, deductibles and co-payments associated with the new program. Medicare recipients with limited income and assets may qualify to receive Extra Help in paying for these costs - an average of \$2,100 in Extra Help. This Guide will help you understand how the new program works, and to see if you qualify for Extra Help.

**Important:** If you are on Medicaid (Title 19), Supplemental Security Income (SSI), or a Medicare Savings Program (QMB, SLMB, or ALMB), you automatically qualify for Extra Help. Instead of reading this Guide, please contact CHOICES at 1-800-994-9422 to get more information and a special Q&A Guide written for people on a Medicare Savings Program and SSI.

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**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 stop-smoking” drugs, for people on Medicare. It starts on January 1, 2006 and it’s also known as “Medicare Rx” and “Medicare “Part D.” You are eligible for Medicare prescription drug coverage if you have Medicare Part A or Part B.

**2. Will I get my prescription drugs directly from Medicare?** No, Medicare won’t administer the program directly. Instead, it will contract with private companies to provide the coverage. In Connecticut, there are 17 stand-alone Prescription Drug Plans (PDPs), and four Medicare Advantage plans (HMO or PPO), that offer coverage. Most of these companies, in turn, offer several plans with various levels of coverage and costs. In addition, some employer sponsored or union sponsored retirement health plans may “wrap around” the new program to provide coverage to their members. You will need to enroll in one of these plans to have Medicare prescription drug coverage.

**3. What medications will the new program cover?** Each Medicare prescription drug plan will offer its own selection of covered drugs, called a “formulary.” Formularies will vary from plan to plan. *Before deciding on a plan you should carefully review its formulary to be sure that it covers all of the medications that you take.*

Medicare will cover most outpatient prescription drugs, insulin and insulin supplies, and “stop-smoking” drugs. Each Medicare-approved plan will offer a choice of at least two drugs in each of 146 categories of drugs. Each Medicare-approved plan will also include in its formulary all drugs in the following six categories of drugs: anti-depressants, anti-psychotics, anti-convulsants, anti-cancer, immuno-suppressants and HIV/AIDS.

Some drugs are excluded, i.e., Medicare won’t cover them. These include barbiturates, benzodiazepines, drugs for weight loss or gain, over-the-counter drugs and drugs that are covered by Medicare Part A or Part B. (NOTE: a few plans may cover some of the excluded drugs as a supplemental benefit for additional cost.)

**4. Do I have to apply for Medicare prescription drug coverage or will I get it automatically because I’m on Medicare?** Even though you are on Medicare, you have to enroll in a Medicare prescription drug plan in order to have coverage.

**5. Is there a cost to enroll in a Medicare prescription drug plan?** Yes, there is a monthly premium. In Connecticut, several plans have premiums under \$20 per month; most monthly premiums are under \$40 per month. Some plans have annual deductibles (\$0 - \$250, depending on the plan), and all have co-pays. *The amounts you pay for these charges will vary according to your income and assets.*

If your 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 to pay for Medicare prescription drug coverage. Not all income and assets are countable – read more about this at Question 8. The Extra Help will take the form of reduced premiums, deductibles and co-pays. In some cases, there may be no premium or deductible costs.

**6. How will I know if I am eligible for Extra Help?** This summer (2005), you may have gotten 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 didn'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](http://www.socialsecurity.gov) on the web, or you can call **CHOICES (1-800-994-9422)** for assistance.

The application for Extra Help is fast and easy to complete. Please do NOT send any attachments with your application. If Social Security needs more information, such as bank statements or other verifications, they will contact you. In most cases, this will not be necessary. Social Security will mail you a receipt acknowledging your application. They will also send you a letter telling you whether you qualify for Extra Help.

**Important!** You didn't receive the Extra Help application in the mail if you were on Medicaid, SSI, or a Medicare Savings Program. This is because you automatically qualify for Extra Help and did not need to apply. Medicare will enroll you in Extra Help and will send you a letter explaining the benefits that you will receive. For more information please contact the CHOICES program at 1-800-994-9422.

**7. How much will Medicare prescription drug coverage cost if I get Extra Help?** The cost of coverage depends on your income and assets. The table on the next page shows how much you will pay for premiums, deductibles and co-pays, depending upon your income and assets. The following definitions will explain some of the terms in the table.

### Definitions

- **Premium** – the membership fee you pay to the Medicare prescription drug plan each month.
- **Deductible** – the annual amount you must pay toward your prescription drugs before your coverage begins.
- **Co-pay** - the amount you pay toward each prescription after you have met your deductible. There are three different levels of co-pays: co-pays during the INITIAL BENEFIT PERIOD, co-pays during the COVERAGE GAP (the “donut hole”), and co-pays during the CATASTROPHIC COVERAGE PERIOD.

- **Initial Benefit Period** – after you have met your deductible and before the actual cost of your prescription drugs totals \$2,250 during the year.
- **Coverage Gap** – This period is also known as the “donut hole.” It begins after the Initial Benefit Period and continues until you have accumulated \$5,100 in prescription drug costs. Under the standard Medicare prescription drug benefit, there is no coverage during the donut hole. However, if you are eligible for Extra Help, there is no gap in coverage. You will just continue to pay a small co-pay during this period.
- **Catastrophic Benefit Period** - begins after your prescription drugs total more than \$5,100 during the year (or your out-of-pocket costs for the year total \$3,600).

### Medicare Prescription Drug Costs for People Who Receive Extra Help\*

If your <b>annual income</b> is at or below...	... and your <b>countable assets</b> are below ...,	... your <b>monthly premium per person</b> is...	... and your <b>annual deductible per person</b> is...	... and your <b>co-pays</b> during the <b>INITIAL BENEFIT PERIOD</b> will be...	... and your <b>co-pays</b> during the <b>COVERAGE GAP (“donut hole”)</b> will be...	... and your <b>co-pays</b> during the <b>CATASTROPHIC BENEFIT PERIOD</b> will be ...
\$12,919 (single) 17,320 (couple)	\$6,000 (single) \$9,000 (couple)	\$0	\$0	\$2 generic \$5 brand	\$2 generic \$5 brand	\$0
\$12,919 (single) \$17,320 (couple)	\$10,000 (single) \$20,000 (couple)	\$0	\$50	15% cost of prescription	15% cost of prescription	\$2 generic \$5 brand
\$14,355 (single) \$19,245 (couple)	\$10,000 (single) \$20,000 (couple)	Sliding scale \$9.25 - \$27.75 per month	\$50	15% cost of prescription	15% cost of prescription	\$2 generic \$5 brand

\* Please do not use this chart if you are on Medicaid, SSI, a Medicare Savings Program or ConnPACE. Contact CHOICES at 1-800-994-9422 for more information.

**8. Important information about income and assets.** The income and asset amounts in the table on page 4 refer to countable income and assets. Not all assets are countable. For example, the home you live in, funds designated for funeral and burial expenses, and life insurance policies with less than \$1,500 face value are not counted as assets. Similarly, some forms of income are excluded. Therefore, you may qualify for Extra Help even if your income and assets exceed the amounts shown above. It is better to apply for the Extra Help rather than assume you are not eligible.

If your countable income and assets are significantly above these limits you may not qualify for Extra Help with Medicare prescription drug costs. Please refer to the CHOICES Questions and Answers Guide entitled “General Information About Standard Benefits.”

**9. Do I need to apply for Medicare prescription drug coverage if I have ConnPACE?** 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. You should also ask your CHOICES counselor for the special ConnPACE Q& A Guide.

**10. What if I have a Medicare Prescription Drug Discount Card?** If you have a Medicare Prescription Drug Discount Card you can continue to use it right up to the time you are enrolled in a plan. 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.

**11. What do I need to do to get Medicare prescription drug coverage?** To get coverage, and to get Extra Help to pay for coverage, you need to do three things:

**1<sup>st</sup>** – Apply for Extra Help. If you need assistance to complete the application call CHOICES (1-800-994-9422) or call Social Security at 1-800-772-1213. You can also find more information, and actually apply for Extra Help, on line at [www.socialsecurity.gov](http://www.socialsecurity.gov).

**2<sup>nd</sup>** – This October Medicare will mail you the “Medicare & You 2006” handbook. It will tell you the names of the Medicare prescription drug plans in your area. Carefully compare the plans and choose the one that is best for you. Starting October 13 you can compare plans on-line and see what drugs are covered by each plan by going to Medicare’s website and logging on to their Plan Finder tool. Visit [www.medicare.gov](http://www.medicare.gov). You can also call Medicare at 1-800-633-4227. TTY users should call 1-877-486-2048. Or call CHOICES at 1-800-994-9422.

**3<sup>rd</sup>** – Between November 15, 2005 - May 15, 2006, enroll in the Medicare prescription drug plan of your choice. You can get an application directly from one of the plans, or you can enroll in a plan on-line using the same Medicare Plan Finder tool described above. **Remember, you cannot get Medicare prescription drug coverage or utilize the Extra Help to pay for coverage without this important step!**

**IMPORTANT:** If you apply for and qualify for Extra Help, but you don’t enroll in a plan on your own by May 15, 2006, Medicare will randomly assign you to one of nine plans in Connecticut. This is being done to ensure that people who qualify for Extra Help actually get the coverage, even if they forget to enroll in a plan. Medicare will tell you in advance which plan they have assigned you to. You can tell Medicare to enroll you in a different plan that you like better, or you can tell them not to enroll you in any plan. NOTE: If you tell Medicare not to enroll you in any plan, and later on you decide you want to join a plan, you may have a waiting period for coverage and your premiums may be more expensive.

**12. When will my Medicare prescription drug coverage begin?** If you apply between November 15 – December 31, 2005, coverage will begin January 1, 2006. If you apply between January 1 – May 15, 2006, coverage will begin on the first day of the month following your application.

**13 Can I change plans after I enroll?** Yes, if you enroll in a plan on your own before May 15, 2006, you can change plans once a year between November 15 and December 31.

If Medicare randomly assigns you to a plan after May 15, 2006, you can change once between the time you are enrolled and December 31, 2006. In future years you can change plans once a year between November 15 and December 31 of each year.

**14. Where can I get more information?** 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.

**You can also get more information from these on-line sources:**

- CHOICES: <http://www.medicareadvocacy.org/CHOICES/ChoicesHome.htm>
- Medicare: [www.medicare.gov](http://www.medicare.gov)
- Social Security: [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Center for Medicare Advocacy: [www.medicareadvocacy.org](http://www.medicareadvocacy.org)
- Department of Social Services, Aging Services Division: [www.ctelderlyservices.state.ct.us](http://www.ctelderlyservices.state.ct.us)

*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.*



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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.