Medicare News

THE MEDICARE DRUG BENEFIT IS ALMOST HERE: WHAT DO YOU NEED TO KNOW?

Dear Friend:

I wanted to call your attention to the new Medicare prescription drug benefit, which starts January 1, 2006. The new program is voluntary. To sign up, you must join one of the Medicare-approved plans offering drug coverage in your state. You may have already begun to receive phone calls and information in the mail from these plans, or seen advertisements on television. If you want your drug coverage to begin on January 1, 2006, you must sign up with a Medicare drug plan between November 15, 2005 and December 31, 2005.

Many Medicare drug plans are available to you. These plans have different costs, cover different drugs, and include different pharmacies. You will need to carefully research all of your options before deciding whether to enroll in a Medicare drug plan and, if so, which one best meets your needs. Most people must enroll by May 15, 2006, in order to avoid paying late penalties.

I've tried to gather some basic information to help you with these complicated choices. I hope it is helpful.

Sincerely,

Maria Cantwell

Key Questions: Do I need prescription drug coverage? What if I already have coverage for my prescription drugs?

Whether to enroll in a Medicare drug prescription plan depends upon what kind of coverage, if any, you have today. First, check to see if your current drug coverage will change next year.

- **If you currently receive drug coverage through Medicaid**, your coverage will end on December 31, 2005. You will need to enroll in a Medicare drug plan that best suits your needs. If you do not sign up for a Medicare drug plan, you will automatically be enrolled in one. The Medicare drug plan may not cover your drugs and may charge higher copayments than under Medicaid.
- **If you currently receive drug coverage through your employer**, ask your employer if your drug coverage will continue and if it will be as good or better than Medicare drug coverage. If your employer drug coverage is going to continue, and you like it, you do not need to join a Medicare drug plan. The new Medicare drug benefit is voluntary.
- **If you currently have drug coverage through a Medigap policy**, your Medigap insurance company should tell you if its drug coverage is as good as Medicare drug coverage. Most Medigap drug coverage will not be as good as Medicare drug coverage.

- **If you are currently enrolled in the Washington State Prescription Drug Purchasing Consortium,** you can sign up for Medicare drug coverage and continue to participate in the consortium. The consortium may provide discounts on medications that are not covered by the new Medicare benefit, or other prescription coverage.
- **If you are enrolled in a Medicare HMO,** your Medicare HMO — now called a Medicare Advantage plan — should send you information about your options this month. You should examine all the Medicare drug plans available to you and decide which option best meets your needs.

Important Dates

October 1, 2005: You will begin receiving information on Medicare prescription drug plans available in your community.

November 15, 2005: First day you can enroll in a Medicare prescription drug plan.

December 31, 2005: Last day you can enroll in a Medicare drug plan if you want coverage to begin on January 1, 2006.

January 1, 2006: Medicare drug coverage begins for those who signed up for a plan between November 15, 2005 and December 31, 2005.

May 15, 2006: Last day to enroll in a Medicare drug plan without incurring a 1% per month premium surcharge and last day to enroll in a Medicare drug plan to receive coverage in 2006.

November 15, 2006: The open enrollment period for Medicare drug coverage for 2007 begins. This is also the first opportunity for those who enrolled in a Medicare drug plan for 2006 to switch plans if they wish.

Key Question: How do I choose the drug plan that works best for me?

If you decide to join a Medicare drug plan, you will have many plans to choose from. Finding out which drug plan works best for you will depend on many factors. Some information about the plans available in Washington will be published in the *Medicare & You* handbook, which the Medicare program will send to you in the mail. The handbook will not provide all the information you need to choose a plan. But you can contact specific plans that you want to know more about and you can ask your family, friends, and community experts for help in choosing and enrolling in a Medicare drug plan. You can receive one-on-one assistance by contacting the Washington Statewide Health Insurance Benefits Advisors or Medicare (see phone numbers and websites on the last page).

- **Traditional Medicare or a Medicare Advantage plan?** If you want traditional Medicare (which lets you choose your doctor and hospital), then you can enroll in a separate prescription drug plan. Alternatively, you can join a private Medicare managed care plan, known as a Medicare Advantage plan, that will cover doctor, hospital, *and* drug coverage altogether. Some Medicare Advantage plans may offer more generous drug coverage, but they place more restrictions on which doctors and hospitals you can visit.
- **Which drugs are covered by each plan?** Each prescription drug plan will cover different drugs and have different rules for obtaining prescription drugs. Check to see if the prescriptions you take would be covered and whether they would be considered "preferred" drugs.

- **How much will it cost?** Each plan will charge different premiums, deductibles, and copayments. You will need to compare these costs for each plan. Note that sometimes drug plans with lower premiums will have higher deductibles, and vice versa.
- **Which pharmacies can I use?** Each Medicare drug plan will contract with a network of pharmacies. You could be charged more if you do not fill a prescription at a pharmacy in that network. Check to see if a prescription drug plan includes a pharmacy near you.

Key Question: Can I get extra help?

Medicare beneficiaries with limited incomes and resources may qualify for extra assistance in paying for the cost of their prescription drug plan.

- **Who's eligible?** You may be eligible for extra assistance with premiums, deductibles, or copayments, if your income in 2005 is less than $14,356 for an individual ($19,245 for a couple) and you have limited assets.
- **Who should I call?** If you think you may be eligible for extra assistance, you should call the Social Security Administration at 1-800-772-1213 or visit them online at www.socialsecurity.gov for more information.

Beware of…

Fraud. You need to protect yourself against fraud. Companies sponsoring Medicare drug plans can call you at home, but they cannot go door-to-door in your neighborhood. You should never provide anyone with personal information over the phone, such as your Social Security number, credit card number, or bank account.

One-sided information. You should not enroll in a particular Medicare drug plan based only on information provided by the company sponsoring it. You should seek out independent sources of information and evaluate all of your options. Contact Medicare or your State Health Insurance Assistance Program for assistance (see phone numbers and websites on the last page).

Key Question: If I enroll in a plan that I don't like or doesn't work for me, can I switch?

Most Medicare beneficiaries will only be able to change their Medicare drug plan once a year, between November 15 and December 31. But if you are eligible for both Medicare and Medicaid, you can change your Medicare drug plan as often as once a month. You will only be able to change your type of Medicare coverage (traditional Medicare, HMO, PPO, etc.) twice a year.

Key Question: If I don't choose a plan before January 1, 2006, can I choose one later?

If you do not sign up for a Medicare drug plan by January 1, 2006, you can still enroll in a plan anytime before May 15, 2006 without penalty. If you do not sign up by May 15, 2006, you will not be able to sign up until November 15, 2006, which would give you Medicare drug coverage on January 1, 2007. If you do not sign up by May 15, 2006, you will also have to pay a late-enrollment penalty, which will increase

your premium by one percent for each month you are not in the program. The late-enrollment penalty does not apply if you have "creditable coverage" for prescription drugs, such as if you have employer-sponsored coverage or other drug coverage that is at least as good as the Medicare drug benefit.

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Important Sources of Information

Medicare:
1-800-MEDICARE (or 1-800-633-4227)
www.medicare.gov

Social Security:
1-800-772-1213
www.ssa.gov/prescriptionhelp

Washington Statewide Health Insurance Benefits Advisors:
1-800-397-4422
www.insurance.wa.gov/consumers/shiba/default.asp