



Seniors'  
Health  
Insurance  
Information  
Program

North Carolina  
Department of Insurance  
Jim Long, Commissioner

# Medicare Part D: Prescription Drug Plan Benefit

## Just the Facts

1-800-443-9354 • [www.ncshiip.com](http://www.ncshiip.com)

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### THE MEDICARE PRESCRIPTION DRUG PLANS ARE HERE.....

Enrollment for the Medicare Prescription Drug plans begins November 15, 2005 and ends May 15, 2006. If someone enrolls by December 31, 2005, the new Medicare Prescription Drug coverage will begin on January 1, 2006. Enrolling after December 31, 2005, will delay the coverage effective date. Postponing enrollment after May 15, 2006, may result in a 1% per month penalty for every month you delayed enrollment. The Medicare Prescription Drug plans will be sold by private companies whose plans have been approved by Medicare. These plans will be called Medicare Prescription Drug Plans or PDPs. You can identify an approved plan by the MedicareRx logo.

All people with Medicare are eligible to enroll in a PDP, regardless of income or assets. Options and features will vary from plan to plan such as drug lists with generic and brand name medications, drug prior approval requirements, and deductible and co-payments structures. You can only select one PDP plan. All of these differences will have a direct impact on the plan premium. The monthly premiums for PDPs in North Carolina range from under \$20 - \$68. Beneficiaries will want to compare plans and select the one plan that best meets their individual needs; such as, all prescriptions are on the plan's list of drugs, that you can use your preferred pharmacy, and the premium is affordable. After selecting a plan be assured that Medicare has put into place an appeal process should a physician prescribe a medication that is not on your PDP's drug list. For assistance in understanding and enrolling in a PDP, please refer to your **Medicare & You 2006 Handbook**, which is published by the Centers for Medicare and Medicaid Services (CMS), or contact SHIIP.

In North Carolina there are 16 approved companies who will offer a total 38 PDP plans. Ten of these plans will offer national coverage, which is especially important for beneficiaries who have residences in more than one state. Some plans are sold as stand-alone insurance products while others will be offered through Medicare Advantage options such as HMOs, PPOs, and Private-Fee-For-Service (PFFS) plans. All plans may not be identical, but companies are required to offer benefits that are at least equal to Medicare's Standard PDP model of coverage outlined below.

### MEDICARE'S STANDARD PDP COVERAGE OUTLINE

All plans must at least provide the following benefits but may offer more:

2006 Basic/Standard Medicare Prescription Drug Plan

Actual Drug Costs	Medicare Pays	Beneficiary Pays	Cumulative Beneficiary Out-of-Pocket Total
\$0 - \$250	\$0	\$ 250 (drug deductible)	\$ 250
\$250.01 - \$2,250	\$1,500 (75%)	\$ 500 (25%)	\$ 750 (\$250+\$500)
\$2,250.01 - \$5,100	\$0	\$2,850 (100%)	\$3,600 (\$750+\$2,850)
\$5,100.01 +	about 95%	about 5%	varies

Some Medicare prescription drug plans may have additional options to help pay for out-of-pocket costs.



## **THERE IS EXTRA HELP FOR THOSE WHO NEED IT MOST**

There is assistance available for people with Medicare who have limited incomes and resources. If they qualify, they can receive assistance with premiums, deductibles and co-payments for their prescriptions. If someone has an annual income of below \$14,355 as an individual or \$19,245 as a couple and assets lower than \$10,000/\$20,000 they can visit their local Social Security office or request extra help assistance application by contacting SHIIP. Remember a person that receives extra help will need to enroll in a PDP or make application on [www.socialsecurity.gov](http://www.socialsecurity.gov).

**NOTE:** If someone applied for extra help and received a letter stating that they did not qualify for assistance, they are still eligible to enroll in a PDP but will have the responsibility to pay the premiums, deductibles, and co-payments.

## **MEDIGAP PLANS**

People with Medigap plans A-G can choose to select a plan from any company selling a PDP. However if a person is covered under a Medigap H, I, or J plan they currently have prescription drug coverage. They may choose to maintain this coverage or have the prescription drug benefit removed from their policy and enroll in a PDP. Another option is to select another Medigap plan and enroll in a PDP. Medigap companies are required to send notification to their H, I and J plan members advising them of their options and the consequences of their choices. For example, if they keep their current coverage and the Medigap premium increases in the future they may want to change coverage at that time and buy a PDP. This is allowable but will result in the 1% penalty previously discussed in this publication.

## **EMPLOYER SPONSORED PLANS**

Many employers will be participating with Medicare Part D by continuing to offer the prescription drug coverage they currently offer to retirees. This coverage has been evaluated to be "equal to or better than" Medicare's coverage and therefore will not be subject to the 1% penalty should this coverage be cancelled in the future. They do not need to take action at this point, but should look for notification from their employer advising them of the status of their coverage. Examples of this coverage are TRICARE for Life, VA, Federal Employees' Health Plans and the NC State Health Plan.

## **MEDICARE ADVANTAGE PLANS**

People with Medicare who have joined a Medicare Advantage plan that includes prescription drug coverage will only be allowed to choose from their plan's specific Medicare Prescription Drug plan options. People with Medicare who have joined a Medicare Advantage PFFS plan have three options: 1) check with your Medicare Advantage plan to see if it will be selling stand-alone plans; 2) switch to another Medicare Advantage plan that better meets their needs for prescription drug coverage; 3) return to Original Medicare and enroll in a PDP plan.

## **ENROLLMENT ASSISTANCE IS AVAILABLE**

Medicare beneficiaries can have enrollment assistance through the SHIIP program by calling 1-800-443-9354. We can provide a Medicare Prescription Drug Plan finder tool that will allow you to identify the medications you are prescribed and your preferred pharmacy. You may then return the information to us, and we will determine which PDP plans cover your medications and the pharmacies participating with the plan, or you may visit your local counseling site for face-to-face assistance. Check the SHIIP website at [www.ncshiip.com](http://www.ncshiip.com) for scheduled enrollment clinics in your local community.

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