

# How To Understand The New Medicare Prescription Drug Plan

By Amy Kennedy

The new Medicare Prescription Drug Plan is designed to help significantly reduce the cost of prescription drugs for seniors. When choosing a drug plan you should take into consideration how you pay for your drugs now and what type of Medicare coverage and supplemental insurance you have.

If you have original Medicare coverage only or original Medicare and a Medigap policy without drug coverage, the new Medicare plans should lower your costs for drugs. If you have original Medicare and a Medigap policy that includes drug coverage the new Medicare drug plan will generally provide more comprehensive coverage at a lower cost.

In most cases people with retiree or union coverage can continue to receive it with additional support from Medicare. If you have a Medicare Advantage Plan (HMO or PPO) or other Medicare Health Plan you should already have drug coverage and additional benefits.

Those with limited incomes (\$14,355 for singles, and \$19,245 for married couples) may qualify for full drug coverage with low co-payments and low or no deductible. Whether you qualify also depends on your other assets. Your local Social Security or Medicaid office can help you determine if you qualify.

There are two ways to get Medicare drug coverage You can add the coverage to your traditional Medicare plan through a stand alone drug plan or you can get drug coverage along with medical care through a Medicare Advantage plan like an HMO or PPO.

The [www.medicare.gov](http://www.medicare.gov) website makes it easy to compare plans by premiums, co-payments, and which drugs they cover. If you don't have access to the Internet you can obtain printed information by calling Medicare at 1-800-MEDICARE.

Each Medicare drug plan provides a list of prescription drugs it will cover. When comparing plans, it is important to choose a plan that covers most of the drugs you take. Most drugs typically prescribed for seniors are covered but some require prior authorization. This means your doctor

will have to convince the plan a particular drug that is more restricted or more expensive is necessary for your condition.

To take full advantage of your benefits it is important that you get your prescriptions filled at a pharmacy within your plan's network. Many plans offer mail order service so you can have drugs delivered to your home. If you travel frequently or live in two different states during the year you will need to select a plan that is available nationally.

You can enroll anytime until May 15. After that you will not have another opportunity to enroll until the following November and there will be a penalty for signing up late. (Exceptions are made if you move out of your plan's service area or if you lose drug coverage from another source.)

Those who are not eligible for Medicare now but will become eligible in or after March will be able to enroll in a drug coverage plan that extends for seven months (three months before and three months after they become eligible for Medicare.) Medicare drug coverage becomes effective the beginning of the month after you have enrolled in a Medicare drug plan. If you sign up by January 15, your coverage starts on February 1.

How much can you expect a Medicare drug plan to pay? If you join in 2006 you will pay a monthly premium, which will vary depending on the plan you choose, and a deductible up to \$250. After you pay the deductible on a standard plan, you will pay 25 percent of your yearly drug costs from \$250-\$2250, and your Medicare plan pays the other 75 percent. Using lower cost drugs such as generic rather than brand name drugs can help stretch your initial coverage. Using generic drugs can also reduce your co-payments.

If your drug costs are very high, you may need to choose a plan that offers additional coverage. In some plans if your costs reach an initial coverage limit, you will then pay 100 percent of your prescription costs. This is referred to as a coverage gap. The gap in coverage is generally above \$2250 until you spend \$3600 out of pocket. Some plans may offer some coverage for the gap. Even in plans where you pay 100 percent of drug costs after a specified limit, you will probably still be paying less than you would without Medicare drug plan coverage.

There are many criteria to consider when choosing a plan. Your priority may be having extra protection if your costs total more than \$2250 per year, or you may prefer a plan that has a low deductible so you aren't paying a lot out of pocket at the beginning of the year. Some plans offer low co-payments for generic prescriptions. Others may help you keep your drug expenses

balanced throughout the year. Even if you don't have a lot of drug costs now, it is smart to enroll before the deadline to avoid penalties and higher premiums later.

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