



Introducing Prescription Drug Coverage Under Medicare

Beginning January 1, 2006, the new Medicare prescription drug benefit will change the landscape of prescription drug coverage for eligible Medicare beneficiaries. The government anticipates substantial cost savings that will make beneficiaries' prescription drugs more affordable, and will provide them with access to and choice in the prescription drugs they need.

What is the benefit?

The new Medicare prescription drug benefit will provide drug coverage, and offer a range of plan choices for Medicare beneficiaries.

Who is eligible?

All individuals who have Medicare Part A, Part B, or who are enrolled in Medicare Advantage plans are entitled to the new Medicare prescription drug coverage.

What will beneficiaries pay?

Like other insurance, beneficiaries will pay a monthly premium (estimated by the government to be approximately \$37 in 2006), and pay part of the cost of their prescriptions, including a copayment, deductible, and other cost-sharing amounts. These costs may vary significantly depending on which drug plan they choose. Some plans may offer more coverage and additional drugs for a higher monthly premium. If beneficiaries have limited income and resources, and qualify for extra help, they may not have to pay a premium or deductible.

Who is eligible for extra help with the cost of this coverage?

If beneficiaries have a limited income and resources and do not have prescription drug coverage, they may get even more help. In early summer of 2005, both the Centers for Medicare & Medicaid Services and the Social Security Administration will be sending information to beneficiaries with low incomes about how to apply for extra help paying for their prescription drug costs.



Which medicines will be covered?

All prescription drug plans must provide access to a broad range of medicines. Prescription drug plans may use a formulary, which is a list of prescription drugs covered by the plan that has been approved by the government, and other pharmacy benefit designs, such as tiered cost-sharing.

When can beneficiaries sign up?

Medicare beneficiaries can sign up during a 6-month open enrollment period beginning November 15, 2005 and ending May 15, 2006. Enrollment is voluntary. However, if beneficiaries decide to enroll after the open enrollment period ends on May 15, 2006, they will have to pay more each month to participate in the Medicare prescription drug plan—unless they meet certain exemption criteria.

What are the dates that beneficiaries should be aware of?

Some key dates have been discussed previously—the beginning and end of the open enrollment period (November 15, 2005 to May 15, 2006) and the start of drug coverage on January 1, 2006. In addition, beneficiaries should know that healthcare companies will begin marketing their drug plans to the public on October 1, 2005. Two weeks later, the government will post on its website, www.medicare.gov, information about these healthcare companies' drug plans.

Where can you learn more?

To find out more about the program, and learn how beneficiaries can enroll in a prescription drug plan that meets their needs, the following resources are good places to start:

- The Centers for Medicare & Medicaid Services provides excellent resources to help beneficiaries enroll in a prescription drug plan: Please go to www.medicare.gov, or call 1-800-MEDICARE (1-800-633-4227) for more information.
- In the fall of 2005, eligible Medicare beneficiaries will receive a “Medicare and You 2006” handbook that lists the Medicare prescription drug plans available in the beneficiary’s area, with additional information available at www.medicare.gov.
- State Health Insurance Assistance Programs (SHIP), and other local and community-based organizations, will offer free, personalized counseling. Call 1-800-MEDICARE to get the telephone number of the nearest SHIP.

