

## Medicare Prescription Drug Coverage (Part D)

Medicare offers prescription drug coverage (Part D) to everyone with Medicare. To get Medicare drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drugs covered.

There are two ways to get Medicare prescription drug coverage:

1. **Medicare Prescription Drug Plans.** These plans (sometimes called “PDPs”) add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans.
2. **Medicare Advantage Plans (like an HMO or PPO) or other Medicare health plans that offer Medicare prescription drug coverage.** You get all of your Part A and Part B coverage, and prescription drug coverage (Part D), through these plans. Medicare Advantage Plans with prescription drug coverage are sometimes called “MA-PDs.”

**Both types of plans are called “Medicare drug plans” in this section.**

### Why Join a Medicare Drug Plan?

Even if you don’t take a lot of prescription drugs now, you should still consider joining a Medicare drug plan. See page 43 for a list of things to consider when choosing a plan. If you decide not to join a Medicare drug plan when you are first eligible, and you don’t have other **creditable prescription drug coverage** (also called creditable coverage), you will likely pay a late enrollment penalty (higher **premiums**) if you join later. See page 67 for more information on creditable coverage and the late enrollment penalty.

**Note:** Discount cards, doctor samples, free clinics, drug discount Web sites, and manufacturer’s pharmacy assistance programs aren’t considered prescription drug coverage and aren’t creditable coverage.



If you have limited income and resources, you may qualify for **Extra Help** from Medicare to pay for prescription drug coverage. You may also be able to get help from your state. See pages 78–84.

Blue words in the text are defined on pages 115–118.

## Who Can Get Medicare Drug Coverage?

To join a Medicare Prescription Drug Plan, you must have Medicare Part A and/or Part B. If you would like to get prescription drug coverage through a Medicare Advantage Plan, you must have Part A **and** Part B. You must also live in the [service area](#) of the Medicare drug plan you want to join.



If you have employer or union coverage, call your benefits administrator before you make any changes, or before you sign up for any other coverage. If you drop your employer or union coverage, you may not be able to get it back. You also may not be able to drop your employer or union **drug** coverage without also dropping your employer or union **health** (doctor and hospital) coverage. If you drop coverage for yourself, you may also have to drop coverage for your spouse and dependants.

## When Can You Join, Switch, or Drop a Medicare Drug Plan?



You can join, switch, or drop a Medicare drug plan at these times:

- When you are first eligible for Medicare (the 7-month period that begins 3 months before the month you turn age 65, includes the month you turn age 65, and ends 3 months after the month you turn age 65).
- If you get Medicare due to a disability, you can join during the 3 months before to 3 months after your 25<sup>th</sup> month of disability. You will have another chance to join 3 months before the month you turn age 65 to 3 months after the month you turn age 65.
- Between November 15–December 31 each year. Your coverage will begin on January 1 of the following year, as long as the plan gets your enrollment request by December 31.
- Between January 1–March 31 of each year if you already have Medicare prescription drug coverage.
- Anytime, if you qualify for [Extra Help](#) or if you have both Medicare and Medicaid.

In most cases, you must stay enrolled for that calendar year starting the date your coverage begins. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans during a special enrollment period (like if you move out of the service area, lose other [creditable prescription drug coverage](#), or live in an [institution](#)).

## When Can You Join, Switch, or Drop a Medicare Drug Plan? (continued)

Call your State Health Insurance Assistance Program (SHIP) for more information. See pages 110–113 for the telephone number. You can also call 1-800-MEDICARE (1-800-633-4227). **TTY** users should call 1-877-486-2048.

### How Do You Join?

Once you choose a Medicare drug plan, you may be able to join by completing a paper application, calling the plan, or enrolling on the plan's Web site or on [www.medicare.gov](http://www.medicare.gov). You can also enroll by calling 1-800-MEDICARE. **Medicare drug plans aren't allowed to call you to enroll you in a plan. Call 1-800-MEDICARE to report a plan that does this.**

Contact the plan to find out how you can join. When you join a Medicare drug plan, you will have to provide your Medicare number and the date your Part A or Part B coverage started. This information is on your Medicare card. **Visit [www.medicare.gov](http://www.medicare.gov), or call 1-800-MEDICARE for a list of the [Medicare plans](#) in your area.**

### How Do You Switch?

Depending on your circumstances, you can switch to a new Medicare drug plan simply by joining another drug plan during one of the times listed on page 63. **You don't need to cancel your old Medicare drug plan or send them anything.** Your old Medicare drug plan coverage will end when your new drug plan begins. You should get a letter from your new Medicare drug plan telling you when your coverage begins.

After you join a Medicare drug plan, the plan will mail you membership materials, including a card to use when you get your prescriptions filled.

**Note: If your Medicare Prescription Drug Plan decides not to participate in Medicare or stops providing service in your area, your plan will send you a letter about your options.** You will have the opportunity to join a different Medicare Prescription Drug Plan. If you have a Medicare Advantage Plan with prescription drug coverage, see page 59 for more information.

Blue words in the text are defined on pages 115–118.

## What You Pay

Exact coverage and costs are different for each Medicare drug plan, but all plans must provide at least a standard level of coverage set by Medicare.



Below and continued on the next page are descriptions of the payments you make throughout the year in a Medicare drug plan. After the descriptions is an example of what someone may pay in a Medicare drug plan. **Your actual drug plan costs will vary** depending on the prescriptions you use, the plan you choose, whether you go to a pharmacy in your plan's network, whether your drugs are on your plan's formulary, and whether you qualify for [Extra Help](#) paying your Part D costs.

- **Monthly premium**—Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium may include an amount for prescription drug coverage.
- **Yearly deductible**—Amount you pay for your prescriptions before your plan begins to pay. Some drug plans don't have a deductible.
- **Copayments or coinsurance**—Amounts you pay at the pharmacy for your covered prescriptions after the deductible. You pay your share, and your drug plan pays its share for covered drugs.
- **Coverage gap**—Most Medicare drug plans have a coverage gap. This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit. Your yearly deductible, your coinsurance or copayments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit doesn't include the drug plan's premium or what you pay for drugs that aren't on your plan's formulary.

There are plans that offer some coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the drug plan first to see if your drugs would be covered during the gap.

For help comparing plan costs, contact your State Health Insurance Assistance Program (SHIP). See pages 110–113 for the telephone number. You can also visit [www.medicare.gov](http://www.medicare.gov) and select “Compare Medicare Prescription Drug Plans.”

## What You Pay (continued)

**Catastrophic coverage**—Once you reach your plan’s out-of-pocket limit during the coverage gap, you automatically get “catastrophic coverage.” Catastrophic coverage assures that once you have spent up to your plan’s out-of-pocket limit for covered drugs, you only pay a small **coinsurance** amount or **copayment** for the drug for the rest of the year.

**Note:** If you get **Extra Help** paying your drug costs, you won’t have a coverage gap and will pay only a small or no copayment once you reach catastrophic coverage. See pages 78–81.

The example below shows costs for covered drugs in 2010 for a plan that has a coverage gap.

**Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2010. She doesn’t get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.**

Monthly Premium—Ms. Smith pays a monthly premium throughout the year.			
1. Yearly Deductible	2. Copayment or Coinsurance	3. Coverage Gap	4. Catastrophic Coverage
Ms. Smith pays the first \$310 of her drug costs before her plan starts to pay its share.	Ms. Smith pays a copayment, and her plan pays its share for each covered drug until what they <b>both</b> pay (plus the <b>deductible</b> ) reaches \$2,830.	Once Ms. Smith and her plan have spent \$2,830 for covered drugs, she is in the coverage gap. She will have to pay <b>all of her drug costs</b> until <b>she</b> has spent \$4,550.	Once Ms. Smith has spent \$4,550 out-of-pocket for the year, her coverage gap ends. Now she only pays a small copayment for each drug until the end of the year.



Call the plans you’re interested in to get specific Medicare drug plan costs. You can also visit [www.medicare.gov](http://www.medicare.gov), or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Blue words in the text are defined on pages 115–118.

## What is the Part D Late Enrollment Penalty?

The late enrollment penalty is an amount that is added to your Part D **premium**. You may owe a late enrollment penalty if one of the following is true:

- You didn't join a Medicare drug plan when you were first eligible for Medicare, and you didn't have other **creditable prescription drug coverage**.
- You had a break in your Medicare prescription drug coverage or other creditable coverage of at least 63 days in a row.

**Note:** If you get **Extra Help**, you don't pay a late enrollment penalty.

Here are a few ways to avoid paying a penalty:

- **Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty, even if you've never had prescription drug coverage before.
- **Don't go for more than 63 days in a row without a Medicare drug plan or other creditable coverage.** Creditable prescription drug coverage could include drug coverage from a current or former employer or union, TRICARE, or the Department of Veterans Affairs. Your plan will tell you each year if your drug coverage is creditable coverage. Keep this information, because you may need it if you join a Medicare drug plan later.
- **Let your Medicare drug plan know if you had other creditable coverage.** When you join a plan, you may get a letter asking if you have creditable coverage. Complete the form they send you. If you don't tell the plan about your creditable coverage, you may have to pay a penalty.

## How Much More Will You Pay?

When you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. To estimate your penalty amount, count the number of full months that you didn't have creditable coverage after you were eligible to join a Medicare drug plan. If you multiply this number by the "1% penalty calculation" which is \$.32 in 2010, you can estimate the amount that will be added each month to your Medicare drug plan's premium for the current year. This penalty amount may increase every year.

## If You Don't Agree With Your Penalty

If you don't agree with your late enrollment penalty, you may be able to ask Medicare for a review or reconsideration. You will need to fill out a reconsideration request form (that your drug plan will send you), and you will have the chance to provide proof that supports your case such as information about previous prescription drug coverage.

## Important Drug Coverage Rules

The following information can help answer common questions as you begin to use your coverage.

### To Fill a Prescription Before You Get Your Membership Card

Within 2 weeks after your plan gets your completed application, you will get a letter from the plan letting you know they got your information. You should get a welcome package with your membership card within 5 weeks or sooner. If you need to go to the pharmacy before your membership card arrives, you can use any of the following as proof of membership in your Medicare drug plan:

- A letter from the plan
- An enrollment confirmation number that you got from the plan, the plan name, and telephone number



You should also bring your Medicare and/or Medicaid card, proof of any other prescription drug coverage, and a photo ID. If you qualify for [Extra Help](#), see page 80 for more information about what you can use as proof of Extra Help. If you don't have any of the items listed above, and your pharmacist can't get your drug plan information any other way, you may have to pay out-of-pocket for your prescriptions. **If you do, save the receipts and contact your plan to get money back.**

If you want to know how Medicare prescription drug coverage works with other drug coverage you may have, see pages 71–72.



Once you consider your options and choose a plan, join early to give the plan time to mail your membership card, acknowledgement letter, and welcome package before your coverage becomes effective. This way, even if you go to the pharmacy on your first day of coverage, you can get your prescriptions filled without delay. If you don't get these items, call your plan.

## Important Drug Coverage Rules (continued)

Plans may have the following coverage rules:

- **Prior authorization**—You and/or your prescriber (your doctor or other health care provider who is legally allowed to write prescriptions) must contact the drug plan before you can fill certain prescriptions. Your prescriber may need to show that the drug is **medically necessary** for the plan to cover it.
- **Quantity limits**—Limits on how much medication you can get at a time.
- **Step therapy**—You must try one or more similar, lower cost drugs before the plan will cover the prescribed drug.

If your prescriber believes that one of these coverage rules should be waived, you can ask for an exception. See pages 90–91.

### What Are “Tiers”?

Many Medicare drug plans place drugs into different “tiers.” Drugs in each tier have a different cost. For example, a drug in a lower tier will cost you less than a drug in a higher tier. In some cases, if your drug is on a higher tier and your prescriber thinks you need that drug instead of a similar drug on a lower tier, you can file an exception and ask your plan for a lower **copayment**.

**Note:** Medicare drug plans must cover all commercially-available vaccines (like the shingles vaccine) when medically necessary to prevent illness except for vaccines that are covered under Part B. Information about a plan’s list of covered drugs (called a formulary) isn’t included in this handbook because each plan has its own formulary. Formularies can change. Contact the plan for its current formulary, or visit the plan’s Web site. You can also visit [www.medicare.gov](http://www.medicare.gov) and select “Compare Medicare Prescription Drug Plans.”



In most cases the prescription drugs you get in an outpatient setting like an emergency room (sometimes called “self-administered drugs”) aren’t covered by Part B. Your Medicare drug plan may cover these drugs **under certain circumstances**. You will likely need to pay out-of-pocket for these drugs and submit a claim to your drug plan for a refund. Call your plan for more information. You can also visit [www.medicare.gov/Publications/Pubs/pdf/11333.pdf](http://www.medicare.gov/Publications/Pubs/pdf/11333.pdf) to view the fact sheet, “How Medicare Covers Self-Administered Drugs Given in Hospital Outpatient Settings.”

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## Important Drug Coverage Rules (continued)

### Ways to Pay Your Premium

You have choices in the way you pay your Medicare drug plan **premium**. Depending on your plan and your situation, you may be able to pay your Medicare drug plan premium in one of four ways:

1. **Deducted** from your checking or savings account.
2. **Charged** to a credit or debit card.
3. **Billed** to you each month directly by the plan. Some plans bill in advance for coverage the next month. **Send your payment to the plan (not Medicare). Contact your plan for the payment address.**
4. **Deducted from your monthly Social Security payment.** Contact your drug plan (not Social Security) to ask for this payment option. With this option, your first deductions usually take 3 months to start, and 3 months of premiums will likely be collected at one time. You may also see a delay in premiums being withheld if you switch or leave plans.

For more information about your Medicare drug plan premium or ways to pay for it, contact your drug plan.

### Use the following resources to get more information about Medicare prescription drug coverage:

- Contact the plans you are interested in.
- Visit [www.medicare.gov/pdphome.asp](http://www.medicare.gov/pdphome.asp) to get general information, view publications, and compare plans in your area.
- Call 1-800-MEDICARE (1-800-633-4227), and say “Drug Coverage.” TTY users should call 1-877-486-2048.
- Contact your State Health Insurance Assistance Program (SHIP) for free, personalized health insurance counseling. See pages 110–113 for the telephone number.



## Other Private Insurance

The charts on the next two pages provide information about how other insurance you have works with, or is affected by, Medicare prescription drug coverage (Part D).

**Employer or Union Health Coverage**—Health coverage from your, your spouse's, or other family member's current or former employer or union. If you have prescription drug coverage based on your current or previous employment, your employer or union will notify you each year to let you know if your drug coverage is creditable. **Keep the information you get.** Call your benefits administrator for more information before making any changes to your coverage.

**COBRA**—A Federal law that may allow you to temporarily keep employer or union health coverage after the employment ends or after you lose coverage as a dependent of the covered employee. As explained on page 24, there may be reasons why you should take Part B instead of COBRA. However, if you take COBRA and it includes **creditable prescription drug coverage**, you will have a special enrollment period to join a Medicare drug plan without paying a penalty when the COBRA coverage ends. Talk with your State Health Insurance Assistance Program (SHIP) to see if COBRA is a good choice for you. See pages 110–113 for the telephone number.

**Medigap (Medicare Supplement Insurance) Policy with Prescription Drug Coverage**—Medigap policies can no longer be sold with prescription drug coverage, but if you have drug coverage under a current Medigap policy, you can keep it. However, it may be to your advantage to join a Medicare drug plan because most Medigap drug coverage isn't creditable. If you join a Medicare drug plan, your Medigap insurance company must remove the prescription drug coverage under your Medigap policy and adjust your **premiums**. Call your Medigap insurance company for more information.

**Note: Keep any creditable coverage information you get from your plan. You may need it if you decide to join a Medicare drug plan later. Don't send creditable coverage letters/certificates to Medicare.**

## Other Government Insurance

**Federal Employee Health Benefits Program (FEHBP)**—Health coverage for current and retired Federal employees and covered family members. If you join a Medicare drug plan, you can keep your FEHBP plan, and your plan will let you know who pays first. For more information, contact the Office of Personnel Management at 1-888-767-6738, or visit [www.opm.gov/insure](http://www.opm.gov/insure). TTY users should call 1-800-878-5707. You can also call your plan if you have questions.

**Veterans' Benefits**—Health coverage for veterans and people who have served in the U.S. military. You may be able to get prescription drug coverage through the U.S. Department of Veterans Affairs (VA) program. You may join a Medicare drug plan, but if you do, you can't use both types of coverage for the same prescription. For more information, call the VA at 1-800-827-1000, or visit [www.va.gov](http://www.va.gov). TTY users should call 1-800-829-4833.

**TRICARE (Military Health Benefits)**—Health care plan for active-duty service members, retirees, and their families. Most people with TRICARE who are entitled to Part A **must** have Part B to keep TRICARE prescription drug benefits. If you have TRICARE, you aren't required to join a Medicare Prescription Drug Plan. If you do, your Medicare drug plan pays first, and TRICARE pays second. If you join a Medicare Advantage Plan with prescription drug coverage, TRICARE won't pay for your prescription drugs. For more information, call the TRICARE pharmacy contractor at 1-877-363-8779, or visit [www.tricare.mil](http://www.tricare.mil). TTY users should call 1-877-540-6261.

**Indian Health Services**—Health care for people who are American Indian/Alaska Native through an Indian health care provider. If you get prescription drugs through an Indian health pharmacy, you pay nothing and your coverage won't be interrupted. Joining a Medicare drug plan may help your Indian health provider with costs, because the drug plan pays part of the cost of your prescriptions. Talk to your benefits coordinator who can help you choose a plan that meets your needs and tell you how Medicare works with your health care system.

**Note:** The types of insurance listed on this page are all considered **creditable prescription drug coverage**. If you have one of these types of insurance, in most cases, it will be to your advantage to keep your current coverage.