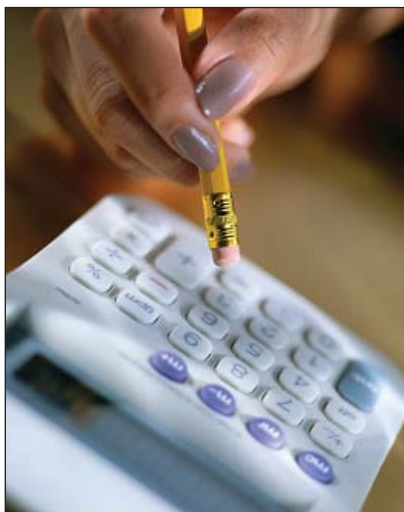


Medicare Changes: Part D

The prescription drug benefit

Medicare began providing prescription drug coverage through Medicare Part “D” on January 1, 2006. Enrollment in Medicare Part D is completely optional, but you may pay an additional premium if you do not enroll in the program within a certain time period after becoming eligible. Private companies, contracted by Medicare, offer the Part D benefit, but there is no separate application process—application is made directly through Medicare.

Medicare will help you decide which plan is best for you and process your enrollment in it. Medicare is basing its coverage formulary on the formulary that is used for the Medicaid program, the health insurance program for low-income individuals that is federally and state funded and administered by the state. Over-the-counter medications are not covered by the Part D benefit—only prescription medications.



Medicare Part D in 2009

In 2009, the monthly fee for Medicare Part D coverage averages about \$30 (\$360 annually), which is deducted from your Social Security benefit check each month. Most plans have a deductible of no more than \$295. Thus, a plan basically costs an average of \$655 in 2009.

Here’s an example of how to figure your expenses based on year 2009 figures.

Assuming that your prescription drug expenses are more than \$655 annually, Medicare has established a formulary to calculate your benefits. (See “Formulary Defined” below.) After you have met the deductible of \$295:

- Medicare will pay 75 percent of the costs between \$296 – \$2,700; you are responsible for the other 25 percent.
- You are responsible for 100 percent of the cost of your prescription drugs between \$2,701 and \$4,350.
- Medicare will pay 95 percent of the costs over \$4,350; you are responsible for the other 5 percent.

As an example, we’ll assume that your annual expense for prescription drugs is \$3,175.

You will be responsible for the \$360 to cover the monthly premiums (\$30 per month), and you must pay the \$295 yearly deductible. (Remember, these are average amounts for Medicare Part

D Prescription Drug Plans in 2009.) In this example, the total you pay is \$655 for your monthly premiums and yearly deductible.

Medicare pays 75 percent of the cost between \$296 and \$2,700; you are responsible for the other 25 percent. So, in this example, Medicare pays approximately \$1,803, and you pay \$601.

You also pay 100 percent of the cost between \$2,701 and \$4,350. So you pay an additional \$474.

In the end, you have paid approximately \$1,730 for your prescription drugs (including your monthly premiums and yearly deductible), and Medicare has paid \$1,803. You have saved approximately \$1,445 over the course of the year for your prescription drugs.

Certain low-income Medicare beneficiaries may be able to receive additional help under Medicare Part D – programs now known simply as “Extra Help.” Medicare uses the Federal Poverty Level (FPL) to compute which beneficiaries may be eligible for Extra Help. The FPL changes from year-to-year, and these figures usually change at the beginning of each year.

Formulary Defined...

A formulary is a list of preferred, prescription drugs that a health plan approved for use by its doctors based on safety, effectiveness, and affordability.

Typically, health plans only pay for medications on this “approved” list. Ask your doctor if he/she is prescribing your medications from the formulary list. If he/she needs to prescribe a non-formulary drug, ask if prior authorization can be sought for the health plan to cover payment of this medication.

Each plan’s formulary is organized into tiers, and the formularies and tiers may vary from plan to plan. Each tier is associated with a set co-pay amount – the lower the tier, the lower the co-pay amount. For example, Tier 1 might include generic drugs that require the lowest co-pay. Tier 2 might include preferred brand drugs with a higher co-pay, while Tier 3 might include non-preferred brand name drugs that are covered by the plan at a higher co-pay level.

Assistance for Low-Income Medicare Beneficiaries

For 2009, you may be eligible for Extra Help paying for the Medicare prescription drug benefit if your monthly income is below \$1,301 (\$1,751 for couples) and your assets are below the specified limits. Even if your income or assets are above the limits, you may still qualify because certain types of income and assets may

not be counted. You can apply for Extra Help at any time.

If you do not have Medicaid, Supplemental Security Income, or a Medicare Savings Program, you can apply for help paying for your Medicare drug benefit through the Social Security Administration by using either the agency’s print or online application. You will also be able to apply for it at your local Medicaid office.

If you apply through Social Security, you can state your income and assets without having to provide copies of your financial statements when you apply. If you apply at your local Medicaid office, counselors there will check to see if you qualify for other assistance programs, such as a Medicare Savings Program.

For the Most Current Information...

As with most Medicare programs, the fee structure increases yearly on a percentage basis. This means that the guidelines for Medicare Part D will change for 2009. The new copy of *Medicare and You 2009*, which comes in the mail in October 2008, will have the set rates for 2009. Be sure to review these changes carefully as you will need to make an informed decision about changes you might want to make to your existing plan or enrollment in a new plan. **These changes may only be made once per year: November 15 through December 31.**



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As always, the most current information on this and all other Medicare programs may be accessed through Medicare either by phone at 1-(800) MEDICARE (1-800-633-4227) or via the Internet: www.medicare.gov. For more information on Medicare Part D, see:

- Social Security Administration, www.ssa.gov or 1-800-772-1213
- Texas Department of Aging and Disability Services, www.texasmedicarerx.org
- Area Agencies on Aging of Texas, www.dads.state.tx.us/services/contact.cfm or 1-800-252-9240
- 2-1-1 Texas – Dial 211 from your home telephone for information and referral to services in your area.
- Texas AgriLife Extension Service – Senior Medication Issues, http://fcs.tamu.edu/families/aging/senior_medication_issues/index.php