THE BASICS

Medicare provides an optional prescription drug benefit, Medicare Part D. All persons who qualify for Medicare are eligible to apply for Part D, regardless of income or resources, health status, or current prescription expenses. Medicare administers the Part D program, but contracts with private medical insurance companies who market their own prescription drug plans to the public. Most insurance companies provide several Part D plan options with differing premiums, deductibles and coverage.

Once enrolled in a Part D prescription drug plan, you will receive a membership card which you present at your pharmacy whenever you fill a prescription. The pharmacy will charge you a pre-determined co-payment and will then bill your Part D insurance provider for the remaining cost.

SELECTING A MEDICARE D PRESCRIPTION DRUG PLAN

There are three things to consider when selecting a Medicare Part D drug plan: Coverage, Cost, and Convenience.

Coverage: Each insurance company publishes a list (formulary) of all the brand-name and generic medications their plans cover. Companies may change their formularies each year, dropping or adding covered medications. It is essential that you choose a plan that covers all or most of your current medications, and that you review your plan’s formulary for the following year when it becomes available.

Some insurance companies offer their plans only in certain states. If you spend part of the year in another state, choose a plan that will cover you there as well.

Cost: Like other insurance plans, you pay a monthly premium (ranging from $0 - $74.80) plus a yearly deductible (ranging from $0 - $405). You also pay a part of the cost for each prescription (co-payment). These costs will vary depending upon which Part D plan you choose. For example, some plans may offer more coverage for a higher monthly premium. If you have limited income and resources, and you qualify for “Extra Help”, you may not have to pay premiums or a deductible. You can apply for or get more information about “Extra Help” by logging on to the Social Security website at https://www.ssa.gov/forms/apply-for-benefits.html or by calling 1-800-772-1213.

Convenience: Make sure the plan’s preferred pharmacies are ones you want to use. Some plans also offer the option for you to order your prescriptions by mail.
ENROLLING, SWITCHING AND DROPPING A MEDICARE DRUG PLAN:

In order to search for, and/or enroll in, a Part D plan, go to the Medicare website at www.medicare.gov or call Medicare at 1-800-633-4227. You will be asked for your state(s) of residence and the names and dosages of the medications you take. You will then be provided a complete list of Part D plans for which you can apply, along with specific information about their premiums, deductibles, co-payments and preferred pharmacies in your area.

You should enroll in a Part D plan when you first become eligible for Medicare at age 65. If you do not, you must wait for the annual open-enrollment period. You will then have to pay a higher monthly premium that increases for every month you have delayed enrollment.

The annual open-enrollment period is October 15 – December 7, with coverage running from January 1 to midnight on December 31 of the following year. You may join, switch or drop a Part D plan at other times only in the following situations: if you move out of your plan’s service area, if you lose drug coverage under your retirement or union benefit plan, if you qualify for low-income assistance or if you move to an assisted living or nursing facility.

Every year, as the open enrollment period approaches, you should compare your current Part D plan’s benefits for the next year to those offered by other plans. Each year, insurance companies change the cost and coverage of their plans, and you may want to switch to another plan in the coming year. You can do this by contacting the insurance company in whose plan you wish to enroll, or by contacting Medicare at the website or phone number previously listed. Your new insurance plan will mail you a membership card and enrollment materials. You do not need to notify your current Part D plan provider. You will be automatically dropped from that plan when coverage in your new Part D plan begins.

ADDITIONAL FACTS:

MOST MEDICARE D PLANS HAVE A COVERAGE GAP. Called a “donut-hole”, this gap begins after you and your drug plan have spent a certain amount for covered drugs. Not everyone will enter the coverage gap. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. In 2018, the coverage gap begins once you and your plan have spent $3,750 on covered drugs (the combined amount plus your deductible). Medicare recipients who get “Extra Help” paying Part D costs won’t enter the coverage gap.

Once you reach the coverage gap in 2018, you’ll pay 35% of the plan’s cost for covered brand-name prescription drugs, and 44% of the plan’s cost for generic drugs. You get these savings whether you buy your prescriptions at a pharmacy or order them through the mail. The percentage you pay will decrease each year until it reaches 25% in 2020.

Once you get out of the coverage gap, you automatically qualify for “catastrophic coverage”. This assures you pay only a small co-payment for covered drugs for the remainder of that year.
MEDICARE D PLANS COVER ONLY PRESCRIPTION MEDICATIONS, not over-the-counter medications. Part D plans also do not pay for medications purchased from foreign pharmacies.

IF A MEDICATION YOU TAKE ISN’T ON YOUR PLAN’S FORMULARY, your Part D plan will pay for a one-time 30-day supply. This allows your doctor time to look for another drug in that formulary that may work equally well. If you have already tried similar drugs in the formulary without success, your doctor may contact your drug plan to request an “exception”. If this request is approved, the plan will cover the drug. Exceptions can also be requested for a plan’s limits on dosages or quantities of drugs dispensed.

IF YOU ARE ELIGIBLE FOR BOTH MEDICARE AND STATE MEDICAID, Medicare will automatically enroll you in a Medicare D drug plan. You will pay $0 - $5.60 out-of-pocket for each covered prescription, and you will likely pay little or nothing for premiums and deductibles.

IF YOU CURRENTLY GET PRESCRIPTION COVERAGE FROM THE VETERANS ADMINISTRATION, TRICARE OR THE FEDERAL EMPLOYEE RETIREMENT PROGRAM, it will likely be best to keep your current prescription coverage. But, in some cases, adding a Medicare D plan can provide you extra coverage and savings, especially if you qualify for extra help because of limited income and assets. Always check with your current insurance carrier before joining a Medicare D plan.

IF YOU HAVE PRESCRIPTION COVERAGE FROM A FORMER OR CURRENT EMPLOYER OR FROM A UNION, joining a Medicare D drug plan might cause you to lose all of your employee/retiree or union benefits. Contact your employer or union benefits administrator for information.

MEDICARE ADVANTAGE PLANS may offer a more economical alternative to a stand-alone Medicare D plan. Medicare Advantage plans bundle Medicare A, B and D coverage under one umbrella policy. They are marketed by private insurance companies, however the insurance company, not Medicare, decides which providers and services will be paid. A Medicare Advantage plan may restrict your choice of doctor or pharmacy. Or it may increase the amount you must pay out-of-pocket if you use doctors, hospitals or pharmacies that are not considered by the insurance company to be “preferred providers”.

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