

# Medicare Prescription Drug Coverage (Part D)

Information for People on Medicare who do not have Medical Assistance

MN Work Incentives Connection Fact Sheet #16

January 2010

## How does it work?

To receive Medicare Prescription Drug coverage (Part D), you must be enrolled in a Prescription Drug Plan. You will receive your medications through one of the pharmacies that have a contract with the Prescription Drug Plan you choose.

## Which medications are covered?

Prescription Drug Plans can have different formularies or lists of medications they cover. If a Plan wants to change the medications they cover, they must give you 60 days notice. You can ask for an exception and appeal the Plan's decision if you don't agree with it.

The Medicare Prescription Drug Program does not cover any of the medications listed below. If you need them, you will have to pay out of your own pocket, unless you also have Medical Assistance or other insurance that covers them. The medications that are not covered are: benzodiazepines (some of the anti-seizure, anti-spasm, anti-anxiety medications); barbiturates; certain vitamins, minerals, or over-the-counter drugs; or certain drugs used to treat coughs or colds or to promote weight gain.

## Choosing a Plan—what do I need to do?

For assistance in choosing a Prescription Drug Plan:

- Call Minnesota's Linkage Line at 1-866-333-2466 (TTY 1-800-627-3529).
- Consult the Medicare web site, [www.Medicare.gov](http://www.Medicare.gov).
- Review your 2008 "Medicare and You Handbook".
- Call Medicare at 1-800-633-4227 (TTY: 1-877-486-2048).

Before you call or go on-line to get information about Prescription Drug Plans:

- Make a list of your medications, including: the name of each medication; dosage; how often you take it; whether you take it orally or by injection; and how much it costs under your current plan.
- Have your Medicare card in front of you.

## Things to consider in choosing a Medicare Prescription Drug Plan:

- Does the Plan cover the medications I need?
- Will the Plan allow me to use the pharmacy of my choice?
- If I need a special medication, what is the Plan's policy regarding exceptions and appeals?
- What will the Medicare Prescription Drug Plan cost me, in terms of premiums, deductibles, co-insurance and co-pays?

## When do I need to enroll?

If you do not enroll in a Medicare Prescription Drug Plan when you become eligible, you risk having to pay much higher premiums if you need coverage later on. If you are newly eligible for Medicare, you have a 7-month period to enroll in a Medicare Prescription Drug Program (3 months before you become eligible for Medicare, the month you become eligible and 3 months afterwards).

If you were already eligible for Medicare in 2009 and did not enroll in a Medicare Prescription Drug plan by 12/31/09, you may have to wait until 11/15/10 before you can enroll. Your coverage won't be effective until 2011. Certain exceptions apply, so contact Medicare to check on the next enrollment period available to you.

(continued...)

**What will it cost in 2010?**

Amounts may vary, depending on your income and your drug costs.

If your income is over \$1,300 per month (\$1,750 per month for couples), you will pay:

**Monthly Premium:** The average is \$37.55 per month (\$450.60 per year) for 2010. Depending on the plan you choose, your monthly premium may be lower or higher.

**Deductible:** In addition to the monthly premium, you pay a deductible of \$310 in drug costs each year before Medicare starts helping you.

**Co-insurance:** After the monthly premium and the annual deductible, you pay 25% of your drug costs between \$310 and \$2,830 during the year (up to \$630 out-of-pocket). The Medicare Prescription Drug Program pays the other 75% (up to \$1,890). If the drug costs paid by you and Medicare combined are greater than \$2,830, you move into the "coverage gap".

**Coverage Gap (also known as "the donut hole"):** If your drug costs (paid by you and Medicare combined) are over \$2,830 per year, you pay 100% for any drug costs between \$2,830 and \$6,440. You pay a maximum of \$3,610 during the coverage gap or \$4,550 total, including the co-insurance and deductible above. Once your total drug costs (paid by you and Medicare combined) total \$6,440, you move into Catastrophic coverage.

**Catastrophic coverage:** If your annual drug costs (paid by you and Medicare combined) are over \$6,440, Medicare pays 95% of the cost of any drugs over \$6,440 per year, and you pay the greater of either 5% per prescription or a co-pay of \$2.50 for generics or \$6.30 for brand name drugs.

**Note:** These are the basic rules for a "standard" Medicare Prescription Drug option. In addition to the "standard option", Medicare Prescription Drug Plans

can also offer options with premiums, deductibles and co-insurance that are different than those listed above. They can also charge more, but only for options that offer more coverage. Check the cost carefully before you enroll.

**Extra help with Medicare Prescription Drug Program costs:**

You may be eligible for assistance with the costs of Medicare Prescription Drug coverage. If you have not already filled out an application for extra help with the costs, you can get one by contacting the Social Security Administration at 1-800-772-1213 (TTY: 1-800-325-0778) or on-line at :

[www.socialsecurity.gov/prescriptionhelp](http://www.socialsecurity.gov/prescriptionhelp) Certain types of income and assets are not counted in determining if you are eligible for extra help. If you are not sure, go ahead and apply!

**Apply for extra help and sign up for a plan**

If you complete the application for extra help with costs, you still need to sign up for a Prescription Drug Plan. **You are not signed up for the Medicare Prescription Drug Program until you enroll in a Prescription Drug Plan.** You can only change plans once a year, between November 15th and December 31st.

**If you have other insurance that covers Prescription Drugs...**

You should be notified by your employer, former employer, union, health plan or Medicare supplemental insurance company as to whether or not your insurance is "creditable", meaning that it is at least as good as Medicare's prescription drug coverage.

**If you do have "creditable" coverage:**

You can choose to continue receiving your prescription drug coverage through your other insurance, instead of signing up for Medicare Prescription Drug coverage. If you want to sign up for Medicare Prescription Drug coverage later, you will not have to pay extra for your monthly premiums.

**If your other insurance is not "creditable":**

If your insurance coverage is not creditable, you may choose to keep it, but you should also enroll in a Medicare Prescription Drug Plan. If you delay enrolling in Medicare Prescription Drug coverage, you could be penalized later by having to pay a higher premium for late enrollment.

If you lose your “creditable” coverage:

You must sign up for Medicare Prescription Drug coverage within 63 days of when that “creditable” coverage ends or you will have to pay higher monthly premiums.

If you don't receive notification as to whether or not your insurance is “creditable”:

Contact the people you went through to sign up for the plan (employer or former employer; union benefit plan; insurance company customer service; or insurance agent).

**If you have questions:**

- Call Minnesota's Linkage Line at 1-866-333-2466 (TTY 1-800-627-3529).
- Consult the Medicare web site, [www.Medicare.gov](http://www.Medicare.gov).
- Call Medicare at 1-800-633-4227 (TTY: 1-877-486-2048).



Answers, Choices, Possibilities

For more information, call the MN Work Incentives Connection:  
651-632-5113 or 1-800-976-6728  
(TTY: 651-632-5110 or Minnesota Relay – 711)