



MedicareRx Matters Decision Support Guide

Understanding Part D:
Helping Your Medicare-eligible Family and Friends
So That They Can Make Informed Decisions

MedicareRx
Matters

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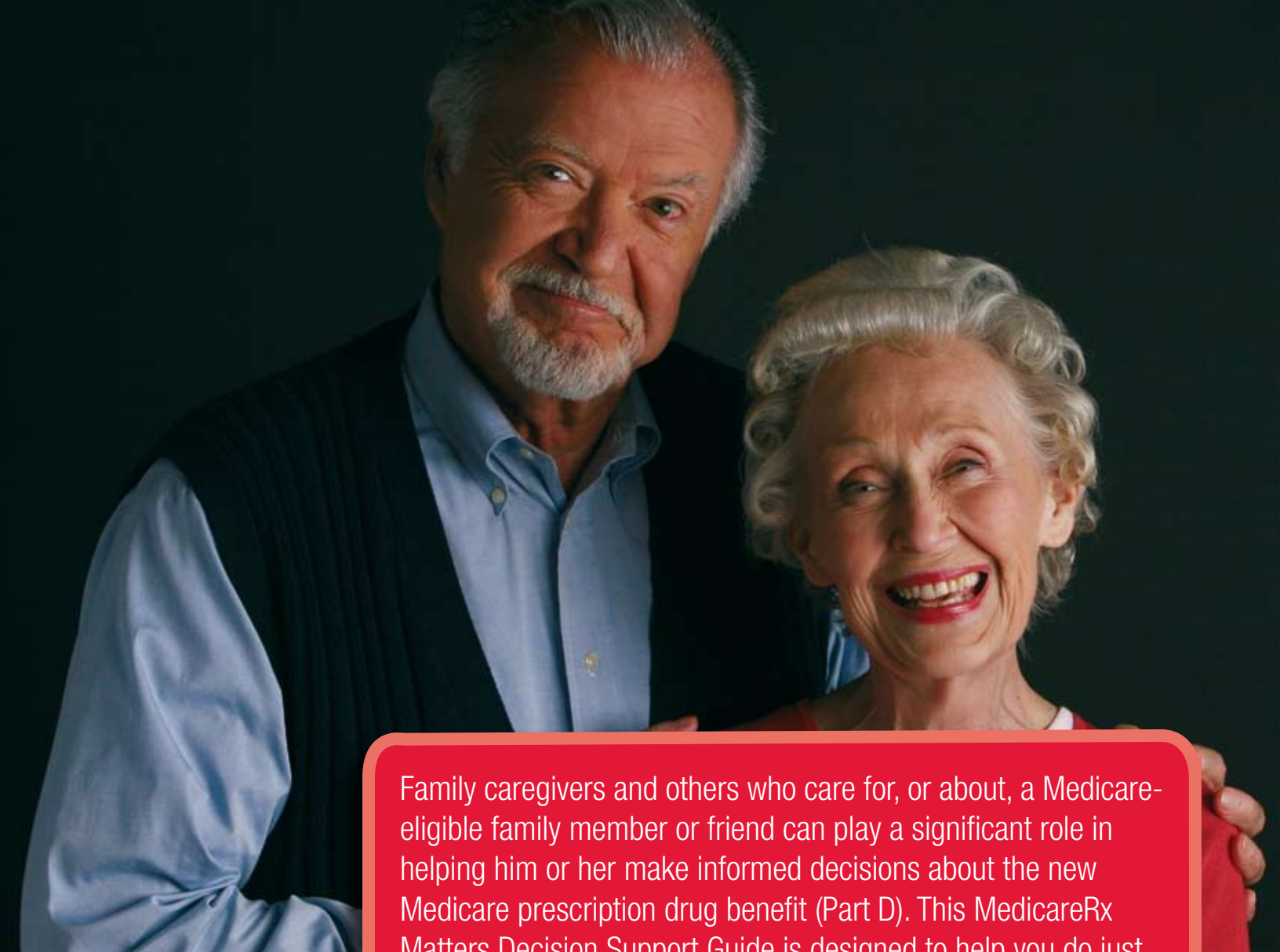
If you need more information,
please use the following resources:

www.medicare.gov

1-800-MEDICARE

www.MedicareRxMatters.org

Please Note: This is not a comprehensive guide on Medicare and each person's situation is different. For specific questions regarding your specific situation, please contact 1-800-MEDICARE (633-4227) or go to www.medicare.gov



Family caregivers and others who care for, or about, a Medicare-eligible family member or friend can play a significant role in helping him or her make informed decisions about the new Medicare prescription drug benefit (Part D). This MedicareRx Matters Decision Support Guide is designed to help you do just that. It is written for use by people with Medicare, but is intended for your use as well as theirs. It includes information – and resources – and a step-by-step guide designed to help you better understand the new program and present options to your loved one in a comprehensible way. Working together you can feel confident that you have done a lot to help those you care about as they make the decision that they feel is best for them. Also be sure to check out www.medicare.gov and the MedicareRx Matters website (www.MedicareRxMatters.org) for continuously updated information about the new benefit.

Important Dates

November 15, 2005

and ongoing: If you've decided the new benefit is right for you and have made a decision about which plan will best meet your needs, you can sign up as of this date.

January 1, 2006

and ongoing: Prescription drug coverage starts for those who signed up by December 31, 2005. For those who sign up after this date, coverage will start the month after sign up.

May 15, 2006

Last day of the open enrollment period. After this date, you will have to wait until November 15, 2006. A late enrollment fee will be added to your costs unless there are mitigating circumstances as explained in this decision support guide.

November 15

Regardless of when you make the decision to enroll, there are several ways to enroll in a Medicare plan:

- ▶ 1-800-MEDICARE (1-800-633-4227)
- ▶ Electronically on the Web site of the plan you choose
- ▶ Call plan directly
- ▶ Paper application provided in the plan's brochure
- ▶ In person at a CMS enrollment event
- ▶ Your local SHIP office

January 1

If you choose not to enroll in a Part D plan by May 15, 2006, and later change your mind, you may have to pay higher premiums because there is a late enrollment fee of about one percent per month, or 12% per year.

Example: Michael is 68 years old and has no prescription drug coverage. He doesn't join a Part D plan in 2006. Three years later, he decides to join a plan. Because of the late enrollment fee, Michael's premiums will be about 36 percent higher (1 percent per month x 36 months) and they will remain higher as long as he stays in the Part D plan. Instead of paying about \$384 a year for premiums, Michael will pay around \$522 a year (\$384 plus 36%).

May 15

AFTER May 15, 2006
Open enrollment for 2007 begins again on November 15, 2006 and runs through December 31, 2006. Also, people who become Medicare-eligible for the first time at any point during the year (e.g., turn 65 or are newly diagnosed with a Medicare-covered disability) have the opportunity to enroll in Part D as part of their initial Medicare enrollment. So, if you turn 65 on June 30, you can enroll at that time without penalty.

The Road to Decision-making

Please use this decision support guide to help you help your family members or friends as they decide if joining a Medicare Prescription Drug Plan is the right choice for them. To make it easy for you, we've broken this process down into five steps. And note that throughout this guide, many of the comments are framed and worded from the point of view of the Medicare-eligible person.

Step #1: Find out if you are eligible

Step #2: Review your current coverage and decide if joining a Part D plan is right for you

Step #3: Evaluate the plans available to you

Step #4: Pick the plan that's right for you

Step #5: Join the plan

To help your loved one get started along the path to an informed decision, here are some answers to the inevitable question: **What information do I need to get started?**

To prepare for the enrollment process, you should gather the following information:

- ▶ Medicare Card and any health insurance card(s)
- ▶ List of current prescription medications
 - ▶ How many pills per bottle
 - ▶ How many doses per day
- ▶ Name, address and phone number of your physician(s)
- ▶ Name, address and phone number of your preferred pharmacy
- ▶ Information about your current prescription drug coverage plan (if applicable) such as letters from former employers or insurance plans. (Please see, "What if I already have prescription drug coverage?" on page 12.)
- ▶ Information you may have received (and may continue to receive) from the companies offering Medicare Rx plans in your area.

On pages 13 and 14 we make suggestions on how to manage all of this paper with a "MedicareRxMatters Part D Organizer."

Extra Help if You Have Limited Income and Resources

The Social Security Administration and Medicare have worked together to provide extra help with prescription drug costs for individuals who qualify based on income level and the value of owned resources.

How Does Extra Help Work? Those who meet the income and resource qualifications for extra help will pay no premium and deductible, or a reduced amount. Co-pays are also reduced. Keep in mind that individuals still need to join a qualified Medicare Prescription Drug plan.

Who Is Eligible For Extra Help? Individuals with income up to \$14,355 and couples with income up to \$19,245 may qualify for extra help if the value of their resources are below \$11,500 (individual) or \$23,000 (couples). There are also some special circumstances that may let your loved one have a higher income or more resources and still qualify. Individuals need to apply for the extra help. The application process defines income and the types of items that are counted as resources.

How Does Someone Apply? Your friend or family member may have received a letter from the Social Security Administration indicating that he or she may qualify for extra help. If they received this letter and the application, it is worth your time and their time to complete the application process. If you are not sure whether or not they received a letter but want to find out more, you can call the Social Security Administration at 1-800-772-1213 (TTY 1-800-325-0778) or visit www.socialsecurity.gov on the web. You can also visit www.mymedicarematters.org and review the information under the section entitled "Find Extra Help Paying."

Step #1: Questions to ask your loved one to determine if he or she is indeed eligible for the benefit.

<input type="checkbox"/> Yes	Are you 65 or do you have a disability?
<input type="checkbox"/> No	

YES. You are eligible.
NO. You'll have to wait until you're 65, or experience a qualifying disability, to sign up for a Part D plan.

<input type="checkbox"/> Yes	Do you use prescription drugs now?
<input type="checkbox"/> No	

YES, NO. Regardless of whether you are using prescription drugs now or not, you may be eligible for the benefit.
If you are taking prescription medications now, you will definitely want to explore the best way you can save money.

<input type="checkbox"/> Yes	Do you have prescription drug coverage now?
<input type="checkbox"/> No	

If you are not on prescription medications now but think you are likely to be in the future, you should look into the benefit as an insurance plan – so that cost savings can be there for you when you do need them.

YES, NO. Regardless of whether you have coverage now or not, you may be eligible for the new benefit.

If you do not have coverage now, you should review the plans that are available to determine how they can save you money and which plan you feel is best for you.

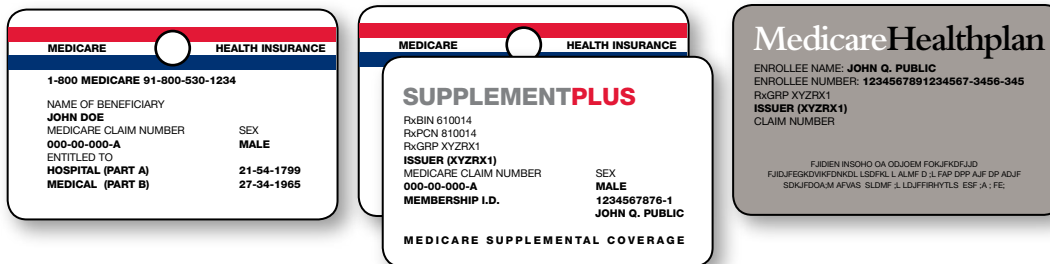
If you already have a plan that covers most of your prescription drug costs, you'll need to decide whether to stay with your current plan or change to a Part D plan. One consideration will be whether your plan will continue to offer the same, more, or fewer services in 2006 and beyond.

Step #2: Help your loved one review his or her current coverage so that they can decide if joining a Part D plan will be right for him or her

The following conversation is a good starter. The chart that follows can help you keep track of the answers to the questions you will ask your family member or friend. This information will help them decide if joining a Part D plan is right for them.

Conversation to Have With Your Loved One:

Your decision on whether to join a Part D plan depends in large part on what kind of health care coverage you have now. Do you know what type of coverage you have? Think about what kind of identification card you show to your doctor or hospital when you need care.



If you only use your Medicare card issued by the federal government, you probably have original Medicare (Part A and B) coverage.

If you use your Medicare card, plus a second card that pays for expenses Medicare doesn't cover, then you probably have a Medicare supplement (Medigap) policy which you purchased on your own, or that may be provided through your former employer or union.

If you get all of your services covered through one source you probably are enrolled in an HMO and have a Medicare Advantage plan that you purchased on your own or is provided by your former employer or union.

If you still have questions about the type of insurance you have, call the customer service number on your card.

Drug Discount Cards

Drug discount cards are not the same as Part D prescription drug plans. They are not insurance plans. Medicare-approved drug discount cards (which have the Medicare-approved seal on them) will end when you sign up for a Part D plan, or on May 15, 2006, whichever is earlier.

Other drug discount cards (non-Medicare approved) may continue to exist. If you join a Part D plan, you can keep your non-Medicare-approved drug discount card. If you stay with a drug

discount card only, you'll have to pay a late-enrollment fee if you join a Part D plan later. Drug discount cards are not considered Medicare insurance. Before deciding this is proper coverage, you should contact the card provider listed on the card to determine what this card provides and if it is considered "credit-able" by Medicare.

Once you know what type of current health care coverage you have, it's easier to determine what your choices are.

Step #2: Review your current coverage and decide if joining a Part D plan is right for you *(cont'd)*

What you have now

What your choices are

Original Medicare only
(Parts A & B)

You can enroll in a stand-alone Part D Prescription Drug Plan (PDP) that only covers drugs. Or you can enroll in a Medicare Advantage plan with prescription drugs (MA-PD) that combines coverage for doctor and hospital care with a prescription drug plan. Medicare Advantage plans are not available in every part of the country.

Original Medicare, plus a Medicare supplement
(Medigap) policy (for example, plans A through G, no drugs)

You can get Part D prescription drug coverage by enrolling in a stand-alone Part D drug plan to complement your Medicare and Medicare supplement (Medigap) policy.

Original Medicare, plus a Medicare supplement
(Medigap) policy (for example, plan H, I or J, with drugs)

You must decide whether you want to keep your supplemental drug coverage or enroll in a Part D plan. If you enroll in a Part D plan, you must change your supplemental policy to exclude drugs. You cannot have both a supplemental plan with drug coverage and a Part D plan. If you decide to stay in a plan with drug coverage and later decide to join a Part D plan, you may face a late enrollment fee (Please see “credible” coverage discussion, page 12).



What you have now

Medicare Advantage plan
(with or without drug coverage)

Employer drug coverage
For more information, please see, “What if I already have prescription drug coverage?” (page 12).

Medicaid

State Pharmacy Assistance Program

What your choices are

In 2006, most Medicare Advantage plans will offer Part D prescription drug coverage. Some may also offer plans without drug coverage. Your plan will tell you about changes in your coverage and what your choices are. If you choose to stay in a Medicare Advantage plan that does not offer drug coverage, you will not be allowed to enroll in a stand-alone Part D plan.

To decide whether to keep this Medigap coverage, you need to find out if the coverage it provides – and will continue to provide – is “creditable” by Medicare. Creditable coverage is as good as or better than the coverage Medicare is offering. If you have not yet received a letter from your current prescription drug coverage provider, then get in touch with them right away and ask them for a letter telling you how your current plan compares with Medicare’s plan.

If your former employer continues a plan that meets or exceeds the government standards, you won’t have to worry about a late enrollment fee if you decide to join a Part D plan in the future.

In 2006 your drug coverage will not be provided by Medicaid anymore. It will be provided by a Part D plan. You can choose your own Part D plan. If you did not choose a plan and enroll by December 31, 2005, you were assigned to a plan at random. You’ll have the opportunity to switch to another plan. Your current drug coverage may change. Contact your state Medicaid or Medical Assistance office with questions.

Some people will be eligible for extra help in paying for their drug costs. Your state will determine if you will receive additional help with your costs for a Part D plan. If you think that you might qualify for help, contact your local Social Security office or your state Medicaid or Medical Assistance office to determine if you are eligible.

Step #3: Help your loved one evaluate the available plans

If your loved one has decided that joining a Part D plan makes sense for them, there are a number of things they will need to look at:

Costs

- ▶ The monthly premium
- ▶ The deductible
- ▶ The co-pay
- ▶ Coverage limits and gaps

The Monthly Premium

The monthly premium is the cost that you pay for your Medicare Part D plan every month, regardless of whether or not you have prescription costs. Plans set their premium based on the “standard plan” that Medicare defined.

Stand-alone Prescription Drug Plans (PDPs)

The average national premium for the standard independent PDP for 2006 is about \$32. There will be many plans with premiums under and over that amount.

Medicare Advantage Plans with Prescription Drug Coverage (MA-PD)

Medicare has released specific information about the MA-PD. You can learn more about the specific plans available in your state in the “Landscape of Local Plans” section of <http://www.medicare.gov/>.

Deductibles, Co-pays, Coverage Limits, and Gaps

Think of Medicare Part D as an insurance plan. There is a monthly or annual premium. There is sharing of costs depending on how high a deductible you’ve chosen. Cost-sharing for Part D includes deductibles, co-pays for drugs and limits on drug costs.

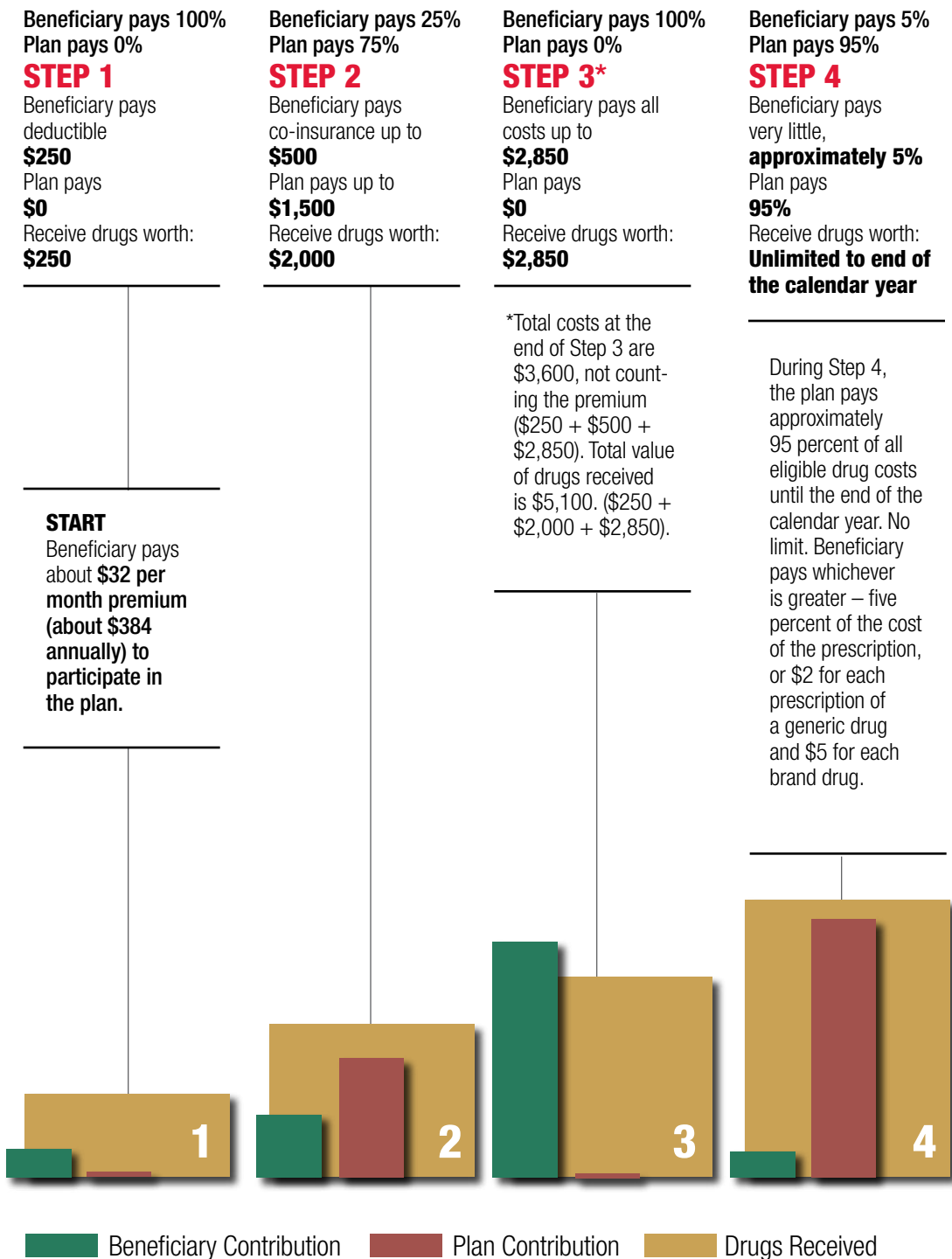
Medicare has defined a “standard” plan. The “standard” plan outlines the basic coverage and payments that all the plans started with when they began to design what they would offer. The standard deductible is \$250 but there are plans with a reduced or zero deductible. You can learn more about the specific plans available in your state in the “Landscape of Local Plans” section of <http://www.medicare.gov/>.

Most of the plans will not look like the “standard” plan, but the “standard” plan has the key pieces that you will need to understand so you can compare plans. The “Standard” Medicare prescription drug plan is shown in the chart on the next page.

Late enrollment fee

If you choose not to enroll in a Part D plan now and later change your mind, you may have to pay higher premiums because there is a late enrollment fee of about one percent per month, or 12 percent per year. There is one exception to this rule. If you or your spouse’s employer currently offers prescription drug coverage that is at least as good as that offered by Medicare, you can keep that plan as long as it continues to be offered to you. This situation is called “creditable coverage” and you will know if it applies to you because you will be notified by your employer or union. If you maintain your creditable coverage through your employer or union (i.e., do not join Medicare Part D), but later find that your employer’s plan has changed, you will not have to pay the late enrollment fee if you choose to join Part D. In this case, you just need to be sure you join a Medicare drug plan within 63 days after your coverage ends.

The Standard Medicare Prescription Drug Plan is the minimum standard plan passed by Congress. Individual plans offered by private companies may vary. Details were released on October 1, 2005. Not all plans will include all of the features described below. As the amount spent on prescription drugs grows during the year, a beneficiary will move through some or all of the four steps of coverage. Here's an example of how costs would be shared at each step.



Learn which medications are covered

Each Medicare Prescription Drug Plan will have a list of drugs they cover (their formulary). For specific questions about a plan's formulary, please contact that plan directly. When reviewing a formulary, you will see three things regarding covered medications: the list of the medications that are included in the plan, the co-pay and any limits and restrictions.

The Formulary – List of covered drugs

Although each plan's formulary will differ, many formularies will include frequently prescribed drugs for common conditions (e.g., high blood pressure and others). Formularies will include both generic and brand name drugs. Medicare has required that some drugs be included in the formulary of all of the plans. There are also certain types of drugs that the Medicare law says they cannot cover. To learn more about your specific drugs being included on a plan's formulary, please contact Medicare, visit the "Compare Medicare Prescription Drug Plans" section of Medicare's website (www.medicare.gov) or contact the plan you are considering directly.

How much you will pay for each drug – Co-pay tiers?

The drugs will be divided into different levels (tiers). Each level has a co-pay amount assigned to it by that plan. Your drug(s) may be included in all the plans in your area, but they could be listed on different tiers with a different co-pay amount. Plans will use tiered co-pays to encourage you to use the lowest-cost drug to treat your medical condition. In many cases, the drug with the lowest co-pay will be a generic drug.

Limits and restrictions

Your drugs may or may not be included on a plan formulary. There may also be limits on the amount of the medication you can get at any one time. Some plans will only allow you to purchase a 30-day supply, while others may allow you to purchase a 90-day supply.

Some plans may place restrictions on the amount of medication that can be administered for a specific co-pay.

Where can I get my prescriptions filled?

Each plan will list local pharmacies as well as mail order options. Be sure you consider the location of the pharmacy and availability of mail orders when making your choice of plan.

What if I end up unhappy with my coverage?

If you do not agree with a coverage decision your plan has made, you do have a right to appeal it. It is important to find out what the appeal process of the plan you are considering is. Appeals are never an easy process, but some may be more onerous than others.

Step #4: Have your loved one pick the plan that is right for him or her

The research is now done and it is time for your loved one to decide what to do. They can use the Part D Plan Organizer on page 13 to help in this process. If your loved one wants more information before making the final decision, see below or the Resources section at the end of this guide.

1. Call 1-800-MEDICARE (1-800-633-4227) or TTY 1-877-486-2048. Follow the instructions to speak to a customer service representative who will help you get your personalized information. You will get your results in the mail within three weeks.

Also Medicare has developed a Web site tool that will help you sort out the plans in your area. Visit www.medicare.gov on the Web. Select “Search Tools” at the top of the page and then “Compare Medicare Prescription Drug Plans.”

2. Call your State Health Insurance Assistance Program (SHIP). For help with questions about buying insurance, choosing a health plan, buying a Medicare supplement policy, and your rights and protections under Medicare, call the Medicare Helpline (1-800-MEDICARE) and ask the operator for the telephone number for your State Health Insurance Assistance Program office.

3. Look for Medicare-related events in your local area. You can get help over the telephone or in person. You can get the number for your state insurance department at www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227).

4. Check out consumer-friendly, user-friendly Web sites that have been set up specifically to help . As mentioned above, Medicare provides a plan selection tool on www.medicare.gov. There are a number of Web sites that can guide you through using this tool. One example is www.mymedicarematters.org which includes a section entitled “Pick a Plan on Medicare.gov When You Are Ready.” If you click on this section, you will find step-by-step instructions that help you use the “Medicare.gov Prescription Plan Finder” tool more easily. You can review or print out these directions and then click through to the “Medicare Prescription Drug Plan Finder” at www.medicare.gov.

Other helpful Web sites include:

www.maprx.info

www.medicareinteractive.org

Step #5: Join the plan

There are several ways your loved one can enroll in a Medicare plan:

- ▶ www.Medicare.gov
- ▶ 1-800-MEDICARE (633-4227)
- ▶ Electronically on the plan's Web site
- ▶ Call the plan directly
- ▶ Paper application provided in the plan's brochure
- ▶ In person at a Centers for Medicare & Medicaid Services enrollment event
- ▶ Through your local SHIP office

What if I already have prescription drug coverage? What does "creditable" coverage mean?

If you have drug coverage that, on average, is at least as good as Medicare Prescription Drug Minimum Standard Coverage, you may keep that coverage. And, you won't have to pay a penalty if you decide to sign up for a Medicare Prescription Drug Plan at a later date. Some examples of coverage that may be at least as good as Medicare Prescription Drug Plan Coverage include most coverage from former employers or unions, State Pharmacy Assistance Program (SPAP), VA Coverage and Military Coverage, including TRICARE.

However, if you have other drug coverage that, on average, is not as good as Medicare Prescription Drug Minimum Standard Coverage, you need to know the following: If you choose to keep your "less than standard" coverage, you do risk having to pay a penalty if you decide to sign up for a Medicare Prescription Drug Plan at a later date. It's important to note that only some Medigap policies provide drug coverage that is as good as Medicare Prescription Drug Coverage.

You should get information from your plan that tells you if your plan is, on average, at least as good as a minimum standard Medicare Prescription Drug Plan (creditable coverage). Your plan will also notify you if the coverage changes so that it is no longer as good as Medicare Prescription Drug Coverage.

If you did not receive something, in writing, from your plan by November 15, 2005, you should call your plan administrator. Even if you decide to stay with your current coverage, you should review the Part D benefit options available in your area in case your current coverage changes in the future and you need to switch to Part D coverage.

Frequently Asked Questions About the Medicare Prescription Drug Benefit

Will plans offering the Medicare drug benefit be required to use a formulary?

No. Plans will not be required to use a formulary, but it is expected that most, if not all, of them will. It is expected that they will need to use the kinds of drug utilization control mechanisms found in most commercial health plans, such as tiered cost-sharing, step-therapy and prior authorization for non-preferred drugs.

If a drug is not on a plan's formulary or is on the formulary with restrictions, how can a patient or his/her physician get access to that drug?

The Medicare Modernization Act (MMA) requires that all Medicare drug plans must allow a patient or his/her physician to request an exception to the plan's formulary and, if the exception request is denied, the plan must allow an appeal of that decision. Medicare puts time limits on how long a plan may take to evaluate exceptions and appeals (24 hours for expedited and 72 hours for regular).

The processes for exceptions and appeals, however, may be cumbersome for patients, and they will likely need help from prescribers in navigating the system.

Will Centers for Medicare & Medicaid Services (CMS) create a formulary or a preferred drug list?

No, CMS is not creating either a formulary or a PDL. However, it has provided guidelines by which plans' formularies will be evaluated. Individual plans will develop their own formularies, and CMS will evaluate plan formularies (according to CMS' established guidelines) to ensure that they do not discriminate against certain types of patients.

Will Medicare Part D work with other Medicare coverage that patients already have?

Yes, Medicare prescription drug plans work with all types of Medicare health plans. There will be Medicare Prescription Drug Plans that add coverage to the Original Medicare Plan (these plans will be offered by insurance companies and other private companies) and Medicare prescription drug plans that are a part of Medicare Advantage plans (like HMOs) in some areas.

What drugs will be covered under Part D?

Medicare Part D will cover most FDA-approved drugs that are used and sold in the US, but that are not already covered under Medicare Parts A and B. Drugs covered include most outpatient prescription drugs, vaccines, and insulin and associated supplies. Some drugs, such as weight-loss and hair growth drugs, are excluded from coverage.

What drugs are covered by each plan?

The specific drugs covered will vary by each plan. Patients will need to look at each plan's formulary to see if their drugs are covered and how much the cost-sharing is. The formulary will also tell them if there are any other requirements for using the drug, such as prior authorization or step therapy.

Can OTC drugs be covered?

Some plans will likely cover over-the-counter or OTC drugs, but they are not required to cover them. Plans may choose to pay for them as part of a step-therapy regimen. Coverage will vary from plan to plan.

Frequently Asked Questions *(cont'd)*

What do physicians need to tell their patients who are either Medicare-eligible or will soon be Medicare-eligible?

It is important that beneficiaries know about the drug benefit because they have to actively enroll in a plan if they want to receive coverage. It is important that physicians tell beneficiaries and their caregivers about the new drug benefit, and direct them to resources for more information, such as 1-800-MEDICARE and www.medicare.gov.

Will beneficiaries be able to compare prices of their drugs under different plans?

Yes, beneficiaries will be able to compare the prices of their drugs that they would pay under different Part D plans. They will also be able to compare premium costs among plans.

Can enrollees switch from one Part D plan to another?

Each year, beneficiaries will be able to choose another Medicare prescription drug plan or Medicare Advantage plan during an annual enrollment period. The annual enrollment period begins November 15 and ends December 31. Coverage under the new plan will begin January 1 of the following year.

Special enrollment periods will be established for certain populations, including full benefit dual eligibles and institutionalized beneficiaries, allowing these individuals to switch Part D plans at any time. Note that although you can change plans once a year, plans may change their formularies more frequently.

What utilization management tools will Part D plans be able to use?

Plans are allowed to use utilization management tools currently used in the private sector. These include tiered, cost-sharing structures, prior authorization, step-therapy and therapeutic interchange.

What is TrOOP?

TrOOP stands for “true out-of-pocket” costs. When a patient reaches the out-of-pocket threshold each year, he or she will be eligible for catastrophic coverage. TrOOP generally includes your Medicare prescription drug plan deductible, copayments or coinsurance amounts, and your payments for covered medications during the coverage gap or “doughnut hole.” It does not include your monthly premiums or your spending on drugs not on the formulary.

Are there any third-party sources of TrOOP payment that can help?

There are many sources of payment that will count toward TrOOP. These include assistance provided by family members, help from some state pharmacy assistance programs (SPAPs), and assistance from certain charities unaffiliated with employers or unions.

Is there extra financial help available?

There is an extra help program for individuals with limited income and resources. This program is described on page 3. You can find out more by calling the Social Security Administration at 1-800-772-1213 (TTY 1-800-325-0778) or by visiting www.socialsecurity.gov on the web. You can also visit www.mymedicarematters.org and review the information under the section entitled “Find Extra Help Paying.”

Glossary

assets

Property you own that the government may review when you apply for assistance. For help with a Part D plan's costs, the government counts cash or any property that can be turned into cash within 20 days. This includes checking and savings accounts, certificates of deposit, IRAs and 401(k)s, stocks, bonds, and similar items. It does not include your primary home or certain property related to burial expenses.

benefit

Another name for coverage.

See coverage.

brand name drugs

Prescription drugs that are sold under a trademarked brand name.

catastrophic coverage

A name for the step of a Part D plan in which the plan pays nearly all of your drug expenses until the end of the year, with no upper limit. In this step, you pay only a small share of your drug expenses (approximately five percent).

Centers for Medicare and Medicaid Services (CMS)

The federal agency that runs the Medicare program and works with the states to manage the Medicaid program. CMS sets standards for Part D insurance plans.

co-insurance

A kind of cost-sharing where costs are split on a percentage basis. For example, a plan might pay 75 percent and you would pay 25 percent.

See cost-sharing.

co-payment

A kind of cost-sharing where you pay a preset, flat amount for each service. In a Part D plan, for example, you might pay \$10 for each prescription you receive, and the plan would pay the remaining cost of the drug.

See cost-sharing.

cost-sharing

A term for the way an insurance plan shares its costs with someone. The most common types of cost-sharing are co-insurance and co-payments.

See co-insurance and co-payment.

coverage

The benefits you receive from an insurance plan. In a Part D plan, the prescription drug costs that are paid by the insurance plan are your benefits or coverage.

Glossary *(cont'd)*

coverage gap

A name for the step in a Part D plan in which you pay all of your expenses for eligible drugs, until you have spent \$2,850. Some people call this step the doughnut hole.

creditable coverage

Prescription drug coverage from a plan other than a Part D plan which meets certain Medicare minimum standards. If you are currently enrolled in a drug plan that gives you prescription drug coverage, your plan will tell you if it meets the Medicare minimum standards for creditable coverage.

See late enrollment fee.

deductible

In an insurance plan, the term for an amount you pay first, before your plan starts to pay. In a Part D plan, you may have to pay the first \$250 of your eligible drug expenses for the year as your deductible.

doughnut hole

Another name for the step in a Part D plan in which you pay all of your expenses for eligible drugs, until you have spent \$2,850.

See coverage gap.

dual eligibles

People who are eligible for both Medicare and Medicaid.

eligible drugs

Drugs that are covered by a prescription drug plan. In a Part D plan, eligible drugs are listed on the plan's formulary.

See formulary.

exclusions

Items that are not covered by an insurance policy. Part D drug plans have two types of exclusions. The first type is for drugs that Medicare has excluded from coverage under Part D, such as weight-loss drugs. The second type is for drugs that are excluded from a plan's list of covered drugs, or formulary.

See eligible drugs and formulary.

formulary

A list of prescription drugs that are covered by a Part D plan. Drugs listed on the formulary are also called eligible drugs in this book. Some people call a formulary a preferred-drug list (PDL), or a select drug list.

generic drugs

Prescription drugs that have the same active ingredient formula as a brand name drug. Generic drugs usually cost less than brand name drugs and are rated by the Food and Drug Administration (FDA) to be as safe and effective as brand name drugs.

late enrollment fee

Congress wants to encourage as many eligible people as possible to enroll in a Part D prescription drug plan before the first enrollment period ends in May 2006, or to enroll as soon as they are eligible for Medicare. To do this, it has created a late enrollment fee to discourage putting off enrollment. This fee is approximately one percent of your premium cost per month (or 12 percent per year) that you delay enrolling. There is no limit to the percentage, and it lasts as long as you are enrolled in a Part D prescription drug plan. The fee won't apply if you move from an insurance plan that offers creditable coverage to a Part D prescription drug plan.

See creditable coverage.

Medicaid

A program that pays for medical assistance for certain individuals and families with low incomes and resources. Medicaid is jointly funded by the federal and state governments to assist states in providing long-term care assistance to people who meet certain eligibility criteria.

Medicare Advantage Plans

Health plans offered by private insurance companies that contract with Medicare to provide Medicare coverage. Depending on where you live, Medicare Advantage plans may be available both with and without Part D plans. You may also hear Medicare Advantage plans referred to as Medicare Health plans. The Medicare Advantage plans used to be called the Medicare+Choice plans.

Medicare

A federal government health insurance program for people age 65 and older, people with certain disabilities, and people of all ages with end-stage renal disease (permanent kidney failure requiring dialysis or kidney transplant).

Medicare Part D Prescription Drug Plans

Insurance plans offering prescription drug coverage that meets the standards established by Medicare. Other names for these plans include Part D prescription drug plans, PDPs, or MA-PDs. However, not all private insurance plans offering prescription drug coverage are Part D plans. You'll want to pay close attention to whether a plan is a Part D plan.

Glossary *(cont'd)*

Medicare supplement policy

The traditional federal Medicare insurance program doesn't pay the total amount of medical expenses. Expenses that are not covered are called "gaps" in Medicare coverage. Private insurance companies sell insurance policies that fill some of these gaps and pay for some of these expenses. These policies are known as Medicare supplement policies.

Medigap

See Medicare supplement policy.

medication therapy management

The term used to describe the type of help that people with multiple prescriptions, chronic diseases and high drug costs receive to help them manage all of their medications. The purpose of the help is to make sure that all of their drugs work well together.

network

The group of doctors, hospitals and pharmacies who have contracts with an insurance plan to provide care to the plan's members. You should use your Part D Prescription Drug Plan's network of pharmacies to save money on your drugs.

out-of-pocket costs

The amounts you pay as your share of your prescription drug costs in a Part D plan. Out-of-pocket costs include deductibles, co-insurance and the amounts you pay in the coverage gap.

In a Part D plan, any amounts you pay, but for which you are later reimbursed by someone else, such as an employer's insurance plan, do not count as part of your out-of-pocket costs. The out-of-pocket costs you pay for which you are not reimbursed are called your "true out-of-pocket costs," or "TrOOP."

When your "true out-of-pocket costs" exceed \$3,600, you are eligible for the catastrophic coverage step of a Part D plan.

See catastrophic coverage.

premium

The money you pay to have an insurance plan. In a Part D plan, this is usually a monthly fee.

Rx

A symbol that means "prescription drugs."

Resources

BenefitsCheckUpRx

BenefitsCheckUpRx can help you and the person you care for learn about and enroll in valuable government and private programs that can save him/her money on health care and prescription drugs, including the new Medicare Prescription Drug Program, Medicare-approved drug discount cards, Company Patient Assistance Programs and other important federal and state programs. You can access this service by logging onto www.benefitscheckup.org and click on the BenefitsCheckUpRx logo.

Extra Help with Costs

To find out if you the person you care for is eligible to receive extra financial help in paying for prescription medications contact the Social Security Administration at www.socialsecurity.gov/prescriptionhelp or by calling 1-800-772-1213 (TTY 1-800-325-0778). You can find your local field office representative online at <https://s044a90.ssa.gov/apps6z/FOLO/fo001.jsp>.

Local Area Agencies on Aging

The Eldercare Locator connects older Americans and their caregivers with sources of information on senior services from state and local area agencies on aging and community-based organizations that serve older adults and their caregivers. Most of these agencies and organizations will be able to provide you with information and assistance about the prescription benefits options available to your family member or friend. You can access the locator on-line at www.eldercare.gov or 1-800-677-1116. For TDD/TYY service, dial "711" for your Relay Operator to connect you to the Eldercare Locator at 1-800-677-1116.

Medicare and You

Official Medicare handbook for Medicare programs, including Part D prescription drug plans (2006 edition available in October 2005).

National Family Caregivers Association

Visit the National Family Caregivers Association's Web site at www.thefamilycaregiver.org for additional information and resources to help the person you care for make decisions about the new Medicare Prescription Drug Program. And just as importantly, information on how family caregivers can live healthier, happier lives.

Social Security Administration

For help with questions about eligibility for and enrolling in Medicare, Social Security retirement benefits and disability benefits, and for questions about eligibility for help with costs of a Part D plan: 1-800-772-1213 or TTY 1-800-325-0778.

Your health plan's customer service center

For questions about your existing health coverage, call the telephone number on your identification card.

Your state's Medical Assistance or Medicaid office

For questions about your state's Medicaid program, call the Medicare Helpline (1-800-MEDICARE) and ask the operator for the telephone number for your state's Medical Assistance or Medicaid office.

MedicareRx Matters Web site

www.MedicareRxMatters.org – a new web-based resource about Medicare Prescription Drug Coverage co-sponsored by AstraZeneca for health care professionals, as well as your Medicare-eligible family, friends and others.

MyMedicareMatters Web site

www.MyMedicareMatters.org – Designed to help individuals learn more about the Medicare Prescription Drug Coverage. The National Council on the Aging (NCOA) and the Access to Benefits Coalition (ABC) sponsor the site, with support from AstraZeneca.

Medicare Rx
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