



## Things to Think about when You Compare Medicare Drug Coverage

You have two options to get Medicare coverage for your prescription drugs. If you have Original Medicare, you can choose and join a Medicare Prescription Drug Plan. Or, you can choose to join a Medicare Advantage Plan (like an HMO or PPO) that includes Medicare drug coverage. Whichever you choose, you should know that prescription drug coverage can vary by cost, coverage, and convenience. Some of these factors might be more important to you than others, depending on your situation and prescription drug needs.

If you join either type of drug plan, each year in the fall you will get information about plan changes. You should review your prescription drug needs and compare Medicare drug plans.

### **Cost**

When you get Medicare prescription drug coverage, you pay part of the costs, and Medicare pays part of the costs. Your costs will vary depending on which Medicare drug plan you choose. You should look at your current prescription drug costs to find the Medicare drug plan that meets your needs.

### **Premium**

This is what you pay each month to a health or drug plan to be a member. Premiums vary from one plan to another.

### **Deductible**

This is the amount you must pay each year for your prescriptions before your Medicare drug plan starts to pay any of the costs. Deductibles vary by Medicare drug plan. No Medicare drug plan may have a deductible more than \$295 in 2009 (\$310 in 2010). Some Medicare drug plans don't have any deductible.

### **Copayment/Coinsurance**

This is the amount you pay for each of your prescriptions after you have paid the deductible. In most Medicare drug plans, you pay the same copayment (a set amount) or coinsurance (a percentage of the cost) for any prescription. In other Medicare drug plans, there might be different levels or "tiers" of coinsurance or copayments, with different costs. For example, you might have to pay a lower coinsurance for generic drugs than brand-name drugs, or a lower copayment for some brand-name drugs than for other more expensive brand-name drugs. The amount of the coinsurance or copayment may change during the year as your costs increase.



## Cost (continued)

### **Coverage Gap**

Some Medicare drug plans have a “coverage gap.” This means that when you and your Medicare drug plan have spent a certain amount of money for your covered drugs, you start to paying all your drug costs. You must also continue paying the plan’s monthly premium even while you are in the coverage gap.

### **“Catastrophic” Coverage**

However, if your costs in the coverage gap reach a certain amount, referred to as the catastrophic limit, Medicare starts to pay again, and your coinsurance or copayments will probably be much lower than they were before. For plans with a coverage gap, the most you will ever have to pay out-of-pocket before you are out of the coverage gap is \$4,350 in 2009 (\$4,550 in 2010). Each state offers at least one Medicare drug plan that helps with coverage during the gap (generally for an extra premium).

## Coverage

### **Formulary**

A formulary is a list of the drugs that a Medicare drug plan covers. It includes how much you pay for each drug. (If the plan uses “tiers,” the formulary lists which drugs are in which tiers.) Formularies include both generic drugs and brand-name drugs. In general, the formulary must include most types of drugs that people with Medicare use.

### **Prior Authorization**

To be sure certain people use drugs correctly, and only when they are medically necessary, Medicare drug plans may require a “prior authorization.” This means that before the Medicare drug plan will cover certain prescriptions, your doctor must contact the plan. Your doctor may need to provide additional information about why the drug is medically necessary for you, before you can fill the prescriptions.



## **Convenience**

Medicare drug plans have service areas, and they must contract with pharmacies in their service areas. Check with each Medicare drug plan you are considering to make sure that your current pharmacy is in the plan or that there are pharmacies convenient to you. Also, some Medicare drug plans may offer a mail-order program that will allow you to have drugs sent directly to your home. You should consider what is the most cost-effective and convenient way to have your prescriptions filled.

## **Peace of Mind Now and in the Future**

Even if you don't take a lot of prescription drugs now, you still should consider joining a Medicare drug plan. As we age, most people need prescription drugs to stay healthy. Joining a Medicare drug plan now gives you peace of mind knowing you have drug coverage if you need it. For most people, joining when you are first eligible means you won't have to pay a late enrollment penalty (higher premium) if you choose to join later. Once you have to pay this penalty, you will have to pay it as long as you have a Medicare drug plan.

If you reach the point where you have spent \$4,350 in 2009 (\$4,550 in 2010) out-of-pocket for drug costs during the year, the Medicare drug plan will pay most of your remaining drug costs. This protection could start even sooner in some Medicare drug plans.



Here are some common situations to consider.

<b>If you...</b>	<b>You might want a Medicare drug plan that...</b>	<b>You might want to...</b>
... currently take specific prescription drugs.	...covers the same drugs you are taking now.	...look at drug plans that have included your drugs on their formularies, then compare costs.
...want extra protection for high prescription drug costs.	...offers coverage in the gap.	...check with the plan to be sure your drugs would be covered during the gap. (These plans may charge a higher monthly premium.)
...want your drug expenses to be balanced throughout the year.	...has a zero or low deductible, so you aren't paying a lot out-of-pocket at the beginning of the year.	...look at plans with low deductibles.
...use a lot of generic prescriptions.	...offers generics for a lower coinsurance or copayment than brand-name drugs.	...look at plans with tiers that charge you nothing or low copayments for generic prescriptions.
...don't have many drug costs now, but want coverage for peace of mind and want to avoid future penalties.	...gives you the lowest premiums.	...look for plans with low monthly premiums for drug coverage. If you need prescriptions in the future, all plans still must cover drugs in all categories and classes used by people with Medicare.
...like having your drug and health benefits provided by the same plan.	...is a Medicare Advantage Plan (like an HMO or PPO).	...look for Medicare Advantage Plans with prescription drug coverage.



## What should I do before making a decision?

Every year between November 15—December 31, you have the opportunity to join or switch Medicare drug plans. Your coverage will begin on January 1 of the following year. As you make a decision about your prescription drug coverage, remember to do the following:

- If you already have a Medicare drug plan, review your current prescription plan. Drug plan benefits and costs can change each year. Look at other plans in your area to see if one may be a better choice for you. If you want to keep your current plan, you don't need to do anything for your enrollment to continue.
- Sign up as soon as possible if you're going to make a change. It will help avoid any inconvenience at the pharmacy when you start using the new plan in January.

## Where can I get help?

To help you compare Medicare drug plans, think about what you need in terms of cost, coverage, and convenience. Then, use one of the resources below to help you find a Medicare drug plan that meets your needs.

- Read the “**Medicare & You**” handbook, which is mailed to you each year. It has information about Medicare prescription drug coverage, including which plans are available in your area.
- Visit [www.medicare.gov](http://www.medicare.gov), and select “Compare Medicare Prescription Drug Plans.” To get personalized drug information, all you need is the following information:
  - Your Medicare card that has your Medicare number and Medicare effective date (Part A or Part B)
  - Date of birth
  - Last name
  - ZIP code

To get general Medicare drug plan information or to find out what plans are available in your area, just answer a few simple questions. You can also enter your current prescription drug information to get more detailed cost information.

**Note:** This tool provides useful information to help you review Medicare drug plans based on your current drug needs. The drug costs displayed are estimates and may vary based on the specific quantity, strength and/or dosage of the prescription, whether you buy your prescriptions at the pharmacy or through mail order, and the pharmacy you use.



## Where can I get help? (continued)

- Call **1-800-MEDICARE** (1-800-633-4227). TTY users should call 1-877-486-2048.
- Call your **State Health Insurance Assistance Program** for free personalized health insurance counseling. Check the back cover of your “Medicare & You” handbook for the telephone number in your state.