

CENTERS FOR MEDICARE & MEDICAID SERVICES

Your Guide to Medicare Prescription Drug Coverage



This official government booklet tells you about

- ★ How Medicare prescription drug coverage works
- ★ Extra help for people with limited income and resources
- ★ How this new coverage may affect your current drug coverage



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“Your Guide to Medicare Prescription Drug Coverage” isn’t a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings.



Making a decision about your prescription drug coverage

This booklet can help you make an informed decision about Medicare prescription drug coverage and joining a Medicare drug plan. You will learn the following:

- How Medicare prescription drug coverage works, including how plans vary based on cost, coverage, convenience, and your peace of mind now and in the future.
- How to apply for extra help paying for Medicare prescription drug coverage if you have limited income and resources. One in 3 people with Medicare will get extra help paying for Medicare drug coverage. Some people with limited income and resources will pay nothing for this important coverage.
- How your current health care and prescription drug coverage may work with or be affected by Medicare prescription drug coverage. Your choices may be different!
- How to compare Medicare drug plans and join a plan. Use the Steps to Choosing a Medicare Drug Plan in Section 5 to make a decision that meets your needs.

You must join a Medicare drug plan to get coverage. You can join beginning November 15, 2005 through May 15, 2006. Join by December 31, 2005 so that your coverage begins January 1, 2006.

You have many resources available to help you make this important decision. Section 7 includes information like getting help with applying for extra help and joining a Medicare drug plan, and remembering important dates.

Introducing Medicare Prescription Drug Coverage

Everyone with Medicare can get help paying for their prescriptions

Beginning January 1, 2006, Medicare will offer prescription drug coverage to people with Medicare. For the first time, you can choose coverage for this important health need, and Medicare will help pay for it. Medicare will provide coverage to help you pay for both the brand-name and generic drugs you need. To get Medicare prescription drug coverage, you must choose and join a Medicare drug plan.

Remember, if you don't use a lot of prescription drugs now, you still should consider joining. As we age, most people need prescription drugs to stay healthy. For most people, joining now means you will pay a lower monthly premium since you may have to pay a **penalty** if you choose to join later.

Words in red are defined on pages 70–72.

Medicare drug plans will vary in what prescription drugs they cover, how much you have to pay, and which pharmacies you can use.

Again, to get Medicare drug coverage you must join a drug plan.

Medicare drug plans will be offered by insurance companies and other private companies approved by Medicare. There are two types of Medicare drug plans.

- There will be **Medicare Prescription Drug Plans** that add coverage to the **Original Medicare Plan, Medicare Private Fee-for Service (PFFS) Plans** that don't offer Medicare prescription drug coverage, and **Medicare Cost Plans**.
- There will also be prescription drug coverage that is a part of **Medicare Advantage Plans** (like a **HMO, PPO**, or a **PFFS Plan**) and other **Medicare Health Plans**. You would get all of your health care, including prescription drug coverage, through these types of plans.

The term “Medicare drug plans” will be used throughout this booklet to mean both Medicare Prescription Drug Plans and Medicare Health Plans with prescription drug coverage.

Note: Even if you want to keep the drug coverage you may already have, you should read the information starting on page 31 to learn how Medicare prescription drug coverage may affect your current coverage.

1

Introducing Medicare Prescription Drug Coverage

Extra help for those who need it most

Medicare prescription drug coverage is available to everyone with Medicare. There is additional help for those who need it most. If you have limited income and resources, you may get extra help to pay for your Medicare drug plan costs. Almost 1 in 3 people with Medicare will qualify for extra help that will cover between 85% and almost 100% of their prescription drug costs. Read Section 3 starting on page 21 for details.

People with Medicare with income below \$14,355 (\$19,245 for a married couple living together) and resources up to \$11,500 (\$23,000 for a married couple living together) may qualify for extra help. These income amounts are for 2005. They are slightly higher for Alaska and Hawaii. Income amounts are also higher if you or your spouse provide at least half of the support of family members living with you or if you work.

If you qualify, you will get help paying for your drug plan's monthly premium, and/or for some of the cost you would normally pay for your prescriptions. The amount of extra help you get will be based on your income and resources.

During 2005, look for details in the mail from Medicare and the Social Security Administration (SSA). If you think you qualify for extra help, you should call Social Security at 1-800-772-1213, visit www.socialsecurity.gov on the web, or contact your State Medical Assistance office.

Note: The U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Commonwealth of Northern Mariana Islands will provide extra help for their residents with Medicare. In general, this extra help will be for residents in these areas who qualify for Medicaid. Additionally, the extra help may not be the same as the extra help provided elsewhere in the United States. To find out more about their rules, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

1

Introducing Medicare Prescription Drug Coverage

Pick the prescription drug coverage that meets your needs

Take time to consider all of your choices for prescription drug coverage before making a decision. This may include looking at the prescription drug coverage you already have and comparing it to Medicare prescription drug coverage. The prescription drug coverage you already have may change as a result of Medicare prescription drug coverage, so it's important to consider all of your options for coverage.

If you have, or are eligible for other types of prescription coverage, read all the materials you get from your insurer or plan provider. Examples of other types of prescription drug coverage include coverage from an employer or union, TRICARE, the Department of Veteran's Affairs, or a Medigap policy. Talk to your benefits administrator, insurer, or plan provider before you make any changes to your current coverage.

Note: Prescription drug coverage is insurance. It does NOT include doctor samples, discount cards, Medicare-approved drug discount cards with or without the \$600 credit, free clinics, or drug discount websites.

Section 4 includes information on how Medicare prescription drug coverage may affect your current coverage. Read this information before deciding whether to join a Medicare drug plan.

1

Introducing Medicare Prescription Drug Coverage

Words in red are defined on pages 70–72.

You can choose the Medicare drug plan you want

Joining a Medicare drug plan is your choice. To join, you must have Medicare (Part A and/or Part B) and live in the service area of the drug plan you choose. If you choose to enroll in a **Medicare Advantage Plan** or other **Medicare Health Plan** with drug coverage, you must have Medicare Part A **and** Part B.

You can join beginning November 15, 2005 through May 15, 2006.

- **If you join by December 31, 2005, your coverage will begin January 1, 2006.**
- **If you join after January 1, 2006, your coverage will begin the first day of the month after the month you join.**

All Medicare drug plans will have to provide at least a standard level of coverage, which Medicare has set (see page 10). However, some plans might offer more coverage and additional drugs for a higher monthly premium.

All drug plans approved by Medicare may use this seal in their materials.

Medicare_{Rx}
Prescription Drug Coverage **X**

If you decide to enroll in a Medicare drug plan, compare plans in your area and choose one that meets your needs.

1

Introducing Medicare Prescription Drug Coverage

You can choose the Medicare drug plan you want (continued)

If you don't join a Medicare drug plan by May 15, 2006, or when you are first eligible for Medicare, and you don't have drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage, your monthly premium will go up at least 1% for every month you waited to join. You will have to pay this **penalty** for as long as you have a Medicare drug plan.

For more information on Medicare prescription drug coverage, read the "Medicare & You 2006" handbook mailed to you in October 2005. It lists the specific plans available in your area. After October 2005, if you need help

- visit www.medicare.gov on the web and get personalized information.
- call your **State Health Insurance Assistance Program** (SHIP) for free personalized health insurance counseling. See page 69 for your state's SHIP telephone number.
- call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.



Tip: If you don't use a lot of prescription drugs now, you should still consider joining a Medicare drug plan to make sure you have coverage for your future needs.

How Medicare Prescription Drug Coverage Works

Will all Medicare drug plans be the same?

No. Medicare drug plans will vary based on costs, which drugs are covered, and which pharmacies you can use. The prescription drug coverage you choose affects coverage, cost, convenience, and your peace of mind now and in the future.

- **Coverage.** Make sure you understand how the drug plan works. Plans may have rules about what drugs are covered in different drug categories. Check to see if the prescription drugs you need are covered. Most plans will have a list of drugs covered by the plan. This list must always meet Medicare's requirements, but it can change when plans get new information. For more information on how Medicare drug plans design your access to drug coverage, see pages 14-17.
- **Cost.** Check to see how much your prescription drugs would cost in each plan. Monthly premiums and your share of the cost of your prescriptions will vary depending on which plan you choose. If you have limited income and resources, you may qualify for extra help from Medicare paying your drug plan costs.
- **Convenience.** Medicare drug plans must contract with pharmacies in your area. Check with the plan to make sure the pharmacies in the plan are convenient to you. Some plans also allow you to get your prescriptions through the mail.
- **Peace of Mind Now and in the Future.** Like other insurance, Medicare prescription drug coverage will be there when you need it to help you with drug costs. Even if you don't take a lot of prescription drugs now, you still should consider joining a drug plan in 2006. As we age, most people need prescription drugs to stay healthy. Every year, you can switch to a different plan if your needs change.

What Medicare drug plans are available in my area?

Information about the specific drug plans in your area is included in the "Medicare & You 2006" handbook. Medicare sends you a copy in the mail. You can also get this information at www.medicare.gov on the web or by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Companies offering Medicare drug plans can begin marketing their plans on October 1, 2005. Companies are allowed to mail you information and to call you, but plans must comply with the Do Not Call law. They are not allowed to sell plans door-to-door.

2

How Medicare Prescription Drug Coverage Works

How much will my drug coverage cost?

Your costs will vary depending on your financial situation and which Medicare drug plan you choose. Check the Medicare drug plans in your area to compare their costs. All Medicare drug plans will offer at least the standard level of coverage described below. Medicare drug plans may design their plans differently as long as what their plan offers is, on average, at least as good as the standard coverage described below. Some plans may offer more coverage for higher premiums.

Words in red are defined on pages 70–72.

The “Medicare & You 2006” handbook provides the actual costs of the **Medicare Prescription Drug Plans** and the **Medicare Advantage Plans** or other **Medicare Health Plans** in your area.

Standard Coverage (the minimum coverage drug plans must provide)

If you join, in 2006, for covered drugs you will pay

- a monthly **premium** (varies depending on the plan you choose).
- the first \$250 per year for your covered prescriptions. This is called your “**deductible**.”

After you pay the \$250 yearly deductible, **here’s how the costs work:**

- You pay, on average, 25% of your yearly covered drug costs from \$250 to \$2,250, and your plan pays the other 75% of these costs, then
- After you have \$2,250 in covered drug costs, you pay 100% of your covered drug costs until you have spent \$3,600 out-of-pocket, then
- You pay 5% of your covered drug costs (or a small **copayment**) for the rest of the calendar year after you have spent \$3,600 out-of-pocket. Your plan pays the rest.

Tip: The amount of your monthly premium isn’t affected by your health status or how many prescriptions you need.

Some plans may be designed so that the deductible is lower and what you pay after the deductible is slightly higher. Other plans may charge copayments or set amounts instead of the percentages (**coinsurance**) shown above. In general, your out-of-pocket costs should work out to be about the same under these different plan designs. Even in plans where you pay 100% of covered drug costs after a certain limit, you would still pay less for your prescriptions than you would without a Medicare drug plan.

2

How Medicare Prescription Drug Coverage Works

How will I pay Medicare drug plan premiums?

In general, there are three ways you can pay your Medicare drug plan premium:

- You can give permission to the company that offers the Medicare drug plan you choose to deduct the premium automatically from your bank account each month, or
- You can pay the drug plan directly for your premium by mailing the plan a check or money order each month, or
- You can have your premium deducted every month from your Social Security benefits, similar to your premiums for Medicare Part B.

If you qualify for extra help, you may not have to pay anything toward your drug plan premiums. Medicare will pay the full cost for you in many cases. For more information, see pages 21–30.

If you choose to get your Medicare prescription drug coverage as part of a Medicare Advantage Plan or other Medicare Health Plan, you will pay your drug plan premium as part of your Medicare Health Plan premium, not separately.

When can I join a drug plan?

You can join a Medicare drug plan

- between November 15, 2005 and May 15, 2006, if you currently have Medicare. **If you join a drug plan by December 31, 2005, your coverage will begin on January 1, 2006.** If you join after that, your coverage is effective the first day of the month after the month you join.

Example: Mary has the Original Medicare Plan (Part A and Part B). She pays for all of her prescriptions herself. To help with her drug costs, Mary decides to join a Medicare drug plan in April 2006. She checks the list of the Medicare Prescription Drug Plans available in her area in her “Medicare & You 2006” handbook. She calls the plans she’s interested in for more information and chooses a plan that covers her prescriptions. Next, she completes the enrollment form she got from the plan and sends it to the company offering the plan to join. Her coverage begins May 1, 2006.

2

How Medicare Prescription Drug Coverage Works

When can I join a drug plan? (continued)

- starting in 2006, each year between November 15 and December 31. If you join during this time, your coverage is effective January 1 of the following year.
- when you first become eligible for Medicare upon turning age 65 or generally your 25th month of disability. You can join during the period that starts three months before the month you turn age 65, and ends three months after the month you turn age 65. If you join during the three months before you turn age 65, your coverage begins the first day of the month you turn age 65. If you join the month you turn age 65 or during the three months after, your coverage is effective the first day of the month after the month you join.

Example: Cassandra turns age 65 on July 5, 2006. She is first eligible to sign up for Medicare Part B and Medicare prescription drug coverage beginning April 1, 2006, through October 31, 2006. She decides not to enroll in a Medicare drug plan then. She won't be able to enroll again until between November 15 and December 31 of each year.

What happens if I don't join when I first become eligible?

If you join when you are first eligible to enroll, you will avoid paying a **penalty**. In most cases, you will pay a penalty

- if you don't join a plan by May 15, 2006, or when you are first eligible for Medicare, **and**
- you have a break in your prescription drug coverage. This means you don't have other prescription drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage for a period of 63 consecutive days or longer.

After May 15, 2006, generally you can only join a Medicare drug plan from November 15 to December 31 of each year unless you have special circumstances (see page 18).

2

How Medicare Prescription Drug Coverage Works

What are the special rules for joining for people with End-Stage Renal Disease?

If you have End-Stage Renal Disease (ESRD) and you are in the Original Medicare Plan, you may join a Medicare Prescription Drug Plan, but you generally can't join a Medicare Advantage Plan or other Medicare Health Plan. However, if you are already in such a plan, you can stay in it or join another plan offered by the same company in the same state. If you've had a successful kidney transplant, you may be able to join a Medicare Advantage Plan or other Medicare Health Plan.

If you have ESRD and are in a Medicare Advantage Plan or other Medicare Health Plan and the plan leaves Medicare or no longer provides coverage in your area, you have a one-time right to join another Medicare Advantage Plan or other Medicare Health Plan. You don't have to use your one-time right to join a new plan immediately. If you change directly to the Original Medicare Plan after your plan leaves or stops providing coverage, you will still have a one-time right to join a Medicare Advantage Plan or other Medicare Health Plan at a later date as long as the plan is accepting new members.

You may also be able to join a Medicare Advantage Plan called a Medicare Special Needs Plan for people with ESRD if one is available in your area.

Read your "Medicare & You 2006" handbook, visit www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227) for more information about End-Stage Renal Disease and Medicare Advantage Plans and other Medicare Health Plans. TTY users should call 1-877-486-2048.

How do I join a plan?

You must enroll with the company offering the Medicare drug plan that you choose. Contact the company you want to join, and ask how to join the plan. Depending on the company, you may be able to enroll by calling, by mailing or faxing the completed enrollment form to the company or by providing your information online, using a computer.

Once you join a plan, the company will send you specific materials you will need like a membership card, member handbook, **drug list**, pharmacy provider directory, and complaint and appeal procedures.

Tip: A drug plan can't enroll you over the telephone unless you call the plan, or unless you are adding prescription drug coverage to a Medicare Advantage Plan or other Medicare Health Plan you already have.

Words in red are defined on pages 70–72.

2

How Medicare Prescription Drug Coverage Works

Will I get a separate card for my Medicare drug plan?

When you join a **Medicare Prescription Drug Plan**, the plan will mail you a separate card to use when you fill your prescriptions. Your red, white, and blue Medicare card won't change. You will still use your red, white, and blue Medicare card for hospital and doctor services. If you join a Medicare drug plan that is part of a **Medicare Advantage Plan** or other **Medicare Health Plan**, you may or may not get a new card.

Tip: If it's important to you to stay with your current pharmacy, check to see which plans work with that pharmacy before you join. You can ask at your pharmacy, call the company offering the plan, visit www.medicare.gov on the web, or call 1-800-MEDICARE (1-800-633-4227) to find out.

Where can I get my prescriptions filled?

Each company offering a Medicare drug plan will have a list of pharmacies that work with the plan. If you want to continue filling prescriptions at the same pharmacy, you should check to see if your preferred pharmacy works with the plan.

Once you join a Medicare drug plan, the company will send you a pharmacy provider directory. You must go to one of the pharmacies listed in this directory for your plan to cover your prescriptions. Medicare requires plans to have convenient pharmacies for you to choose from. Plans can't require you to use a mail order pharmacy, but you may have the option to do so.

What drugs are covered by Medicare drug plans?

Medicare drug plans will work to provide you with the high-quality, cost-effective drug coverage you need.

All Medicare drug plans must make sure that the people in their plan can get **medically-necessary** drugs to treat their conditions. Listed below and described on the following pages are some of the methods plans use to design your access to drug coverage. Becoming familiar with these terms will help you make choices about your coverage.

Words in red are defined on pages 70–72.

- **Drug Lists** (Formularies)
- Prior Authorization
- Quantity Limits

2

How Medicare Prescription Drug Coverage Works

Drug Lists (Formularies)

Each Medicare drug plan will have a list of prescription drugs that it will cover. Plans may cover both generic and brand-name prescription drugs. These drugs must be approved by the FDA (Food and Drug Administration) as safe and effective.

The drug lists must include a range of drugs in the prescribed categories and classes. This makes sure that people with different medical conditions can get the treatment they need. To have lower costs, many plans place drugs into different “tiers,” which cost different amounts. Each plan can form their tiers in different ways. Here is an example of how a plan might form its tiers.

Example:

- Tier 1–Generic drugs. Tier 1 drugs will cost you the least amount.
- Tier 2–Preferred brand-name drugs. Tier 2 drugs will cost you more than Tier 1 drugs.
- Tier 3–Non-preferred brand-name drugs. Tier 3 drugs will cost you more than Tier 1 and Tier 2 drugs.

The drug list may not include a drug you take. However, in most cases, a similar drug that is safe and effective will be available.

If a plan takes a drug off its drug list; changes a drug on its list to a more expensive tier; or places a prior authorization, step therapy or quantity limit requirement on a drug, the plan will tell you at least 60 days before the change is effective.

Generic drugs

A generic drug

- is the same as a brand-name drug in active ingredients, dosage, safety, strength, how it is taken, how it works in the body, quality, performance and intended use.
- is safe and effective.
- has the same risks and benefits as the original brand-name drug.

Generic drugs are less expensive because generic drug companies don't have to pay for costly clinical trials. Generic drugs are thoroughly tested and must be approved by the FDA. Today, almost half of all prescriptions in the U.S. are filled with generic drugs.

2

How Medicare Prescription Drug Coverage Works

Prior Authorization

Plans may have rules that require prior authorization. Prior authorization means before the plan will cover these prescriptions, your doctor must first contact the plan. Your doctor has to show there is a medically-necessary reason why you must use that particular drug for it to be covered. Plans do this to be sure these drugs are used correctly and only when medically necessary.

Step Therapy

Step therapy is a type of prior authorization. With step therapy, in most cases you must first try certain less expensive drugs that have been proven effective for most people with your condition. For instance, some plans may require you to try a generic drug (if available), then a less expensive brand-name drug that is on their drug list, before you can get a similar, more expensive brand-name drug covered.

However, if you have already tried the similar, less expensive drugs and they didn't work, or if your doctor believes that because of your medical condition it is **medically necessary** for you to be on a step-therapy drug, he or she can contact the plan to request an exception. If your doctor's request is approved, the step-therapy drug will be covered.

Example of step therapy for someone who needs a drug to treat heart burn

Step 1—Your doctor prescribes prescription strength ranitidine (generic drug). If you have side effects or limited improvement, you go to Step 2.

Step 2—Your doctor prescribes omeprazole (more expensive generic drug). If you have side effects or limited improvement, you go to Step 3.

Step 3—Your doctor prescribes Nexium® (brand-name or step-therapy drug).

2

How Medicare Prescription Drug Coverage Works

Quantity Limits

For safety and cost reasons, plans may limit the quantity of drugs that they cover over a certain period of time. For example, people prescribed Nexium® should take one tablet per day. Therefore, a plan may cover only a 30-day supply of Nexium® at a time (up to 90-day supply if filled through a plan's mail order program).

What if I choose a plan and then my doctor changes my prescription?

If your doctor needs to change your prescription or prescribe a new drug, give your doctor a copy of your Medicare drug plan's **drug list**. This list and the prices for drugs can change. However, you can get information about these changes by calling the company, or looking on the company's website to find the most up-to-date drug list and prices.

If your doctor needs to prescribe a drug that isn't on your Medicare drug plan's drug list and you don't have any other health insurance that covers outpatient prescription drugs, you can request a **coverage determination** from your plan. For more information, see page 63.

If your plan still won't cover a specific drug you need, you may have to pay full price for the prescription.

Words in **red**
are defined on
pages 70–72.

2

How Medicare Prescription Drug Coverage Works

Can I switch Medicare drug plans?

Yes. You can switch to a new plan November 15 through December 31 each year, and the new coverage will start January 1 of the following year. Once you enroll in a Medicare drug plan, you are generally enrolled for a calendar year.

In special circumstances, Medicare may give you an opportunity to switch to another Medicare drug plan. For example, if you permanently move out of your drug plan's service area; if the plan stops offering prescription drug coverage; or if you enter, live in, or leave a nursing home.

Remember, if you have a period of 63 days or more without drug coverage that is, on average, at least as good as standard Medicare drug coverage, your premium cost for a Medicare drug plan will go up at least 1% for every month that you waited to enroll. You will have to pay this **penalty** for as long as you have a drug plan.

How do I switch my plan?

You can switch your current Medicare drug plan in one of three ways:

- Join another plan
- Call or write your plan
- Call 1-800-MEDICARE (1-800-633-4227)

Joining a different Medicare drug plan will disenroll you from your current plan.



Tip: There is extra help with drug plan costs for those with limited income and resources.

Help With Your Medicare Drug Plan Costs

If you have limited income and resources you may qualify for extra help paying your Medicare drug plan costs.

If you qualify, you will get help paying for your Medicare drug plan's monthly premium, and for some of the costs you would normally pay for your prescriptions. The amount of extra help you get will be based on your income and resources.

Note: The U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Commonwealth of Northern Mariana Islands will provide extra help for their residents with Medicare. In general, this extra help will be for residents in these areas who qualify for Medicaid. Additionally, the extra help may not be the same as the extra help provided elsewhere in the United States. To find out more about their rules, call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users should call 1-877-486-2048.

Ways you may qualify for extra help

- **You automatically qualify for extra help and don't need to apply**
 - if you have Medicare and full coverage from a state Medicaid program that currently pays for your prescriptions. You should join a plan that meets your needs by December 31, 2005 because Medicaid will no longer pay for prescription drugs. If you don't, Medicare will enroll you in a plan effective January 1, 2006 so you don't miss a day of coverage. You can drop or switch plans at any time.
 - if you get help from Medicaid paying your Medicare premiums (belong to a Medicare Savings Program). You should join a plan that meets your needs by December 31, 2005 so that your coverage begins January 1, 2006. If you haven't signed up by May 15, 2006, Medicare will enroll you in a plan effective June 1, 2006 so you don't have to pay a penalty. You can drop or switch plans at any time.
 - if you get Supplemental Security Income benefits. You should join a plan that meets your needs by December 31, 2005 so that your coverage begins January 1, 2006. If you haven't signed up by May 15, 2006, Medicare will enroll you in a plan effective June 1, 2006 so you don't have to pay a penalty. You can switch plans once before December 31, 2006.

Medicare mailed letters to people who automatically qualify for extra help in May and June of 2005.

3

Help With Your Medicare Drug Plan Costs

Medicare Drug Plan Costs if You **Automatically Qualify** for Extra Help

If you have Medicare and	Your monthly premium*	Your yearly deductible	Your cost per prescription at the pharmacy (until \$3,600**)	Your cost per prescription at the pharmacy (after \$3,600**)
full Medicaid coverage and live in an institution, like a nursing home	\$0	\$0	\$0	\$0
full Medicaid coverage and have a yearly income at or below \$9,570—single \$12,830—married	\$0	\$0	no more than \$1 for generic and certain preferred drugs; no more than \$3 for brand-name drugs	\$0
full Medicaid coverage and have a yearly income above \$9,570—single \$12,830—married	\$0	\$0	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs	\$0
get help from Medicaid paying your Medicare premiums	\$0	\$0	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs	\$0
get Supplemental Security Income (SSI) but not Medicaid	\$0	\$0	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs	\$0

Notes: *Cost of premiums in tables are based on the standard plan premium in your area. If you join a plan that has a premium higher than the standard, you will have to pay the difference each month, in addition to the amount shown. To find out the cost of the standard plan premium in your area, visit www.medicare.gov on the web or call 1-800-MEDICARE.

** Your cost per prescription decreases once the amount you pay and Medicare pays as the extra help reach \$3,600 per year.

The income levels listed are for 2005 and can increase each year. If you live in Alaska or Hawaii, or you or your spouse pay at least half of the living expenses of dependent family members who live with you, or you work, income limits are higher. Resource and cost sharing amounts listed are for 2006 and can change each year.

3

Help With Your Medicare Drug Plan Costs

Medicare Drug Plan Costs if You **Apply and Qualify** for Extra Help

If you have Medicare and	Your monthly premium*	Your yearly deductible	Your cost per prescription at the pharmacy (until \$3,600**)	Your cost per prescription at the pharmacy (after \$3,600**)
a yearly income below \$12,920–single \$17,321–married with resources of no more than \$7,500–single \$12,000–married	\$0	\$0	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs	\$0
a yearly income below \$12,920–single \$17,321–married with resources between \$7,500 and \$11,500–single \$12,000 and \$23,000–married	\$0	\$50	up to 15% of the cost of each prescription	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs
a yearly income between \$12,920 and \$13,398–single \$17,321 and \$17,962–married with resources up to \$11,500–single \$23,000–married	25%	\$50	up to 15% of the cost of each prescription	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs
a yearly income between \$13,398 and \$13,877–single \$17,962 and \$18,604–married with resources up to \$11,500–single \$23,000–married	50%	\$50	up to 15% of the cost of each prescription	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs
a yearly income between \$13,877 and \$14,355–single \$18,604 and \$19,245–married with resources up to \$11,500–single \$23,000–married	75%	\$50	up to 15% of the cost of each prescription	no more than \$2 for generic and certain preferred drugs; no more than \$5 for brand-name drugs

Please see the notes below the table on the previous page.

3

Help With Your Medicare Drug Plan Costs

Ways you may qualify for extra help (continued)

- **You may apply and qualify**

If you think you may qualify, call the Social Security Administration at 1-800-772-1213, visit www.socialsecurity.gov on the web, or apply at your State Medical Assistance office. There is no risk or cost to apply.

The charts on the previous pages indicate what you would pay with extra help from Medicare if your income and resources fall within the limits described.

If you apply and qualify for extra help

You should join a plan that meets your needs by December 31, 2005 so your coverage will begin January 1, 2006. Medicare will enroll you in a plan effective June 1, 2006 if you don't join one by May 15, 2006 to make sure you get help paying for your prescription drug costs. If the plan Medicare chooses doesn't meet your needs, you can switch plans before December 31, 2006. Generally, your next chance to switch is November 15–December 31 of each year.

Even if you have prescription drug coverage now, including through an employer or union, the Indian Health Service, or the Department of Veteran's Affairs, you should still apply for extra help. Check your current coverage to see how Medicare drug coverage with extra help will work with your current coverage.

Tip: If you qualified for a credit on your Medicare-approved drug discount card, you may also qualify for extra help with your Medicare drug plan costs.

If you don't want Medicare to enroll you in a Medicare drug plan, call 1-800-MEDICARE (1-800-633-4227) and tell them you don't want to be in a Medicare drug plan. **Caution: if you do this you may have no prescription drug coverage.** You can join a Medicare drug plan later; however, you may have to pay a penalty if you join after May 15, 2005.

3

Help With Your Medicare Drug Plan Costs

Whose income and resources count?

- Your income and resources are counted.
- If you are married and live with your spouse, both of your income and resources are counted even if only one of you is applying for extra help.
- If you are married and don't live with your spouse when you apply, only your resources are counted.

What income counts?

Income is any cash or goods or services that can be used to meet your needs for food or shelter. The chart below provides examples of income that is counted and income that isn't counted by SSA or your state when deciding if you qualify. Examples include but aren't limited to the following:

Income counted

- Wages
- Earnings from self-employment
- Social Security benefits
- Railroad Retirement benefits
- Veterans benefits
- Pensions
- Annuities
- Alimony
- Rental income
- Worker's Compensation

Income not counted

- Income tax refunds
- Assistance based on need funded by a state or local government
- Foster care payments
- The value of expenses which a blind or disabled person needs to work

3

Help With Your Medicare Drug Plan Costs

What resources count?

The resources SSA or your state must count in deciding if you qualify for extra help include cash and other things that you normally can convert to cash within 20 workdays. The chart below provides examples of resources that are counted and resources not counted when deciding if you qualify. Examples include but aren't limited to the following:

Resources counted

- Accounts at financial institutions (like savings; checking; money market; time or certificates of deposit; and retirement, such as individual retirement accounts (IRA) or 401(k) accounts)
- Stocks
- Bonds
- Savings bonds
- Mutual fund shares
- Promissory notes
- The value of property that isn't connected to your home

Resources not counted

- Life insurance policies you own with a combined face value of \$1,500 or less (\$3,000 or less for you and your spouse)
- The home you live in and the land it's on
- Resources such as family heirlooms and wedding/engagement rings
- Property of a trade or business which is essential to your means of self-support
- Non-business property which is essential to your means of self-support
- Funds received and saved to pay for medical and/or social services

What happens after I apply?

If you file a paper application, SSA will send you a notice in the mail to let you know they got your application. If you apply online, you will get a receipt online. If your online or paper application is not complete, SSA will send you a letter or call you asking for the missing information. Once SSA or your state makes a decision about your application, you will get a letter in the mail telling you if you qualify for extra help and what to do next.

3

Help With Your Medicare Drug Plan Costs

How long will I get this extra help?

If you qualify for extra help, the decision remains in effect for the calendar year as long as you are enrolled in a Medicare drug plan and

- there are no changes to your income (not including cost-of-living adjustments), resources or family size, or
- you don't have a change in your marital status.

Changes in marital status include the following:

- Marriage
- Divorce
- Annulment
- Separation (not temporary)
- You and your spouse resume living together after separating
- Death of spouse

Any of the changes to your marital status mentioned could cause the amount of your extra help to increase, decrease, or end.

If you applied with SSA and qualified for extra help, you should notify SSA of any changes in your marital status. The change will be effective the month after you report it. Changes to your income, resources or family size can be reported from August–December and any changes that affect your extra help will be effective January 1 of the following year.

If you applied for extra help through your state and your state determined that you qualify, your state may have rules that require you to report changes in your marital status.

What if my application for extra help is denied?

You have the right to appeal the decision. If you applied with SSA, SSA will provide you with a hearing by telephone unless you choose a case review. The person who will decide your case will be someone who had no involvement in the first decision. SSA will review those parts of the decision which you believe are wrong and will look at any new facts you provide. SSA may also review those parts which you believe are correct.

To request an appeal, call SSA toll-free at 1-800-772-1213. You can also get a copy of the form SSA-1021, "Request for Appeal of Determination for Help with Medicare Prescription Drug Plan Costs" from www.socialsecurity.gov on the web.

3

Help With Your Medicare Drug Plan Costs

What if my application for extra help is denied? (continued)

If you want to file an appeal, remember the following:

- You have 60 days to ask for an appeal.
- The 60 days start the day after you receive a letter from SSA denying your application. SSA will assume you got the letter five days after the date on it unless you show them that you didn't get it within the five-day period.
- You can have a lawyer, friend, or someone else help you. Call SSA at 1-800-772-1213 for a list of groups that can help you with your appeal. To find your local Social Security office, go to www.socialsecurity.gov on the web. Select "Find your nearest Social Security office."

If you apply for extra help with your state, your decision letter should include appeal rights and procedures. Call your State Medical Assistance office for information on the appeals process for your state.

If you don't qualify for extra help

You can still choose and join a Medicare drug plan that meets your needs. You will have to pay the monthly **premium**, yearly **deductible**, and a share of the cost of your prescriptions.

If you don't currently have prescription drug coverage that is, on average, at least as good as a standard Medicare drug plan, you should enroll in a Medicare drug plan before May 15, 2006. Otherwise, your monthly premium will go up at least 1% more for every month you waited to enroll. You will have to pay this **penalty** for as long as you have a Medicare drug plan. You may also have to wait until November 15–December 31 of each year to enroll.

If you don't qualify for extra help now, you can apply or reapply later if your income and resources go down.

Words in **red** are defined on pages 70–72.



Tip: Medicare prescription drug coverage is available to everyone with Medicare to help pay your prescription drug costs.

Your Prescription Drug Coverage Choices

Everyone with Medicare has a decision to make about prescription drug coverage. Even if you have prescription drug coverage now, you have new choices to consider. **The prescription drug coverage you choose affects coverage, cost, convenience, and your peace of mind now and in the future.**

- **Coverage**

Medicare drug plans will cover generic and brand-name drugs. Plans may have rules about what drugs are covered in different drug categories.

Most plans will have a list of drugs covered by the plan. This list must always meet Medicare's requirements, but it can change when plans get new information. Your plan must let you know if a drug you use is removed from the list or if the costs are changing.

If your doctor thinks you need a drug that isn't on the list, or if one of your drugs is being removed from the list, you or your doctor can apply for an exception or appeal the plan's decision not to cover your drug.

- **Cost**

Monthly premiums and your share of the cost of your prescriptions will vary depending on which plan you choose. If you have limited income and resources, you may qualify for extra help from Medicare paying your drug plan costs.

- **Convenience**

Drug plans must contract with pharmacies in your area. Check with the plan to make sure the pharmacies in the plan are convenient to you. Some plans also allow you to get your prescriptions through the mail.

- **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 drug plan in 2006. As we age, most people need prescription drugs to stay healthy.

Find the information that fits your current health insurance coverage situation in the list on page 33. Read what you need to know about the new choices you have with Medicare prescription drug coverage. You may fit into more than one type of coverage listed.

4

Your Prescription Drug Coverage Choices

Help with Prescription Drug Coverage Decisions

If you need help figuring out Medicare prescription drug coverage, call your State Health Insurance Assistance Program (SHIP). See page 69 for their telephone number. You can also visit www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Tip: Prescription drug coverage is insurance. It's NOT doctor samples, discount cards, Medicare-approved drug discount cards with or without the \$600 credit, free clinics, or drug discount websites.

Medicare is working with other government representatives, community and faith-based groups, employers and unions, doctors, pharmacies and other people and organizations to help you understand the new prescription drug coverage and plan options in your community. Look for information about events in your local newspaper or listen for information on the radio.

If you have limited income and resources, you may qualify for extra help paying the costs of Medicare prescription drug coverage (see pages 21–30).

What else do I need to think about before I decide to get Medicare prescription drug coverage?

Before you make a decision, you need to find out the following information:

- If you have drug coverage now, does it cover at least as much as Medicare prescription drug coverage? Your current plan can tell you if it does.
- If you have drug coverage now, should you keep it?
- How would Medicare prescription drug coverage affect your out-of-pocket costs?
- Does a Medicare drug plan in your area cover the drugs you need?
- Can you get extra help paying for your prescription drug costs if you join a Medicare drug plan?
- If you wait to join a Medicare drug plan, would your premium be higher because you have to pay a penalty? Would your coverage start when you wanted it to?
- Do you spend part of each year in another state? (This may be important if the plan requires you to use certain pharmacies.)

4

Your Prescription Drug Coverage Choices

The list below will help guide you to the information that applies to your personal situation.

Type of Current Health Insurance Coverage	Page
The Original Medicare Plan	
I have only Part A and/or Part B	34
I have a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage	35–36
I have a Medigap (Medicare Supplement Insurance) policy without prescription drug coverage	37
Employer Coverage and Union Coverage, including Military	
I get drug coverage through a current or former employer or union . . .	38–41
I have a Federal Employee Health Benefits plan	42
I have TRICARE or Department of Veterans Affairs (VA) benefits that include drug coverage	42–43
Medicare Advantage Plans (like a HMO, PPO, or PFFS Plan) or other Medicare Health Plans	
I have a Medicare Advantage Plan or other Medicare Health Plan with prescription drug coverage	44
I have a Medicare Advantage Plan or other Medicare Health Plan without prescription drug coverage	45
Medicaid and other State or Federal Programs	
I have Medicaid	46
I get Supplemental Security Income (SSI) benefits or help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program)	47–48
I get help from my State Pharmacy Assistance Program (SPAP)	49
I live in a nursing home or institution	50
I get benefits through Programs of All-inclusive Care for the Elderly (PACE)	51
I get medical care from the Indian Health Service, Tribe or Tribal health organization, or Urban Indian health program	52

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Your Prescription Drug Coverage Choices

I have only Part A and/or Part B (the Original Medicare Plan) and no drug coverage

If you have Part A and/or Part B (check your red, white, and blue Medicare card), you can join a Medicare drug plan to help with the costs of your prescription drugs. You can choose and join a drug plan that meets your needs. Look in your “Medicare & You 2006” handbook for the lists of [Medicare Prescription Drug Plans](#) in your area or [Medicare Advantage Plans](#) and other [Medicare Health Plans](#) that provide Medicare prescription drug coverage.

Even if you’re not currently taking any prescriptions, you should consider joining a Medicare drug plan—here’s why.

- Join because your prescription drug needs could change at any time. Even one new prescription could make the cost of a drug plan worth the price.
- Join when you’re first eligible to avoid a penalty. In most cases, if you don’t join a Medicare drug plan by May 15, 2006, or when you are first eligible for Medicare, your monthly premium will go up at least 1% for every month you waited to enroll. You will have to pay this penalty as long as you have a Medicare drug plan.

Example: Mary has the Original Medicare Plan (Part A and Part B). She pays for all of her prescriptions herself. To help with her drug costs, Mary decides to join a Medicare Prescription Drug Plan in April 2006. She checks the list of the Medicare Prescription Drug Plans available in her area in her “Medicare & You 2006” handbook. She calls the plans she’s interested in for more information and chooses a plan that covers her prescriptions. Next, she completes and returns the enrollment form she got from the plan she wants to join in April to avoid paying a penalty. Her coverage begins May 1, 2006.

4

Your Prescription Drug Coverage Choices

I have Medicare and a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage

Words in red are defined on pages 70–72.

If you have a **Medigap** policy that includes drug coverage, your Medigap insurer will send you a detailed notice (sometime between September 15 and November 15, 2005) describing your choices for prescription drug coverage. You have to make a decision. Read the notice carefully for more information.

Some of your choices for prescription drug coverage are listed below:

- You can enroll in a Medicare Prescription Drug Plan and keep your current Medigap policy without the prescription drug coverage.
- You can enroll in a Medicare Prescription Drug Plan and switch to another Medigap policy that doesn't include prescription drug coverage.
- You can enroll in a Medicare Advantage Plan (like a HMO, PPO, or Private Fee-for-Service Plan) or other Medicare Health Plan that includes prescription drug coverage. If you enroll in a Medicare Health Plan, you will get all your health care coverage including prescription drug coverage from that plan, and you won't need a Medigap policy.
- You can keep your current Medigap policy with the prescription drug coverage included.

Tip: You can't have prescription drug coverage under both a Medigap policy and a Medicare Prescription Drug Plan.

The information you get from your Medigap insurer will describe these choices in detail. The Medicare publication, "Do You Have a Medigap Policy with Prescription Drug Coverage?" (CMS Pub. No. 11113) will also help you understand your choices. You can get this publication on www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

4

Your Prescription Drug Coverage Choices

I have Medicare and a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage (continued)

Words in red are defined on pages 70–72.

If you decide to join a **Medicare Prescription Drug Plan**, you can keep your current Medigap policy without the prescription drug coverage. **You will need to tell your Medigap insurer when your Medicare prescription drug coverage starts so that they can remove the prescription drug coverage from your Medigap policy and adjust your premium based on this change.**

- Most prescription drug coverage offered by Medigap policies, on average, is **not** at least as good as Medicare prescription drug coverage. This means, in most cases, if you keep Medigap prescription coverage, and don't join a Medicare drug plan by May 15, 2006, you will have to pay a penalty if you choose to join later. Your next chance to join will be November 15–December 31 of each year. Your coverage would begin January 1 of the following year.
- Contact your Medigap insurer before you make any changes to your prescription drug coverage. If you have prescription drug coverage from a current or former employer or union, and you aren't sure whether it is through a Medigap policy, call your benefits administrator.

Example: Ethel has a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage. She got a notice from her Medigap insurer that said her Medigap policy's drug coverage, on average, is not as good as Medicare prescription drug coverage. She decides to join a Medicare Prescription Drug Plan to save money. Since she joined by May 15, 2006, she doesn't have to pay a penalty. Also, because she joined by that date, she has the right to switch, and did switch, to a different Medigap policy offered by her Medigap insurance company that doesn't have drug coverage. As required, she did this by applying for the new policy within 63 days after her Medicare prescription drug coverage started. She now pays monthly premiums for her Medicare Part B, her Medicare Prescription Drug Plan, and her new Medigap policy.

4

Your Prescription Drug Coverage Choices

I have Medicare and a Medigap (Medicare Supplement Insurance) policy without prescription drug coverage

If you currently have Medicare and a **Medigap** policy that doesn't provide prescription drug coverage, you can join a Medicare drug plan to help with the costs of your prescription drugs. Your choices are listed below.

- You can keep your current Medigap policy and enroll in a Medicare Prescription Drug Plan available in your area to get prescription drug coverage.

Example: Lillian has both the Original Medicare Plan (Medicare Part A and Part B) and a Medigap (Medicare Supplement Insurance) policy that doesn't cover prescription drugs. Lillian uses a few prescription drugs. She joins a Medicare Prescription Drug Plan before May 15, 2006 to avoid paying a penalty. She chooses a plan that covers the drugs she is taking and includes the pharmacy she uses. She will pay separate monthly premiums for her Medicare Part B, her Medigap policy, and her Medicare Prescription Drug Plan.

- You can join a **Medicare Advantage Plan** or other **Medicare Health Plan** in your area that includes prescription drug coverage, and get all your health care benefits and prescription drug coverage from the Medicare Health Plan. If you join, you don't need to keep your Medigap policy because it can't pay any cost-sharing under a Medicare Health Plan.

Example: Elaine has the Original Medicare Plan (Part A and Part B) and a Medigap (Medicare Supplement Insurance) policy that doesn't cover prescription drugs. She wants prescription drug coverage. However, she is concerned about the cost of paying her monthly Part B premium, her Medigap policy premium, and a Medicare Prescription Drug Plan premium. She calls 1-800-MEDICARE for information on Medicare Health Plans available in her area. She joins a Medicare Health Plan and gets all her health care coverage including Medicare prescription drug coverage from the plan. She drops her Medigap policy.

For information about your Medigap policy, contact your Medigap insurer. If you have prescription drug coverage from a current or former employer or union, and you aren't sure whether it is through a Medigap policy, call your benefits administrator.

Remember, you can first join a Medicare drug plan from November 15, 2005 through May 15, 2006. In most cases, if you don't join during this period, your next chance to join will be November 15, 2006 through December 31, 2006, and you may have to pay a penalty. This means you pay a higher premium for as long as you have Medicare prescription drug coverage.

4

Your Prescription Drug Coverage Choices

I have Medicare and get drug coverage from a current or former employer or union

Medicare will help employers and unions continue to offer high quality prescription drug coverage. Employers and unions can offer coverage that

- takes the place of Medicare prescription drug coverage and/or
- adds to the Medicare prescription drug coverage.

Employers and unions may also pay part or all of your Medicare drug plan premium.

Before you make a decision about whether to enroll in a Medicare drug plan, it's important for you to understand how your employer or union drug coverage will work with Medicare. Your employer or union drug coverage may change.

You should get information from your employer or union (or the plan that administers your drug coverage) about how your drug coverage compares to Medicare prescription drug coverage, and how they are intended to work together. Read all materials from your employer or union carefully. They will help you understand your options and make your decision much easier.

If you don't receive any information prior to November 15, 2005, contact your benefits administrator if you have questions about your coverage, or visit your plan's website.

4

Your Prescription Drug Coverage Choices

Tip: Talk with your employer or union benefits administrator before making any changes to your health care coverage.

I have Medicare and get drug coverage from a current or former employer or union (continued)

Here are some important things to find out about before making a decision:

- What changes (if any) in your employer or union drug coverage go into effect on January 1, 2006 when Medicare prescription drug coverage begins?
- Is your employer or union drug coverage, on average, at least as good as standard Medicare prescription drug coverage? If not, you will have to pay a penalty if you join a Medicare drug plan after you are first eligible.
- Does your employer or union drug coverage take the place of Medicare prescription drug coverage? If so, you won't need to enroll in a Medicare drug plan.
- Does your employer or union drug coverage add to Medicare prescription drug coverage? If not, you will need to enroll in a Medicare drug plan.
- How do your drug costs with your employer or union drug coverage compare to your drug costs with a Medicare drug plan?
- If you qualify for extra help with your Medicare drug plan costs, how do your costs under your employer or union plan compare to your costs if you have a Medicare drug plan and you qualify for extra help?
- Will enrolling in a Medicare drug plan change your employer or union drug coverage or your eligibility and/or the eligibility of your spouse or other family members to participate in your employer or union health plan?

4

Your Prescription Drug Coverage Choices

I have Medicare and get drug coverage from a current or former employer or union (continued)

Words in **red** are defined on pages 70–72.

If your (or your spouse's) employer or union determines that your current coverage, on average, is at least as good as standard Medicare prescription drug coverage (called **creditable prescription drug coverage**)

- You can keep it as long as it is still offered by your employer or union; and
- You won't have to pay a penalty if your employer or union stops offering prescription drug coverage as long as you join a Medicare drug plan within 63 days after the coverage ends—even if you join after May 15, 2006.

Example: Regina is retired. She has prescription drug coverage from her previous employer. Regina's previous employer pays most of the premium for her coverage. Her previous employer notifies her that her current coverage, on average, is at least as good as Medicare prescription drug coverage, and that Medicare will now help pay for the costs of that coverage. She reviews the information on her options provided by her previous employer, and she decides to keep her employer coverage. Because her current coverage is at least as good as Medicare prescription drug coverage, if she decides to get Medicare prescription drug coverage after May 15, 2006, she won't have to pay a penalty. If her employer later stops offering prescription drug coverage, she should join a Medicare drug plan within 63 days after her current coverage ends to avoid paying the penalty.

4

Your Prescription Drug Coverage Choices

I have Medicare and get drug coverage from a current or former employer or union (continued)

If your (or your spouse's) employer or union has determined that your current coverage, on average, is **NOT** at least as good as standard Medicare prescription drug coverage, and you want to join a drug plan, you must join by May 15, 2006 to avoid a penalty.

Caution: If you drop your employer or union coverage, you may not be able to get it back. You also may not be able to drop your employer or union **drug** coverage without also dropping your employer or union **health** coverage.

Find out about your options from your benefits administrator. You may be able to

- Keep your current employer or union drug coverage and join a Medicare drug plan to give you more complete prescription drug coverage.
- Keep only your current employer or union drug coverage. But, if you join a Medicare drug plan after May 15, 2006, you will have to pay a penalty.
- Drop your current coverage and return to the Original Medicare Plan and join a Medicare Prescription Drug Plan, or join a Medicare Advantage Plan or other Medicare Health Plan that covers prescription drugs.

See the caution above.

Example: Juan is retired. He is in the Original Medicare Plan. He has prescription drug coverage from his former employer. His former employer notifies him that his current prescription drug coverage, on average, is not at least as good as standard Medicare prescription drug coverage. He reviews the information on his options provided by his former employer. He learns that his former employer now has a contract with a certain Medicare Prescription Drug Plan. He also learns that if he joins that plan, his employer will pay part of his Medicare prescription drug coverage monthly premium. Juan joins that Medicare Prescription Drug Plan and saves money on his prescription drugs, and his premium.

4

Your Prescription Drug Coverage Choices

I have Medicare and a Federal Employee Health Benefits (FEHB) plan

The FEHB Program offers health coverage for current and retired federal employees.

- If you are covered under a FEHB plan, you will get information during the open season about your prescription drug coverage. Read this information carefully.
- Contact your FEHB insurer before making any changes. It will almost always be to your advantage to keep your current coverage without any changes.
- If you qualify for extra help paying Medicare prescription drug costs, it may be beneficial for you to see how your costs compare with a Medicare drug plan and any extra help you may qualify for versus your FEHB plan prescription drug coverage.
- If you ever lose your FEHB coverage and need to join a Medicare drug plan, and you join after May 15, 2006, in most cases, you won't have to pay a penalty, as long as you join within 63 days of losing FEHB coverage.

For more information, contact the Office of Personnel Management or visit <http://www.opm.gov/insure/health> on the web.

I have Medicare and TRICARE or the Department of Veterans Affairs (VA) benefits that include drug coverage

If you get health care benefits from TRICARE or the Department of Veterans Affairs (VA), you need to know the following:

- As long as you still qualify, your TRICARE or VA prescription drug coverage isn't changing.
- Contact your benefits administrator for information about your TRICARE or VA coverage before making any changes. It will almost always be to your advantage to keep your current coverage without any changes.

4

Your Prescription Drug Coverage Choices

I have Medicare and TRICARE or the Department of Veterans Affairs (VA) benefits that include drug coverage (continued)

- If you qualify for extra help paying Medicare prescription drug costs, it may be beneficial for you to see how your costs compare with a Medicare drug plan and any extra help you may qualify for versus your TRICARE or VA prescription drug coverage.
- If you ever lose your TRICARE or VA coverage and need to join a Medicare drug plan, and you join after May 15, 2006, in most cases, you won't have to pay a penalty, as long as you join within 63 days of losing TRICARE or VA coverage.

For more information about your VA benefits, call the VA Health Benefits Service Center at 1-877-222-VETS (8387), visit your local VA medical facility, or visit www.va.gov/healtheligibility on the web.

For more information about TRICARE, call 1-800-363-5433 or visit www.tricare.osd.mil on the web.

Example: Sid retired from the military and has TRICARE. His TRICARE plan pays for his prescription drugs. Sid's TRICARE prescription drug coverage is as good as Medicare prescription drug coverage. Sid decides to keep his TRICARE coverage. If he loses his TRICARE prescription drug coverage and/or he wants to join a Medicare drug plan later (after May 15, 2006), he won't have to pay a penalty.

Example: Douglas is a veteran. He gets his health care and prescription drugs from the Department of Veterans Affairs (VA). Douglas decides not to change how he gets his health care because the prescription drug coverage offered through the VA is as good as standard Medicare prescription drug coverage.

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Your Prescription Drug Coverage Choices

I have a Medicare Health Plan with prescription drug coverage

If you have prescription drug coverage from a **Medicare Advantage Plan** (like a HMO, PPO, or PFFS Plan) or other **Medicare Health Plan**, you will get a notice from your insurance company letting you know about your prescription drug coverage choices. Carefully read any materials you get from your plan.

Words in **red** are defined on pages 70–72.

- If you are in a Medicare **HMO** or **PPO Plan**, you will need to get your Medicare prescription drug coverage from your plan.
- If you are in a **Medicare Private Fee-for-Service Plan** that offers Medicare prescription drug coverage, you will need to get your Medicare prescription drug coverage from your Private Fee-for-Service Plan.
- If you are in a Medicare Private Fee-for-Service Plan or a **Medicare Cost Plan** that doesn't offer Medicare prescription drug coverage, you can join a separate **Medicare Prescription Drug Plan** to add prescription drug coverage.
- If you are in a Medicare Cost Plan that includes Medicare prescription drug coverage, you can still join a separate Medicare Prescription Drug Plan. You will need to decide if you want to get your Medicare prescription drug coverage from the Medicare Cost Plan or from a separate Medicare Prescription Drug Plan.
- In 2006, you have until June 30, 2006 to join a Medicare Advantage Plan. If you already have a Medicare Advantage Plan with prescription drug coverage but want to switch plans between January 1, 2006 and June 30, 2006, you can only switch to another plan that includes prescription drug coverage.

For more information about your choices, you can contact your Medicare Health Plan insurance company.

Example: Esther has Medicare Part A and Part B and is enrolled in a Medicare HMO. She gets all her health care coverage from the plan, including some prescription drug coverage. Starting January 1, 2006, her Medicare HMO will provide her with Medicare prescription drug coverage. Her Medicare HMO monthly premium will now include a premium for Medicare prescription drug coverage.

4

Your Prescription Drug Coverage Choices

I have a Medicare Health Plan without prescription drug coverage

If you have a **Medicare Advantage Plan** (like a **HMO**, **PPO**, or **PFFS Plan**) or other **Medicare Health Plan** that doesn't currently cover prescription drugs, it may decide to offer Medicare prescription drug coverage effective January 1, 2006. If it won't offer prescription drug coverage in 2006, you may want to consider other ways to get Medicare prescription drug coverage.

- Check with your current Medicare Advantage Plan or other Medicare Health Plan to see if it offers a Medicare prescription drug option in 2006. If so, you can switch to that option.
- If your current plan won't offer Medicare prescription drug coverage, you can switch to another Medicare Advantage Plan or other Medicare Health Plan in your area that offers Medicare prescription drug coverage.
- If your current plan won't offer Medicare prescription drug coverage, you can switch to the Original Medicare Plan and join a Medicare Prescription Drug Plan.
- If you are in a Medicare Private Fee-for-Service Plan or a Medicare Cost Plan that doesn't offer Medicare prescription drug coverage, you can join a separate Medicare Prescription Drug Plan to add prescription drug coverage.
- In 2006, you have until June 30, 2006 to join a Medicare Advantage Plan. If you already have a Medicare Advantage Plan without prescription drug coverage but want to switch plans between January 1, 2006 and June 30, 2006, you can only switch to another plan that doesn't include prescription drug coverage.

If you stay in your current plan that isn't offering drug coverage in 2006, and you don't join a Medicare Prescription Drug Plan, you will have to pay a **penalty** if you want Medicare prescription drug coverage later.

For more information about your choices, you can contact your Medicare Health Plan insurance company.

4

Your Prescription Drug Coverage Choices

Words in red are defined on pages 70–72.

I have Medicare and Medicaid

If you have Medicare and full **Medicaid** coverage (or were eligible for Medicaid in all or part of this year), your prescription drug coverage is changing.

Beginning January 1, 2006, Medicare will help pay for your prescription drugs instead of Medicaid. Your Medicaid drug coverage is ending December 31, 2005. If you are still eligible for Medicaid in 2006, Medicaid will still cover the other health care costs that Medicare doesn't cover. If you aren't sure whether you still qualify for Medicaid, call your State Medical Assistance office. To get the telephone number of the office in your state, visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227).

Medicare will give you extra help with your Medicare drug plan costs. You will get it automatically when you join a Medicare drug plan. See pages 21–22 for information about your costs because you automatically qualify. If you live in an institution (like a nursing home), you will pay nothing for your covered prescriptions.

You can choose a plan that meets your prescription drug needs. You can join beginning November 15, 2005. **If you don't join the Medicare drug plan you want by December 31, 2005, Medicare will enroll you in a Medicare Prescription Drug Plan so you don't lose a day of coverage.** If you decide to switch to a different Medicare drug plan, you can do so at any time without a penalty.

Example: Larry has Medicare and full Medicaid coverage. On January 1, 2006, Medicare will start to cover his prescriptions instead of Medicaid. Larry doesn't choose a Medicare drug plan by December 31, 2005 so Medicare enrolls him in a Medicare Prescription Drug Plan in his area. If Larry feels this drug plan isn't meeting his needs, he can switch to another plan at any time without a penalty.

If you don't want to join, and you don't want Medicare to enroll you in a Medicare drug plan, call 1-800-MEDICARE and tell them you don't want to join. **Caution: If you call 1-800-MEDICARE and tell them you don't want to join a Medicare drug plan, you could have no prescription drug coverage as of January 1, 2006 because your Medicaid drug coverage is ending.** You can change your mind and join a Medicare drug plan at any time, but you may have to pay a penalty if you join after May 15, 2006.

4

Your Prescription Drug Coverage Choices

I have Medicare and get Supplemental Security Income (SSI) benefits or help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program)

If you have Medicare and SSI or get help from Medicaid paying your Medicare premiums (or were eligible for either in all or part of this year), you need to know that you automatically qualify for extra help paying Medicare prescription drug coverage costs. You don't need to apply for this extra help. Medicare will send you a letter letting you know that you automatically qualify.

Tip:

Supplemental Security Income (SSI) is a monthly benefit paid by the Social Security Administration to people with limited income and resources who are disabled, blind, or age 65 or older. SSI benefits aren't the same as Social Security benefits.

Medicare will give you extra help to pay your Medicare prescription drug coverage. You will get it automatically when you join a Medicare drug plan. See pages 21–22 for more information about your costs because you automatically qualify.

You can choose a plan that meets your prescription drug needs. You can join a plan beginning November 15, 2005. Join before December 31, 2005 so that your coverage begins January 1, 2006.

If you don't join a Medicare drug plan by May 15, 2006, Medicare will enroll you in a Medicare Prescription Drug Plan, to make sure you have coverage and don't have to pay a penalty. Your coverage will begin June 1, 2006. If you decide to switch to a different Medicare drug plan

- You can switch plans once before December 31, 2006, if you get SSI benefits.
- You can switch plans anytime if you get help from Medicaid paying your Medicare premiums.

4

Your Prescription Drug Coverage Choices

I have Medicare and get Supplemental Security Income (SSI) benefits or help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program) (continued)

If you don't want to join, and you don't want Medicare to enroll you in a Medicare drug plan, call 1-800-MEDICARE and tell them you don't want to join. **Caution: If you call 1-800-MEDICARE and tell them you don't want to join a Medicare drug plan, you may have to pay a penalty if you decide to join later.** If you get help from Medicaid, you can change your mind and join a Medicare drug plan any time, but you may have to pay a penalty if you join after May 15, 2006. If you get SSI benefits, your next opportunity to join is November 15 through December 31, 2006 for coverage beginning January 1, 2007, and you may have to pay a penalty.

Example: Jean has Medicare and receives monthly Supplemental Security Income benefits to help pay her basic needs like food and rent. She doesn't have prescription drug coverage. She gets a notice from Medicare that she will get extra help paying for her prescription drug plan costs if she enrolls in a Medicare drug plan. She doesn't have to apply for this extra help. She can join a drug plan beginning November 15, 2005 through May 15, 2006. She chooses and joins a plan that meets her needs. She will pay up to a \$5 copayment for each prescription covered by her plan.

Example: Arthur has Medicare and help from Medicaid paying his Medicare Part B monthly premium. He doesn't have prescription drug coverage. He gets a notice from Medicare that he will get extra help paying for his prescription drug plan costs if he enrolls in a Medicare drug plan. He doesn't have to apply for this help. He can enroll in a drug plan beginning November 15, 2005 through May 15, 2006. If Arthur doesn't choose a plan and join by May 15, 2006, Medicare will enroll him in a plan. If Medicare enrolls him, his prescription drug coverage will begin on June 1, 2006. He will pay up to a \$5 copayment for each prescription covered by his plan.

4

Your Prescription Drug Coverage Choices

I have Medicare and get help from my State Pharmacy Assistance Program (SPAP) paying prescription drug costs

Words in red are defined on pages 70–72.

Depending on your state, the **State Pharmacy Assistance Programs (SPAPs)** will have different ways of providing you with help paying your prescription drug costs once Medicare prescription drug coverage is available. Some SPAPs will not change the coverage you currently get. Other SPAPs may require you to join a Medicare drug plan to continue getting coverage and then cover the costs that Medicare doesn't cover. Still other SPAPs may end their programs.

Tip: Several states have programs to help certain people pay for prescription drugs. Each state makes its own rules on how to provide drug coverage to its members.

You will receive more information from your SPAP about how Medicare prescription drug coverage will affect the help you currently get. If you don't get any information by November 15, 2005, call your SPAP.

You can choose a Medicare drug plan that meets your needs. If you don't choose and enroll in a Medicare drug plan by May 15, 2006, you may have to pay a penalty.

Example: Frank has the Original Medicare Plan (Part A and Part B) and belongs to a state program that helps him cover his prescription drug costs. He gets an application for extra help in the mail from the Social Security Administration (SSA), fills it out, and sends it to SSA. He finds out from SSA that he qualifies for extra help. In the fall, he looks in his "Medicare & You 2006" handbook to find out which Medicare drug plans are available in his area. He picks the plan that meets his prescription drug needs and calls the state program to find out how it will work with the Medicare prescription drug coverage. Frank's state program will pay the copayments not covered by Medicare. He fills out and mails the enrollment form for the Medicare drug plan he chose to the company offering the plan.

4

Your Prescription Drug Coverage Choices

I have Medicare and live in a nursing home or institution

Tip:

Institutions don't include assisted living or adult living facilities or residential homes.

- If you move into a nursing home or other institution, you can switch Medicare drug plans at that time if you choose to.
- If you are not able to enroll on your own, your authorized representative can enroll you in a plan that meets your needs.
- Some nursing homes and other institutions have their own pharmacy.
- If you are in a skilled nursing facility getting Medicare-covered skilled nursing care, your prescriptions generally will be covered by Medicare Part A.

Note: Medicare will automatically enroll people with both Medicare and full Medicaid coverage living in institutions into a Medicare Prescription Drug Plan. If you live in a nursing home and have full Medicaid coverage, you will pay nothing for your covered prescriptions.

Example: Anna has Medicare and Medicaid. She is 93 and lives in a nursing home, where Medicaid pays for her prescription drugs. On January 1, 2006, Medicaid will stop covering her prescriptions. Because she didn't join a Medicare drug plan by December 31, 2005, Medicare enrolls her in a plan so she doesn't lose drug coverage. Because she qualifies for Medicaid, she will pay nothing for premiums and deductible related to her new drug plan. Since Anna lives in a nursing home, she also will pay nothing when she needs a prescription.

If you have full Medicaid coverage, turn to page 46 to read more information about how your prescription drug coverage is changing.

4

Your Prescription Drug Coverage Choices

I have Medicare and benefits through Programs of All-inclusive Care for the Elderly (PACE)

You don't need to join a separate Medicare drug plan because you will get Medicare prescription drug coverage through your PACE plan.

If you also have full Medicaid coverage, you will continue to get prescription drugs at no cost to you through your PACE plan.

If you have Medicare only, you will continue to get all of your health care benefits, including prescription drug coverage, through your PACE plan. You will continue to pay a monthly Medicaid premium that will be reduced because it will no longer include prescription drugs. You will also pay a separate Medicare prescription drug premium to cover the cost of your prescription drugs.

If you do not have Medicaid coverage, you may have received an application for extra help paying for Medicare prescription drug coverage in the mail from the Social Security Administration (SSA). Fill it out and send it back to SSA as soon as possible. If you didn't get an application but think you may qualify, call 1-800-772-1213, visit www.socialsecurity.gov on the web, or apply at your State Medical Assistance office. For more information about this extra help, see pages 21–30.

Caution: If you join a Medicare drug plan, you will be disenrolled from your PACE plan. Your PACE plan provides not only your prescription drug coverage, but all of your health care services. Therefore, if you disenroll from your PACE plan by joining a Medicare drug plan, you will no longer receive other health care benefits from your PACE plan. Contact your PACE plan for more information.

Example: Timothy has a PACE plan and receives all his Medicare coverage through the plan. Timothy doesn't need a separate Medicare drug plan. He gets all of his health benefits, including Medicare prescription drug coverage, through his PACE plan.

4

Your Prescription Drug Coverage Choices

I have Medicare and get medical care from the Indian Health Service, Tribe or Tribal health organization, or Urban Indian health program

If you get medical care from the Indian Health Service, Tribe or Tribal health organization, or Urban Indian Health Program, you need to know the following:

- Starting January 1, 2006 many Indian health facilities will offer Medicare drug plans to provide you with the prescriptions you need. Joining a Medicare drug plan will benefit you and your community.
- Joining a Medicare drug plan could help your Indian health provider save money and increase services to your community. Many people with limited income and resources will get extra help paying for their prescription drug coverage. This will be beneficial to Indian health providers who cover the cost of prescriptions for Indian patients.
- If you already have prescription drug coverage through an Indian health facility or other insurance, check with your current plan to see if this coverage may affect you. If you get prescription drugs through an Indian health facility, you will continue to pay nothing and your coverage will not be interrupted.
- If you have full coverage from Medicaid and live in a nursing home, you will pay nothing for your Medicare prescription drugs out of your own pocket.

For more information on how to join, see your pharmacist or check with the benefits coordinator at your local Indian health pharmacy.

Example: Tracy gets all of her medical care from the Indian Health Service and gets her prescriptions filled at a local tribal clinic. In the fall of 2005, she looks in her “Medicare & You 2006” handbook to find out which Medicare drug plans are available in her area. She checks with her clinic’s pharmacy and enrolls in a Medicare Prescription Drug Plan that contracts with the pharmacy and meets her needs.



Tip: Before considering which Medicare drug plan to choose, find your current health coverage situation on page 33, and read what you need to know about your prescription drug coverage choices.

Steps to Choosing a Medicare Drug Plan

The steps below can help you choose a Medicare drug plan. Use the personal worksheets on pages 56 and 57 as tools to help you decide which plan meets your needs. The worksheets aren't part of the enrollment process, but are useful tools to organize your information.

- Step 1: **Collect** information about your current prescription drug coverage and needs.
- Step 2: **Compare** the Medicare drug plans based on your needs.
- Step 3: **Choose** the plan you want, and **join**.

Step 1: Collect information about your current prescription drug coverage and needs.

Before you choose a Medicare drug plan, it will be helpful to gather some information about yourself. You will need information about any prescription drug coverage you may currently have as well as a list of the prescription drugs and doses you currently take.

If you have prescription drug coverage, you will need to find out whether it is, on average, at least as good as standard Medicare prescription drug coverage. Your current insurer or plan provider will let you know. If you haven't heard from your current insurer prior to November 15, 2005, call your insurer, plan provider, or benefits administrator to find out.

5

Steps to Choosing a Medicare Drug Plan

Step 2: Compare Medicare drug plans based on your needs.

For lists of the specific drug plans available in your area, read the “Medicare & You 2006” handbook, visit the Medicare Prescription Drug Plan Finder tool at www.medicare.gov, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

When you find some plans you are interested in, call the companies that offer the plans and use the worksheet below to fill in information about these plans.

Plan Name					
Which of my prescriptions does this plan cover?					
How much do my prescriptions cost with this plan?					
What is the monthly premium?					
What is the yearly deductible?					
Can I use my pharmacy with this plan?					

5

Steps to Choosing a Medicare Drug Plan

Refer to both the worksheet with the information for the plans you are interested in and the information about your current prescriptions. Compare the Medicare drug plans based on what's important to you. The prescription drug coverage you choose affects coverage, cost, convenience, and your peace of mind now and in the future. Some of these factors may be more important to you, depending on your situation and drug needs. You may want to ask yourself some of these questions:

Coverage

- Which plan covers most of the prescriptions I take?
- Can I use the plan in addition to my current prescription drug coverage?

Cost

- Which plan gives me the best overall price on all of my prescriptions?
- What is the monthly **premium**, yearly **deductible**, and the **coinsurance** or **copayment(s)**?

Convenience

- Which plan allows me to use the pharmacy I want?
- Which plan provides me with coverage in multiple states (if I need it)?
- Which plan allows me to get prescriptions through the mail?

Peace of Mind Now and in the Future

- Would my premium be higher because I waited to join a Medicare drug plan, and I have to pay a penalty?
- Would my coverage start when I wanted it to?
- Do I want future protection against unexpected drug costs?

5

Steps to Choosing a Medicare Drug Plan

Step 3: Choose the plan you want, and join.

Join a plan once you choose one that meets your needs. After you pick a plan, call the company offering it, and ask how to join. Ask the company about your enrollment choices. You may be able to apply by telephone, paper application, or on the web. You will have to provide your Social Security number and the number on your Medicare card when you enroll. You can join beginning November 15, 2005.

**Words in red
are defined on
pages 70–72.**

If you need help choosing a Medicare drug plan that meets your needs, you can call your **State Health Insurance Assistance Program (SHIP)**. See page 69 for the SHIP telephone number in your state.



Tip: As we age, most people need prescription drugs to stay healthy.

Your Medicare Drug Plan Rights and Appeals

What if I need help applying for extra help or joining a Medicare drug plan?

Some people can help, or act on your behalf to, enroll you in a Medicare drug plan and/or to apply for extra help paying Medicare prescription drug coverage costs.

A legal or authorized representative is someone who, by state or Federal law, has the legal right (such as through a Power of Attorney) to act on your behalf.

Your legal or authorized representative can help you to, or on your behalf

- apply to see if you qualify for extra help paying Medicare prescription drug coverage costs, and
- enroll you in a Medicare drug plan that meets your needs.

A personal representative can help you to, or on your behalf, apply to see if you qualify for extra help paying for Medicare prescription drug coverage. A personal representative can't enroll you in a Medicare drug plan.

A personal representative can be any of the following:

- The person who acts on your behalf if you are incapacitated or can't make decisions for yourself, or
- Anyone you choose to act as your representative (such as your spouse, your child, or a caregiver), or
- Your "representative payee" (sometimes called a rep. payee). This is a person, agency, organization, or institution that the Social Security Administration selects to act on your behalf.

What if my enrollment in a Medicare drug plan is denied?

Medicare drug plans generally have to accept all eligible applicants who live in their service area, regardless of age or health status. If you apply for a Medicare drug plan and your enrollment form is denied, the company will send you a letter explaining how to get Medicare to review your enrollment form again. You should follow the instructions in that letter.

6

Your Medicare Drug Plan Rights and Appeals

How do I protect myself from fraud and identity theft?

All drug plans approved by Medicare may use this seal in their materials:

MedicareRx
Prescription Drug Coverage

Tip: Keep your personal information safe. Don't give your information to anyone who comes to your home (or calls you) uninvited selling Medicare-related products.

Call 1-800-MEDICARE if you aren't sure if a plan is approved by Medicare. Medicare plans can't contact you before October 1, 2005 about the Medicare prescription drug coverage they are offering. Report any plans that send you information about their drug coverage before this date by calling 1-800-MEDICARE. Plans are allowed to mail information and to call you. They aren't allowed to sell plans door-to-door.

Only give personal information to plans that are approved by Medicare and to people in the community who work with Medicare like your State Health Insurance Assistance Program or the Social Security Administration. People who are really working with Medicare can't enroll you into a drug plan over the telephone unless you call them, or unless you are adding prescription drug coverage to a Medicare Advantage Plan or other Medicare Health Plan you already have.

Identity theft means someone uses your personal information, like your name; Social Security, Medicare, or credit card number; or other personal information, without your consent to commit fraud or other crimes.

If you think someone is using your personal information, call

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048, or
- the Fraud Hotline of the HHS Office of the Inspector General at 1-800-447-8477. TTY users should call 1-800-377-4950, or
- the Federal Trade Commission's IDTheft Hotline at 1-877-438-4338 to make a report (TTY users should call 1-866-653-4261).

For more information about identity theft, visit www.consumer.gov/idtheft on the web.

6

Your Medicare Drug Plan Rights and Appeals

Words in red are defined on pages 70–72.

Tip: Any person you appoint, such as a family member or your physician, may help you request a coverage determination or an appeal.

What do I do if my plan won't cover a drug I need?

If your pharmacist tells you that your Medicare drug plan won't cover a drug you feel should be covered, or it will cover the drug at a higher cost than you think you are required to pay, you have the right to request a decision called a **coverage determination** by your plan. You may also pay for the prescription and request that the plan pay you back by requesting a coverage determination. In addition, you may request a coverage determination if your plan requires you to try another drug before it pays for the drug prescribed for you, or there is a limit on the drug prescribed for you and you disagree with the limit.

You, your doctor, or your appointed representative can call your plan or write them a letter to request that the plan cover the prescription you need. Once your plan has received the request, it has 72 hours (for a standard request for coverage or to pay you back) or 24 hours (for an expedited request for coverage) to notify you of its decision. Your request will be expedited if your plan determines, or your doctor tells your plan, that your life or health will be seriously jeopardized by waiting for a standard request.

Note: For some types of coverage determinations, you will need a supporting statement from your doctor explaining why you need the drug you are requesting. Check with your plan to find out if the supporting statement is required. Once your plan receives the statement, its decision-making time period begins.

If the plan decides against you, you can appeal the decision. There are **five levels** of appeal available to you:

1. Appeal through your plan. You must request the appeal within 60 calendar days from the date of the decision. A standard request must be made in writing unless your plan accepts requests by phone. You can call your plan or write to them for an expedited request. Once your plan receives your request for an appeal, the plan has seven days (for a standard request for coverage or to pay you back) or 72 hours (for an expedited request for coverage) to notify you of its decision.

6

Your Medicare Drug Plan Rights and Appeals

What do I do if my plan won't cover a drug I need?
(continued)

2. Review by an independent review entity. If the plan again decides against you, you can request a review by an independent review entity (IRE). You must make the request within 60 days from the date of the decision. The request must be made in writing. Once the request for review has been filed, the IRE has seven days (for a standard request for coverage or to pay you back) or 72 hours (for expedited requests for coverage) to notify you of its decision.

3. Hearing with an administrative law judge. If the IRE agrees with your plan's decision, you can request a hearing with an administrative law judge (ALJ). You must make the request in writing within 60 days from the date of the notice of the IRE decision. To receive an ALJ hearing, the projected value of your denied coverage must meet a minimum dollar amount. The IRE's decision will include this amount. Once the request for an ALJ hearing is received, the ALJ generally has 90 days to make a decision.

4. Review by the Medicare Appeals Council. If the ALJ agrees with your plan's decision, you can request (in writing) a review by the Medicare Appeals Council (MAC). The MAC generally has 90 days to make a decision after receiving the request for a review.

5. Review by a Federal court. If the MAC agrees with your plan's decision, you can request (in writing) a review by a Federal court. To receive a review by a Federal court, the projected value of your denied coverage must meet a minimum dollar amount. The MAC's decision will include the amount.

When you join a Medicare drug plan, the plan will send you information about the plan's appeal procedures. Read the information carefully and call your plan if you have questions.

6

Your Medicare Drug Plan Rights and Appeals

What can I do if I have a complaint about my plan?

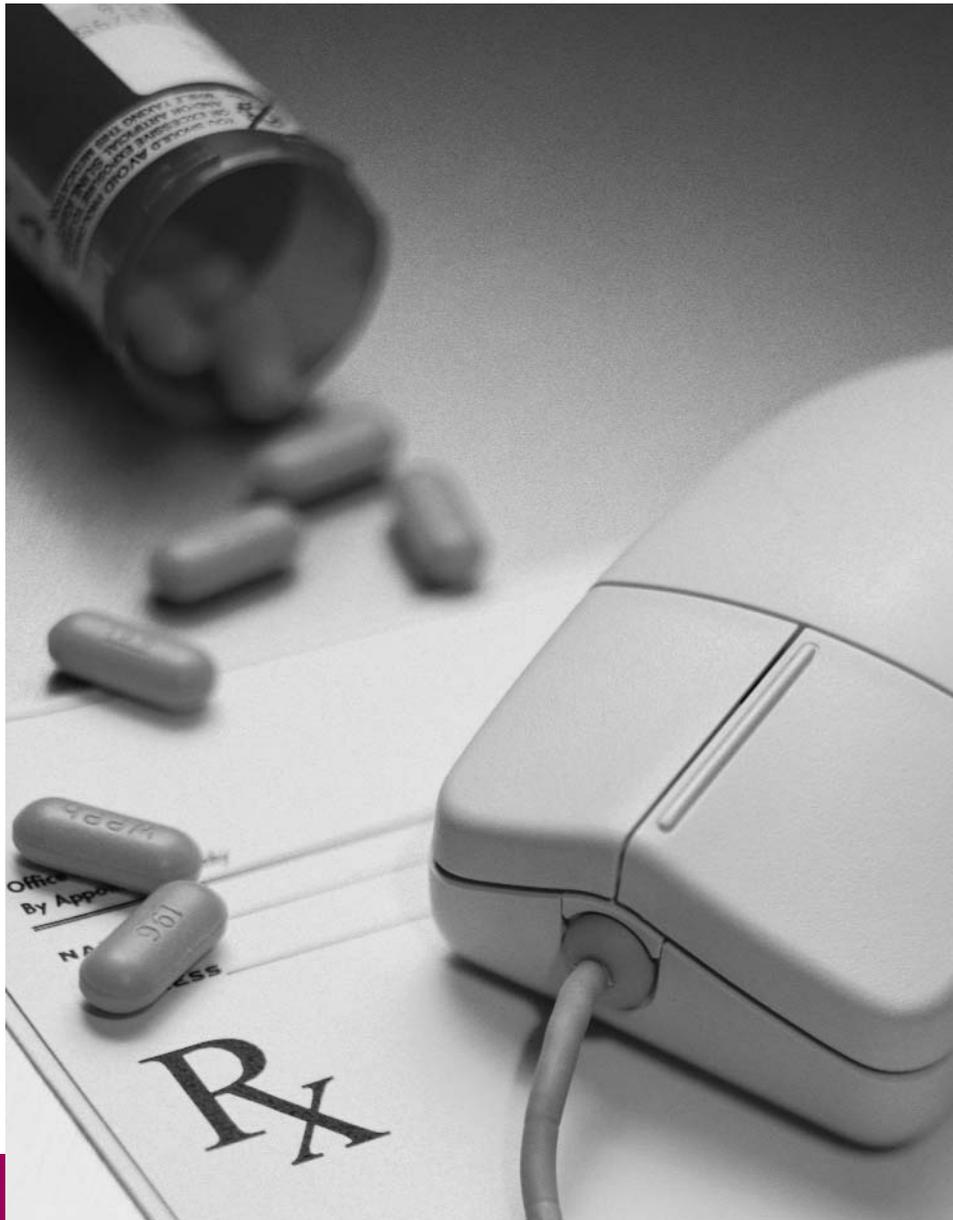
If you have a complaint about your Medicare drug plan, you have the right to file a complaint with the plan. You should file your complaint within 60 days of the event that led to your complaint. Some examples of why you might file a complaint include the following:

- You believe your plan's customer service hours of operation should be different.
- You have to wait too long for your prescription.
- The pharmacy is charging you more than it is supposed to.*
- The company offering your plan is sending you materials not related to the drug plan that you didn't ask to get.
- The plan doesn't make a decision about a **coverage determination** or first-level appeal within the required time frame.
- You disagree with the plan's decision not to grant your request for an expedited coverage determination or first-level appeal.

Words in red are defined on pages 70–72.

* If you think you were charged too much for a prescription, call the company offering your plan to get the most up-to-date price.

If the plan doesn't take care of your complaint, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.



Tip: The SHIP in your state can provide you with free personalized counseling on your prescription drug coverage choices.

For More Information

For more information about Medicare prescription drug coverage,

- read the “**Medicare & You 2006**” **handbook** mailed to you. It has drug plan information in it, including which plans are available in your area.
- visit **www.medicare.gov** on the web and use the **Medicare Prescription Drug Plan Finder** tool. All you need is your Medicare card that has your Medicare number and Medicare effective date (Part A or Part B), date of birth, last name, and ZIP code to get personalized drug plan information. To get general 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.
- call **1-800-MEDICARE** (1-800-633-4227). TTY users should call 1-877-486-2048.

At Medicare, we are always working to improve our service to you. The 1-800-MEDICARE helpline has replaced the touch-tone system with a speech-automated system to make it easier for you to get the information you need 24 hours a day, including weekends.

The system will ask you questions that you answer with your voice to direct your call automatically. Remember to speak clearly, call from a quiet area, and have your red, white, and blue Medicare card in front of you.

You can get to the right customer service representative faster if you use the chart below to direct your call. If you need help at any time, you can always say “Agent.”

If you are calling about...	Just say...
Medicare Prescription Drug Coverage	“Drug Coverage”
Medicare Prescription Drug Enrollment Status	“Status”
General Information on Medicare Prescription Drugs	“Information”
Ordering Medicare Publications	“Publications”

- attend **Medicare-related events** in your community. Look for information about events in your local newspaper or listen for more information on the radio.

For more information about your current drug coverage, contact your benefits administrator, insurer, or plan provider.

For more information about applying for extra help with your Medicare drug plan costs, call Social Security at 1-800-772-1213 or visit www.socialsecurity.gov on the web.

For free personalized counseling on your prescription drug coverage choices, contact your **State Health Insurance Assistance Program (SHIP)**. To find the telephone number for your state’s SHIP, see the list on page 69.

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For More Information

Important Dates to Remember

May–August 2005—The Social Security Administration (SSA) sent applications for extra help in the mail to people with limited income and resources.

July 2005—Application for extra help is available at www.socialsecurity.gov on the web. SSA begins processing applications for extra help.

October 2005—Watch the mail for your “Medicare & You 2006” handbook, and visit the Medicare Prescription Drug Plan Finder tool at www.medicare.gov to find the specific drug plans available in your area.

November 15, 2005—This is the date everyone with Medicare can first join a Medicare drug plan.

January 1, 2006—Medicare prescription drug coverage starts for

- 1) all people who have both Medicare and full Medicaid coverage. Medicare will enroll you in a plan if you haven’t enrolled by December 31, 2005. If another Medicare drug plan in your area better meets your needs, you can switch to a different plan at any time.
- 2) anyone who enrolled in a Medicare drug plan by December 31, 2005. If you enroll after December 31, 2005, but before May 15, 2006, your coverage starts the first of the month after the month you enroll.

May 15, 2006—In most cases, this is your last chance to enroll to avoid paying a penalty.

If you haven’t enrolled yet, Medicare will enroll you in a Medicare drug plan if you

- 1) get help from Medicaid paying your Medicare premiums (belong to a Medicare Savings Program), or
- 2) get Supplemental Security Income (SSI) benefits, or
- 3) apply and qualify for extra help paying Medicare prescription drug costs.

Your coverage begins June 1, 2006. However, if another Medicare drug plan in your area better meets your needs, you can switch plans at any time (see #1 above) or once before December 31, 2006 (see #2 and #3 above).

November 15 and December 31, 2006 and after—In most cases, you will only be able to join between November 15 and December 31 of any year for coverage that starts January 1 of the next year.

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For More Information

This page has been intentionally left blank. It contains phone number information. For the most recent phone number information, please visit the [Helpful Contacts](#) section of our web site. Thank you.

7

For More Information

Words to Know

Coinsurance—The amount you may be required to pay for services after you pay any plan deductibles. In a Medicare Prescription Drug Plan, the coinsurance will vary depending on how much you have spent.

Copayment—In some Medicare plans, the amount you pay for each medical service, like a doctor's visit, or for each prescription. A copayment is usually a set amount you pay for a service. For example, this could be \$10 or \$20 for a doctor's visit or prescription. Copayments are also used for some hospital outpatient services in the Original Medicare Plan.

Coverage Determination—A decision from your Medicare drug plan about whether a drug prescribed for you is covered by the plan and the amount, if any, you are required to pay for the prescription. In general, if you bring your prescription to a pharmacy and the pharmacy tells you the prescription isn't covered under your plan, that isn't a coverage determination. You need to call or write to your plan to ask for a formal decision about the coverage if you disagree.

Creditable Prescription Drug Coverage—Prescription drug coverage (like from an employer or union), that pays out, on average, as much as or more than Medicare's standard prescription drug coverage.

Deductible—The amount you must pay for health care before Medicare begins to pay, either for each benefit period for Part A, or each year for Part B and Medicare prescription drug coverage. These amounts can change every year.

Drug List—A list of drugs covered by a plan. This list is also called a formulary.

Health Maintenance Organization Plan (HMO)—A type of Medicare Advantage Plan that is available in some areas of the country. Plans must cover all Medicare Part A and Part B health care. Some HMOs cover extra benefits, like extra days in the hospital. In most HMOs, you can only go to doctors, specialists, or hospitals on the plan's list except in an emergency. Your costs may be lower than in the Original Medicare Plan.

Institution—A facility that meets Medicare's definition of a long-term care facility, such as a nursing home or skilled nursing facility. It doesn't include assisted or adult living facilities, or residential homes.

7

For More Information

Medicaid—A joint Federal and State program that helps with medical costs for some people with low incomes and limited resources. Medicaid programs vary from state to state, but most health care costs are covered if you qualify for both Medicare and Medicaid.

Medically Necessary—Services or supplies that

- are proper and needed for the diagnosis or treatment of your medical condition,
- are provided for the diagnosis, direct care, and treatment of your medical condition,
- meet the standards of good medical practice in the local area, and
- aren't mainly for the convenience of you or your doctor.

Medicare Advantage Plan—A plan offered by a private company that contracts with Medicare to provide you with all your Medicare Part A and Part B benefits. In most cases, Medicare Advantage Plans also offer Medicare prescription drug coverage. A Medicare Advantage Plan can be an HMO, PPO, or a Private Fee-for-Service Plan.

Medicare Cost Plan—Medicare Cost Plans are a type of HMO. In a Medicare Cost Plan, if you get services outside of the plan's network without a referral, your Medicare-covered services will be paid for under the Original Medicare Plan, except for emergency services, or urgently needed services outside the service area.

Medicare Drug Plan—A term used to refer to both types of plans that provide Medicare prescription drug coverage: Medicare Prescription Drug Plans and Medicare Advantage Plans or other Medicare Health Plans that include prescription drug coverage.

Medicare Health Plan—A Medicare Advantage Plan (such as an HMO, PPO, or Private Fee-for-Service Plan) or other plan such as a Medicare Cost Plan. Everyone who has Medicare Part A and Part B is eligible for a plan in their area, except those who have End-Stage Renal Disease (unless certain exceptions apply).

Medicare Prescription Drug Plan—A stand-alone drug plan, offered by insurance and other private companies to add prescription drug coverage to the Original Medicare Plan, Medicare Private Fee-for-Service Plans that don't have prescription drug coverage, and Medicare Cost Plans.

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For More Information

Medicare Private Fee-for-Service (PFFS) Plan—A type of Medicare Advantage Plan in which you may go to any Medicare-approved doctor or hospital that accepts the plan’s payment. The insurance plan, rather than the Medicare Program, decides how much it will pay and what you pay for the services you get. You may pay more or less for Medicare-covered benefits. You may have extra benefits the Original Medicare Plan doesn’t cover.

Medigap Policy—A Medicare supplement insurance policy sold by private insurance companies to fill “gaps” in the Original Medicare Plan. Except in Massachusetts, Minnesota, and Wisconsin, there are 12 standardized plans labeled Plan A through Plan L. Medigap policies only work with the Original Medicare Plan.

Original Medicare Plan—A pay-per-visit health plan that lets you go to any doctor, hospital, or other health care supplier who accepts Medicare and is accepting new Medicare patients. You must pay the deductible. Medicare pays its share of the Medicare-approved amount, and you pay your share (coinsurance). In some cases you may be charged more than the Medicare-approved amount. The Original Medicare Plan has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance).

Penalty—An amount added to your monthly premium for a Medicare drug plan, if you don’t join when you’re first able. You pay this higher amount as long as you have a Medicare drug plan. There are some exceptions.

Preferred Provider Organization Plan (PPO)—A type of Medicare Advantage Plan in which you pay less if you use doctors, hospitals, and providers that belong to the network. You can use doctors, hospitals, and providers outside of the network for an additional cost.

Premium—The periodic payment to Medicare, an insurance company, or a health care plan for health care or prescription drug coverage.

State Health Insurance Assistance Program (SHIP)—A state program that gets money from the Federal government to give free local health insurance counseling to people with Medicare.

State Pharmacy Assistance Program (SPAP)—A state program that provides drug coverage to citizens based on their income. These programs are run by the states and don’t get money from the Federal government.

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