

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 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 the most of your Medicare

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, and convenience, to give you 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 three 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 depend on your current coverage.
- 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 Medicare prescription drug coverage. Generally, you can join when you are first eligible for Medicare, or from November 15–December 31 each year.

If you already enrolled in a Medicare drug plan, November 15–December 31 is the one chance each year most people with Medicare have to make a change in their drug plans. You should review your drug plan options to help you decide if the cost, coverage, and customer service of your plan will meet your needs.

Medicare Prescription Drug Coverage Basics

All people with Medicare can get help paying for their prescriptions.

Medicare prescription drug coverage is available to people with Medicare. You can choose coverage for this important health need, and Medicare helps pay for it. Medicare prescription drug coverage helps 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 when you are first eligible means you will pay a lower monthly premium since you may have to pay a **penalty** if you join later.

Words in **red** are defined on pages 67–70.

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

- **Medicare Prescription Drug Plans** add coverage to the **Original Medicare Plan**, some **Medicare Private Fee-for-Service (PFFS) Plans** that don't offer Medicare prescription drug coverage, some **Medicare Cost Plans**, and **Medicare Medical Savings Account Plans**.
- Most **Medicare Advantage Plans** (like an HMO or PPO) and other Medicare health plans include coverage for prescription drugs. You generally get all of your health care and Medicare prescription drug coverage through these 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.

1

Medicare Prescription Drug Coverage Basics

Extra help is available 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. More details are in Section 3, but here are the basics.

People with Medicare with yearly income below \$15,315 (\$20,535 for a married couple living together) and resources up to \$11,710 (\$23,410 for a married couple living together) may qualify for extra help. These income and resources amounts are for 2007 and may increase each year. 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, in some cases, if you work.

If you qualify, you will get help paying for your drug plan's monthly premium, and/or 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.

If you think you qualify for extra help, call Social Security at 1-800-772-1213, visit www.socialsecurity.gov on the web, or contact your State Medical Assistance (Medicaid) office to apply.

Note: The U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Commonwealth of Northern Mariana Islands provide help for their residents with their Medicare drug costs. In general, this help is for residents in these areas who qualify for Medicaid. The help isn't 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

Medicare Prescription Drug Coverage Basics

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, the Indian Health Service, 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, free clinics, or drug discount websites.

Details about how Medicare prescription drug coverage may affect your current coverage are in Section 4. Read this information to help you decide whether to join a Medicare drug plan.

1

Medicare Prescription Drug Coverage Basics

You can choose the Medicare drug plan you want.

Words in red are defined on pages 67–70.

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

All Medicare drug plans must provide at least the standard level of coverage. However, plans can offer different combinations of coverage and cost sharing.

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

If you don't join a Medicare drug plan 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 (called **creditable prescription drug coverage**), you will have to pay a **penalty** if you join later. You will pay the penalty in addition to your premium each month for as long as you have a Medicare drug plan.

Help is available.

If you need help comparing plans or joining one,

- visit www.medicare.gov on the web and get personalized information. The Medicare Prescription Drug Plan Finder tool can help you find which plans in your area cover your prescriptions and which pharmacies you can use to fill prescriptions.
- call your **State Health Insurance Assistance Program** (SHIP) for free personalized health insurance counseling. See page 66 for your state's SHIP telephone number.
- call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.



Tip: Even if you don't use a lot of prescription drugs now, joining a Medicare drug plan helps make sure you have coverage for your future needs.

How Medicare Prescription Drug Coverage Works

Medicare drug plans vary based on which drugs are covered, what your out-of-pocket costs will be, and which pharmacies you can use. The drug plan you choose affects these things, and your peace of mind now and in the future.

- **Coverage**

Medicare drug plans cover generic and brand-name drugs. All plans must cover the same categories of drugs, but plans can choose what specific drugs are covered in each drug category. Check to see which plans cover your prescription drugs.

- **Cost**

Monthly premiums and your share of the cost of your prescriptions 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. As we age, most people need prescription drugs to stay healthy.

What Medicare drug plans are available in my area?

You can get information about the specific drug plans in your area 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. See Section 5 for information on how to compare plans and join one that meets your needs.

Companies offering new Medicare drug plans for 2008 can begin marketing their plans on October 1, 2007. Companies are allowed to mail you information and to call you, but plans must comply with the Do Not Call law. They aren't allowed to sell plans door-to-door unless you invite them to your home to help you. Remember to keep your personal information safe (see page 60).

2

How Medicare Prescription Drug Coverage Works

How much will my drug coverage cost?

Your costs will vary depending on which drugs you use, which Medicare drug plan you join, and whether you get extra help paying for your drug costs. Check the Medicare drug plans in your area to compare their costs. All Medicare drug plans offer at least the standard level of coverage for 2007 described on the next page. Medicare drug plans may design their plans differently, as long as what their plan offers is at least as good as the standard coverage described.

Payments you may make in a Medicare drug plan include the following:

- **Monthly premium**—Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. Some drug plans charge no premium.
- **Yearly deductible**—This is the amount you pay for your prescriptions before your plan begins to pay. Some plans charge no deductible.
- **Copayments or coinsurance**—Amounts you pay for your prescriptions after the deductible. You pay your share and your plan pays its share for covered drugs.
- **Coverage gap**—Some Medicare drug plans have a coverage gap. This means that after you have spent a certain amount of money for covered drugs, you have to pay all costs for your drugs while you are in the coverage gap. This amount doesn't include your plan's monthly premium. You must continue to pay that even while you are in the coverage gap. The most you have to pay out-of-pocket in the coverage gap is \$3,051.25 (in 2007). Each state offers at least one plan with some type of coverage during the gap.
- **Catastrophic coverage**—Once you have reached your plan's out-of-pocket limit, you will have "catastrophic coverage." This means that you only pay a coinsurance amount (like 5% of the drug cost) or a copayment (like \$2.15 or \$5.35 for each prescription) for the rest of the calendar year.

Note: If you get extra help paying your drug costs, some or all of your monthly premium may be covered, and you won't have a coverage gap. However, you will probably have to pay a small copayment or coinsurance amount for each prescription.

To find the actual costs of the Medicare Prescription Drug Plans and the Medicare Advantage Plans in your area, visit www.medicare.gov on the web. Under "Search Tools," select "Compare Medicare Prescription Drug Plans." Or, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

2

How Medicare Prescription Drug Coverage Works

The example below shows calendar year costs for covered drugs in a plan that meets Medicare’s standards in 2007:

Mr. Jones joins the ABC Prescription Drug Plan. His coverage begins on January 1, 2007. He pays the plan a monthly premium throughout the year, even during his coverage gap. He doesn’t get extra help.

1. Yearly Deductible	2. Copayment/ Coinsurance	3. Coverage Gap	4. Catastrophic Coverage
<p>Mr. Jones pays the first \$265 of his drug costs.</p>	<p>Mr. Jones pays a copayment or coinsurance amount, and his plan pays its share for each drug until his total drug costs (including his deductible) reach \$2,400.</p>	<p>Mr. Jones pays everything until he has spent \$3,850 out-of-pocket. This amount includes his yearly deductible, coinsurance and copays, and what he pays while in the coverage gap. This doesn’t include the drug plan’s premium.</p>	<p>Once Mr. Jones has spent \$3,850 out-of-pocket for the year, his coverage gap ends. He only pays a small coinsurance (like 5%) or a small copayment (like \$2.15 or \$5.35) for each prescription until the end of the year.</p>

Words in red are defined on pages 67–70.

Some plans may be designed so that the deductible is lower. Other plans may charge **copayments** or set amounts instead of the **coinsurance**. Having this variety of plans to choose from gives you the chance to pick a plan that meets your unique needs. Choosing a plan that fits your situation allows you to get the coverage you want at the best price possible.

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 premiums:

- You can give permission to the company that offers the Medicare drug plan to have your premiums automatically deducted from a savings or checking account, or charged to a credit or debit card; or
- You can have your drug plan send you a bill each month; or
- You can have your premium deducted every month from your Social Security benefits, if your monthly payment is enough to cover your premium deduction.

If you choose to get your Medicare prescription drug coverage as part of a **Medicare Advantage Plan** or a **Medicare Cost Plan** that offers prescription drug coverage, the monthly premium you pay to the plan may include an amount for prescription drug coverage.

Words in red are defined on pages 67–70.

If you qualify for extra help, some or all of your drug plan premiums may be covered. Medicare will pay the full cost for you in some cases. For more information, see pages 23–32.

When can I join a drug plan?

You can join a Medicare drug plan

- when you first become eligible for Medicare. You can join starting three months before the month you turn age 65, through 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. Generally, if you are disabled, you can join three months before and three months after your 25th month of disability benefits.
- each year from November 15–December 31. If you join during this time, your coverage is effective January 1 of the following year.

Note: In limited situations, you may be able to join or change plans at other times.

2

How Medicare Prescription Drug Coverage Works

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

In most cases, you will pay a **penalty** if you

- don't join when you are first eligible for Medicare, **and**
- don't have **creditable prescription drug coverage** (other prescription drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage).

After you are first eligible for Medicare, generally you can only join or leave a Medicare drug plan from November 15–December 31 of each year unless you have certain, limited circumstances (see page 21).

How much will my penalty be?

To estimate your penalty, take 1% of the national average benchmark premium for the coverage year. The national average benchmark premium for 2007 is \$27.35. Multiply it by the number of full months that you were eligible to join a Medicare drug plan and weren't enrolled in one. The answer is your penalty amount. It is added to the monthly premium of whichever Medicare drug plan you join, for as long as you have a plan. Your penalty is recalculated each year that there is a change in the national average premium. If you have to pay a penalty, the Medicare drug plan you join will tell you the amount you must pay.

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. You generally can't join a Medicare Advantage Plan. However, if you are already in a Medicare Advantage Plan, you can stay in it or join another plan offered by the same company in the same state that includes Medicare drug coverage. If you've had a successful kidney transplant, you may be able to join a Medicare Advantage Plan.

If you have ESRD and are in a Medicare Advantage 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. 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 at a later date as long as the plan is accepting new members. While you are in the Original Medicare Plan, you can also join a Medicare Prescription Drug Plan.

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.

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. TTY users should call 1-877-486-2048.

How do I join a plan?

Choose the Medicare drug plan you would like to join. Contact the company that offers the plan you want to join, and ask how to join the plan. Depending on the company, you may be able to join by calling, by mailing or faxing the completed enrollment form to the company or by providing your information through the company's website, using a computer. You may also be able to join through the Medicare Prescription Drug Plan Finder tool at www.medicare.gov on the web.

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.

2

How Medicare Prescription Drug Coverage Works

What information do I need to join a Medicare drug plan?

You will need the following information to complete your enrollment in a Medicare drug plan:

- Information about you (name, birth date)
- Permanent street address
- Information found on your Medicare card (Medicare Claim Number)
- How you want to pay your plan premiums
- Other insurance information

You may be asked for the following information when you join a Medicare drug plan, but it is optional and isn't required to process your enrollment:

- Social Security number
- E-mail address
- Name and contact information of an emergency contact
- Name, address, and phone number of nursing home or institution you may live in

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

When you join a Medicare Prescription Drug Plan that works with the Original Medicare 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 health plan (like an HMO or PPO), you may or may not get a new card.

2

How Medicare Prescription Drug Coverage Works

What if I need to fill a prescription before I get a membership card?

If you need to fill a prescription and you haven't received a membership card yet, call the plan you joined for help.

You can take any of the following to the pharmacy as proof of membership in your Medicare drug plan:

- An acknowledgement or confirmation letter from the plan.
- A welcome letter from the plan.
- An enrollment confirmation number that you got from the plan, and the name and telephone number of the plan.

If you don't have any of the above, and your pharmacist can't get your drug plan information any other way, you may have to pay out-of-pocket for your prescriptions. If you do, save the receipts and contact your plan to get reimbursed.

Enroll early in the month. This gives the Medicare drug plan time to mail you important information, like your membership card, before your coverage becomes effective. This way, even if you go to the pharmacy on your first day of coverage, you can get your prescriptions filled without delay.

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 the pharmacy you use is on the plan's list. You can call the plan, your pharmacy, 1-800-MEDICARE, or visit www.medicare.gov to see if your pharmacy works with the plan you want to join.

Once you join a Medicare drug plan, the company will send you a pharmacy provider directory. Generally, 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.

2

How Medicare Prescription Drug Coverage Works

What drugs are covered by Medicare drug plans?

The drugs each plan covers vary, so we can't include one list in this booklet that would be true for all plans. 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 67–70.

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

Drug Lists (Formularies)

Each Medicare drug plan has a list of prescription drugs that it covers. 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.

Certain drugs aren't included in standard Medicare prescription drug coverage. These are benzodiazepines, barbiturates, drugs for weight loss or gain, drugs for erectile dysfunction, and drugs for relief of colds. Some plans may choose to cover these drugs as an added benefit.

All Medicare drug plans have negotiated to get lower prices for the drugs they cover. This means using drugs on your plan's list will generally save you money. Using generics can also save you money.

2

How Medicare Prescription Drug Coverage Works

Drug Lists (Formularies) (continued)

The drug lists must include a range of drugs in each prescribed category. 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” on their lists, which cost different amounts. Each plan can divide its tiers in different ways. Here is an example of how a plan might divide its tiers. A drug in a lower tier will cost you less than a higher tier.

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. If your plan makes any of these changes that affect a drug you take, in most cases, the change won't apply to you through the end of the coverage year.

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.

Because many drug makers usually compete to make generic drugs, their costs are 70% lower (on average) than brand-name drug costs. Generic drugs are thoroughly tested and must be approved by the FDA. Today, almost half of all prescriptions are filled with generic drugs.

Tip: A plan isn't required to tell you in advance if it makes a change that lowers your costs or if it removes a drug from its drug list because the FDA takes a drug off the market for safety reasons.

2

How Medicare Prescription Drug Coverage Works

Prior Authorization

Plans may have drugs that require prior authorization. Prior authorization means before the plan will cover a particular drug your doctor must first show the plan that there is a medically-necessary reason why you must use that particular drug. 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 a certain less expensive drug on the plan's list that has been proven effective for most people with your condition, before you can move up a "step" to a more expensive drug. 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.

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 still have side effects or limited improvement, you go to Step 3.

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

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 more expensive 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.

Words in red are defined on pages 67–70.

2

How Medicare Prescription Drug Coverage Works

Quantity Limits

For safety and cost reasons, plans may limit the amount of drugs that they cover over a certain period of time. For example, most people who are prescribed Nexium® should take only 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). The plan wouldn't cover a refill until at least 30 days have passed.

If your doctor believes that because of your medical condition a quantity limit isn't medically appropriate for you, you or your doctor can contact the plan to request an exception. If the request is approved, the quantity limit won't apply to your drug.

What if I'm taking a drug that isn't on my plan's drug list or a step-therapy drug when my drug plan coverage takes effect?

Your drug plan will generally provide a one-time supply of your current drug. During your first 90 days in a plan, Medicare requires Medicare drug plans to give new plan enrollees and their doctors 30 days to find another drug on the plan's drug list that would work as well as the current drug. Different rules may apply if you move into an institution (like a nursing home). However, if you have already tried similar drugs and they didn't work, or if your doctor determines that because of your medical condition it is necessary for you to take a certain drug, he or she can contact your plan to request an **exception**. If your doctor's request is approved, the plan will cover the drug. If the exception isn't approved, you can appeal. For more information, see pages 61–62.

What if I join 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 current **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.

Words in red are defined on pages 67–70.

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 or your doctor can ask the plan for an exception.

If your plan still won't cover a specific drug you need, you can appeal. If you want to get the drug before your appeal is decided, you may have to pay for the prescription. If you win the appeal, the plan will pay you back.

2

How Medicare Prescription Drug Coverage Works

Can I switch Medicare drug plans?

Yes. If you currently have Medicare prescription drug coverage, you should review your coverage each year in the fall. If you are happy with your coverage, and your Medicare drug plan is still offered in your area, you don't have to do anything for your coverage to continue for another year. You might want to switch Medicare drug plans if another plan better meets your needs.

You can generally only switch plans from November 15—December 31 each year. Coverage under the new plan will begin January 1 of the following year. Join as soon as possible—the sooner the better—to avoid any inconvenience at the pharmacy counter in January. Once you enroll, you are generally enrolled for a calendar year.

In certain limited circumstances, you may have an opportunity to switch to another Medicare drug plan. For example, you may be able to switch more often if you have both Medicare and Medicaid; if you permanently move out of your drug plan's service area; or if you enter, live in, or leave a nursing home.

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: If you have limited income and resources, apply for extra help with drug plan costs.

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, deductible and copayments. The amount of extra help you get is based on your income and resources. You have to join a Medicare drug plan to get extra help paying your drug costs.

Note: The U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Commonwealth of Northern Mariana Islands provide help for their residents with their Medicare drug costs. In general, this help is for residents in these areas who qualify for Medicaid. The help isn't 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

1. You automatically qualify for extra help and don't need to apply if

- you have full coverage from a state **Medicaid** program. Medicaid no longer pays for most prescription drugs for people with Medicare. If you don't join a plan on your own, Medicare will enroll you in a plan so you don't miss a day of drug coverage. You can drop or switch drug plans at any time.
- you get help from Medicaid paying your Medicare premiums (belong to a Medicare Savings Program). If you don't join a plan on your own, Medicare will enroll you in a plan so you get help paying for your prescription drugs. You can drop or switch plans at any time.
- you get Supplemental Security Income benefits. If you don't join a plan on your own, Medicare will enroll you in a plan so you get help paying for your prescription drugs. If Medicare enrolls you, then you can switch plans at least once before the end of the calendar year.

Medicare mails letters to people who automatically qualify for extra help.

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 \$3,850**)	Your cost per prescription at the pharmacy (after \$3,850**)
full Medicaid coverage and for each full month you live in an institution, like a nursing home	\$0	\$0	\$0	\$0
full Medicaid coverage and have a yearly income at or below \$10,210–single \$13,690–married	\$0	\$0	no more than \$1 for generic and certain preferred drugs; no more than \$3.10 for brand-name drugs	\$0
full Medicaid coverage and have a yearly income above \$10,210–single \$13,690–married	\$0	\$0	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs	\$0
get help from Medicaid paying your Medicare premiums	\$0	\$0	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs	\$0
get Supplemental Security Income (SSI) but not Medicaid	\$0	\$0	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs	\$0

Notes: *There are plans you can join and pay no premium. There are other plans where you will have to pay part of the premium even when you qualify for extra help. Tell your plan you qualify for extra help and ask how much you will pay for your monthly premium.

** Your cost per prescription generally decreases once the amount you pay and Medicare pays as the extra help reach \$3,850 per year.

The income levels and resources listed are for 2007 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. Cost sharing amounts listed are for 2007 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 \$3,850**)	Your cost per prescription at the pharmacy (after \$3,850**)
a yearly income below \$13,783–single \$18,481–married with resources of no more than \$7,620–single \$12,190–married	\$0	\$0	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs	\$0
a yearly income below \$13,783–single \$18,481–married with resources between \$7,620 and \$11,710–single \$12,190 and \$23,410–married	\$0	\$53	up to 15% of the cost of each prescription	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs
a yearly income between \$13,783 and \$14,294–single \$18,481 and \$19,166–married with resources up to \$11,710–single \$23,410–married	25%	\$53	up to 15% of the cost of each prescription	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs
a yearly income between \$14,294 and \$14,804–single \$19,166 and \$19,850–married with resources up to \$11,710–single \$23,410–married	50%	\$53	up to 15% of the cost of each prescription	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 for brand-name drugs
a yearly income between \$14,804 and \$15,315–single \$19,850 and \$20,535–married with resources up to \$11,710–single \$23,410–married	75%	\$53	up to 15% of the cost of each prescription	no more than \$2.15 for generic and certain preferred drugs; no more than \$5.35 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)

2. You may apply and qualify

If you think you may qualify, call Social Security at 1-800-772-1213, visit www.socialsecurity.gov on the web, or apply at your State Medical Assistance (Medicaid) office. There is no risk or cost to apply. Remember, even if you qualify, you still need to enroll in a Medicare drug plan to get the extra help.

The charts on the previous pages show what you would pay with extra help from Medicare based on your income and resources.

If you apply and qualify for extra help

Medicare will enroll you in a Medicare drug plan if you don't join one on your own to make sure you get help paying for your prescription drug costs. If the plan Medicare enrolls you in doesn't meet your needs, you can switch plans at least once before the end of the calendar year. Generally, your next chance to switch is from November 15–December 31 each year.

Even if you have prescription drug coverage now, you should still consider applying for extra help. Check your current coverage to see how Medicare drug coverage with extra help will work with your current coverage.

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.

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 incomes 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 income and resources are counted.

What income counts?

Income is any cash, goods, or services that can be used to meet your needs for food or shelter. The chart below provides examples of income that is and isn't counted by Social Security 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?

Social Security or your state must count your resources to decide if you qualify for extra help. Your resources include cash and other things that you normally can convert to cash within 20 workdays. The chart below provides examples of resources that are and aren't 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 deposits 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, Social Security 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, Social Security will send you a letter or call you asking for the missing information. Once Social Security or your state makes a decision about your application, you will get a letter in the mail telling you if you qualify, how much extra help you will get if you qualify, 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, 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 these changes could cause the amount of your extra help to increase, decrease, or end.

If you applied with Social Security and qualified for extra help, you should notify Social Security 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 circumstances to your state.

3

Help With Your Medicare Drug Plan Costs

What if my application for extra help is denied?

You have the right to appeal the decision. If you applied with Social Security, they will give you a hearing by telephone unless you choose a case review. Either way, Social Security will review those parts of the decision which you believe are wrong and will look at any new facts you provide. Social Security may also review those parts which you believe are correct. The person who will decide your case will be someone who was not involved in the first decision.

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

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 Social Security denying your application. Social Security 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 Social Security 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 “Use your ZIP code to find our office.”

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

3

Help With Your Medicare Drug Plan Costs

What if I 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** (some plans have no deductible), and a share of the cost of your prescriptions.

Words in red are defined on pages 67–70.

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



Tip: Compare Medicare drug plans to find one that meets your needs. Help is available.

Your Prescription Drug Coverage Choices

Everyone with Medicare has a decision to make about prescription drug coverage. If you are new to Medicare and have prescription drug coverage now, you have new choices to consider. If you aren't new to Medicare, you have the opportunity to review your options for drug coverage and join or switch Medicare drug plans from November 15–December 31 each year. **The prescription drug plan you choose affects coverage, cost, and convenience to give you peace of mind now and in the future.**

Find the information that fits your current health insurance coverage situation in the list on page 35. Read what you need to know about the choices you have with Medicare prescription drug coverage. You may fit into more than one type of coverage listed.

Help with prescription drug coverage decisions

Tip: Prescription drug coverage is insurance. It's NOT doctor samples, discount cards, free clinics, or drug discount websites.

If you need help with your Medicare prescription drug coverage decisions, call your State Health Insurance Assistance Program (SHIP). See page 66 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.

Medicare is working with other government representatives, community and faith-based groups, employers and unions, doctors, pharmacies and other people and organizations 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 23–32).

4

Your Prescription Drug Coverage Choices

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

Words in red are defined on pages 67–70.

Before you make a decision, you need to answer the following questions:

- If you have drug coverage now, is it **creditable prescription drug coverage** (does it cover at least as much as Medicare prescription drug coverage)? (Your current plan can tell you.)
- If you have drug coverage now, should you keep it?
- How would Medicare prescription drug coverage or a particular Medicare drug plan affect your out-of-pocket costs?
- If you wait to join a Medicare drug plan, would your premium be higher later because you will have to pay a penalty? Would your coverage start when you wanted it to?
- Does a Medicare drug plan in your area cover the drugs you take?
- Can you get extra help paying for your prescription drug costs if you join a Medicare drug plan?
- Is there a particular pharmacy you want to use?
- 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

Find your personal situation below, and turn to those pages.

Type of Current Health Insurance Coverage	Page
Original Medicare Plan	
I have only Part A and/or Part B and no drug coverage	36
I have a Medigap (Medicare Supplement Insurance) policy without prescription drug coverage	36
I have a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage	37–38
Employer Coverage and Union Coverage, including Military	
I get drug coverage through a current or former employer or union . . .	39–40
I have a Federal Employee Health Benefits plan	41
I have TRICARE or Department of Veterans Affairs (VA) benefits that include drug coverage	42
Medicare health plans (like an HMO or PPO)	
I have a Medicare health plan without prescription drug coverage	43
I have a Medicare health plan with prescription drug coverage	44
Medicaid and other State or Federal Programs	
I have Medicaid	45
I get Supplemental Security Income (SSI) benefits or help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program) . . .	46
I live in a nursing home or other institution	47
I get benefits through Programs of All-inclusive Care for the Elderly (PACE)	48
I get help from my State Pharmacy Assistance Program (SPAP)	49
I get medical care from the Indian Health Service, Tribe or Tribal Health Organization, or Urban Indian Health Program	50

4

Your Prescription Drug Coverage Choices

Words in red are defined on pages 67–70.

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) and live in a plan service area, 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” handbook, visit www.medicare.gov, or call 1-800-MEDICARE (1-800-633-4227) for a list of **Medicare Prescription Drug Plans** in your area.

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.
- You can join a **Medicare Advantage Plan** in your area that includes prescription drug coverage, and get all your health care benefits and prescription drug coverage from the plan. If you join, your Medigap policy won't pay any deductibles, copayments, or other cost-sharing under your Medicare Advantage Plan. Therefore, you may want to drop your Medigap policy if you join a Medicare Advantage Plan. However, you might not be able to get the same Medigap policy back. In some cases, you might not be able to buy any policy if you leave the Medicare Advantage Plan. You have a legal right to keep the Medigap policy. Your rights to buy a Medigap policy may vary by state.

For information about your Medigap policy, contact your Medigap insurer.

4

Your Prescription Drug Coverage Choices

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

If you have a **Medigap** policy that includes drug coverage, your Medigap insurer sends you a detailed notice each fall 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 Advantage Plan** that includes prescription drug coverage. You will get all your health care coverage including prescription drug coverage from this plan, and you won't need a Medigap policy.
- You can keep your current Medigap policy with the prescription drug coverage included.

The information you get from your Medigap insurer will describe these choices in detail.

Note: No new Medigap policies with prescription drug coverage can be sold after January 1, 2006.

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

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 67–70.

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. They will 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 kept your Medigap prescription coverage, and didn't join a Medicare drug plan when you were first eligible, you will have to pay a penalty if you join later.
- Contact your Medigap insurer before you make any changes to your 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 helps employers and unions continue to offer high quality prescription drug coverage. 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 works 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) annually about how your drug coverage compares to Medicare prescription drug coverage (whether it is **creditable drug coverage**). Read all materials from your employer or union carefully. They will help you understand your options and make your decision much easier.

Here are some important questions to answer before making a decision:

- Is your employer or union drug coverage, creditable drug coverage (on average, at least as good as standard Medicare prescription drug coverage)? If not, you may have to pay a penalty if you don't join a Medicare drug plan when you are first eligible.
- Will joining 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?
- How do your out-of-pocket drug costs with your employer or union drug coverage compare to your out-of-pocket drug costs with a Medicare drug plan?
- If you qualify for extra help with your Medicare drug plan costs, how does this change how your costs compare?

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)

If your (or your spouse's) employer or union tells you 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.

Note: You should keep any materials your employer or union sends you that tell you your prescription drug coverage is creditable. You may need to provide it to your Medicare drug plan as proof of creditable prescription drug coverage if you decide to join later.

If your (or your spouse's) employer or union tells you that your current coverage, on average, is **NOT** at least as good as standard Medicare prescription drug coverage, and you want to join a Medicare drug plan, you must join when you are first eligible 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. Dropping your employer or union coverage may also affect coverage you have now for your dependents.

Find out about your options from your benefits administrator. You may be able to do one of the following:

- 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. If you join a Medicare drug plan later, you may have to pay a penalty.
- Drop your current coverage and join a Medicare Prescription Drug Plan, or join a Medicare health plan (like an HMO or PPO) that covers prescription drugs.

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, see how your costs compare with a Medicare drug plan and any extra help versus your FEHB plan prescription drug coverage.
- If you ever lose your FEHB coverage and need to join a Medicare drug plan, 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 www.opm.gov/insure/health on the web.

4

Your Prescription Drug Coverage Choices

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.
- If you qualify for extra help paying Medicare prescription drug costs, see how your costs compare with a Medicare drug plan and any extra help 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, 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 1-888-363-5433 or visit www.tricare.osd.mil on the web.

4

Your Prescription Drug Coverage Choices

I have a Medicare health plan (like an HMO or PPO) without prescription drug coverage

If you have a Medicare health plan (like an HMO or PPO) that doesn't include prescription drug coverage, you may want to consider other ways to get Medicare prescription drug coverage.

- Check with your current **Medicare Advantage Plan** to see if it offers a Medicare prescription drug option. If so, you can switch to that option.
- If your current plan doesn't offer Medicare prescription drug coverage, you can switch to another Medicare health plan in your area that offers it.
- If your current plan doesn'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** that doesn't offer Medicare prescription drug coverage or a **Medicare Cost Plan**, you can join a separate Medicare Prescription Drug Plan to add prescription drug coverage.

Words in red are defined on pages 67–70.

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

For more information about your choices, contact your plan.

4

Your Prescription Drug Coverage Choices

I have a Medicare health plan (like an HMO or PPO) with prescription drug coverage

If you have prescription drug coverage from a Medicare health plan (like an HMO or PPO), 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 67–70.

- If you are in a **Medicare Advantage Plan**, you will need to get your Medicare prescription drug coverage from your plan.
- If you are in a **Medicare Private Fee-for-Service (PFFS) 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 your PFFS Plan 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**, 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.

For more information about your choices, contact your plan.

4

Your Prescription Drug Coverage Choices

I have Medicare and Medicaid

Medicare helps pay for your prescription drugs instead of Medicaid. In limited cases, some state Medicaid programs pay for prescriptions not covered by Medicare. If you continue to be eligible for Medicaid, 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 (Medicaid) 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).

Because you have Medicaid, Medicare gives you extra help with your Medicare drug plan costs. You get it automatically when you join a Medicare drug plan. See pages 23–24 for information about your costs. If you live in an institution (like a nursing home), in most cases you pay nothing for your covered prescriptions.

If you haven't yet joined a Medicare drug plan, Medicare enrolls you in a drug plan to make sure you have drug coverage. Medicare sends you a notice letting you know what plan you are in and when your coverage begins. If you decide to switch to a different Medicare drug plan, you can do so each month 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.** 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 later.

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 get SSI or get help from Medicaid paying your Medicare Part A and/or Part B premiums (or were eligible for either in all or part of this year), you automatically qualify for extra help paying Medicare prescription drug coverage costs. Medicare sends you a letter letting you know that you automatically qualify.

Because you get SSI benefits or belong to a Medicare Savings Program, Medicare gives you extra help to pay your Medicare prescription drug coverage. You get it automatically when you join a Medicare drug plan. See pages 23–24 for more information about your costs.

You can choose a plan that meets your prescription drug needs.

If you don't join a Medicare drug plan on your own, Medicare will enroll you in a Medicare Prescription Drug Plan, to make sure you have coverage. Medicare sends you a notice letting you know when your coverage begins. You can switch to a different Medicare drug plan.

- If Medicare enrolls you in a plan, you can switch plans at least once before the end of that same calendar year and once each year from November 15–December 31, if you get SSI benefits.
- You can switch plans each month if you get help from Medicaid paying your Medicare premiums.

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.**

4

Your Prescription Drug Coverage Choices

I have Medicare and live in a nursing home or other institution

- If you move into, live in, or move out of a nursing home or other institution, you can choose to switch Medicare drug plans at that time.
- If you aren't able to enroll on your own, your authorized representative can enroll you in a plan that meets your needs.
- If you are in a skilled nursing facility getting Medicare-covered skilled nursing care, your prescriptions generally will be covered by Medicare Part A.

You will get your covered prescriptions from a long-term care pharmacy that works with your plan. This long-term care pharmacy usually contracts with or is owned and operated by your institution.

Medicare automatically enrolls 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 pay nothing for your covered prescriptions after Medicaid has paid for your stay for at least one full calendar month.

Note: Institutions don't include assisted living or adult living facilities or residential homes, or any kind of nursing home not identified by Medicare.

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Your Prescription Drug Coverage Choices

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

PACE combines medical, social, and long-term care services for frail people who live and get health care in the community. These programs are a joint Medicare and Medicaid option in some states.

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

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.

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

If you have Medicare only, you get all of your health care benefits, including prescription drug coverage, through your PACE plan. You pay a monthly premium that is reduced because it doesn't include prescription drugs. You will also pay a separate Medicare prescription drug premium to cover the cost of your prescription drugs.

If you don't have Medicaid coverage, you may still qualify for extra help paying for Medicare prescription drug coverage. If you think you may qualify, call 1-800-772-1213, visit www.socialsecurity.gov on the web, or go to your State Medical Assistance (Medicaid) office and fill out an application for extra help. For more information about this extra help, see pages 23–32.

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 67–70.

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. Depending on your state, the **State Pharmacy Assistance Program (SPAP)** will have different ways of providing you with help paying your prescription drug costs. Some SPAPs may require you to join a Medicare drug plan, and then they will cover the costs that Medicare doesn't cover.

If you belong to an SPAP, you don't have to wait until November 15–December 31 to join a Medicare drug plan. You have one additional opportunity each year to join a plan. You can join a Medicare drug plan

- for the first time,
- that works specifically with your SPAP, **or**
- to switch to a different plan from the one your SPAP enrolled you in.

You will get more information from your SPAP about how Medicare prescription drug coverage affects the help you currently get.

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

- Many Indian Health Service or tribal health facility pharmacies work with Medicare drug plans to provide you with the prescriptions you need. Joining a Medicare drug plan that works with your Indian health pharmacy benefits you and your community.
- If you get prescription drugs through an Indian health pharmacy, you pay nothing and your coverage won't be interrupted. Joining a Medicare drug plan is helpful to your Indian health provider because the drug plan must pay its share of your costs and your Indian health provider pays the rest.
- 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 get extra help paying for their prescription drug coverage. This is beneficial to Indian health providers who cover the cost of prescriptions for Indian patients. Check with your Indian health provider to see if applying for extra help is right for you.
- If you have full coverage from Medicaid and live in a nursing home, you pay nothing for your Medicare prescription drugs.

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



Tip: Before considering which Medicare drug plan to join, find your current health coverage situation on page 35, 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 54–55 to help you decide which plan meets your needs. You can join a plan without using the worksheets, but they 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.

Words in **red** are defined on pages 67–70.

Before you choose a Medicare drug plan, it is helpful to gather some information about yourself. You 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 need to find out whether it is **creditable prescription drug coverage** (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 them, 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” 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, use the Medicare Prescription Drug Finder tool at www.medicare.gov on the web to find the information below, or, call the companies that offer the plans and fill in information about these plans.

Plan Name:

Monthly Premium \$	Yearly Deductible \$	My drugs that are covered	Amount I'd pay for each drug	Could I use my pharmacy?	Is mail order available?
		1.	1. \$		
		2.	2. \$		
		3.	3. \$		

Plan Name:

Monthly Premium \$	Yearly Deductible \$	My drugs that are covered	Amount I'd pay for each drug	Could I use my pharmacy?	Is mail order available?
		1.	1. \$		
		2.	2. \$		
		3.	3. \$		

Plan Name:

Monthly Premium \$	Yearly Deductible \$	My drugs that are covered	Amount I'd pay for each drug	Could I use my pharmacy?	Is mail order available?
		1.	1. \$		
		2.	2. \$		
		3.	3. \$		

5

Steps to Choosing a Medicare Drug Plan

Refer to the worksheets on pages 54–55. Compare the Medicare drug plans based on the factors that are most important to you, depending on your situation and drug needs. You may want to ask yourself some of these questions:

Words in red are defined on pages 67–70.

- Which plan covers the prescriptions I take?
- 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)?
- Can I use the plan in addition to my current prescription drug coverage?
- Which plan allows me to use the pharmacy I want?
- Which plan allows me to get prescriptions through the mail?
- Which plan provides me with coverage in multiple states (if I need it)?
- Will I have to pay a penalty because I waited to join?
- Can my coverage start when I want it to?
- Is it likely that I'll need protection against unexpected drug costs in the future?
- Am I satisfied with my Medicare drug plan's service (if I'm already enrolled but reviewing my plan options)?

If you need help with your Medicare prescription drug coverage decisions, call your State Health Insurance Assistance Program (SHIP). See page 66 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.

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 enroll by telephone, paper application, or on the web. You will have to provide the number on your Medicare card when you enroll. Generally, you can join when you are first eligible for Medicare or from November 15–December 31 each year.

If you need help joining a Medicare drug plan, you can call your **State Health Insurance Assistance Program (SHIP)**.



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 or a court order) 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 unless he or she is also your legal representative.**

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 Social Security 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, no matter what your age or health status. If your enrollment form is denied, the company will send you a letter explaining the reason your enrollment was denied. You may contact the plan for more information about your options.

6

Your Medicare Drug Plan Rights and Appeals

How do I protect myself from fraud and identity theft?

Call 1-800-MEDICARE if you aren't sure if a plan is approved by Medicare. Plans are allowed to mail information and to call you. They aren't allowed to sell plans door-to-door, unless you invite them to your home to help you.

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 Social Security. 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 health plan (like an HMO or PPO) 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.

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.

6

Your Medicare Drug Plan Rights and Appeals

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

If your Medicare drug plan won't cover a drug you think should be covered, or it will only cover the drug at a higher cost than you think you are required to pay, you have the right to ask the plan for a decision called a **coverage determination**. 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 are other restrictions on the drug prescribed for you, and you or your doctor disagree with the restrictions.

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

You, your doctor, or someone else you choose as your representative can call your plan or write them a letter to request that the plan cover the prescription you need. You may file either a standard request or an expedited request. 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. 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.

Words in red are defined on pages 67–70.

Note: For some types of coverage determinations called **exceptions**, 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, and if it must be in writing. If a supporting statement is required, the plan's decision-making time period begins once your plan receives the statement.

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. The first level of appeal is called a "redetermination." The plan's initial denial notice will explain how to file this appeal. 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 or write your plan for an expedited request. Once your plan receives your request for an appeal, the plan has seven calendar 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 organization. If the plan decides against you in its redetermination decision, you can request a review by an independent review organization called the independent review entity (IRE). This organization is commonly referred to as the qualified independent contractor (QIC). The plan's redetermination decision will explain how to file this appeal. 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 QIC has seven calendar 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 QIC agrees with your plan's decision, you can request a hearing with an administrative law judge (ALJ). The QIC's decision will explain how to file this appeal. You must make the request in writing within 60 days from the date of the notice of the QIC decision. To receive an ALJ hearing, the value of the coverage you want must meet a minimum dollar amount.

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 ALJ's decision will explain how to file this appeal.

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. The MAC's decision will explain how to file this appeal. To receive a review by a Federal court, the value of the coverage you want must meet a minimum dollar 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?

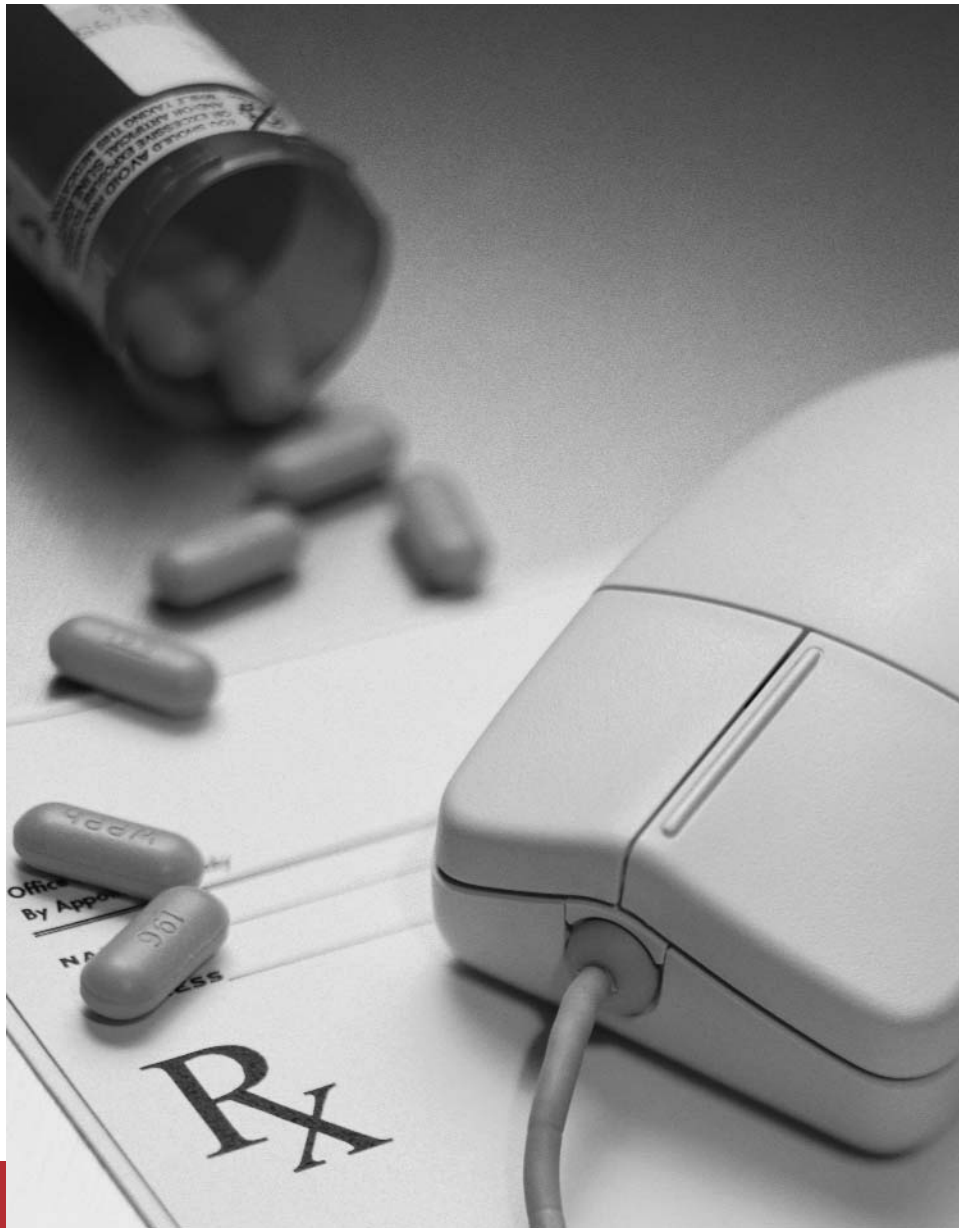
You have the right to file a complaint with the plan. You should file your complaint within 60 days of the event that led to your complaint. Here are some examples of why you might file a complaint:

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

Words in red are defined on pages 67–70.

* 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 State Health Insurance Assistance Program (SHIP) in your state can provide you with free personalized counseling on your prescription drug coverage choices (see page 66).

For More Information

- For more information about Medicare prescription drug coverage,
 - visit **www.medicare.gov** on the web and use the **Medicare Prescription Drug Plan Finder** tool. Use your Medicare card for your Medicare number, Medicare effective date (Part A or Part B), date of birth, last name, and ZIP code to get personalized drug plan information. Enter and save 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. Call to get the information you need 24 hours a day, including weekends.

A speech-automated system will ask you questions that you answer with your voice to direct your call automatically.

For...	Just say...
Medicare prescription drug coverage	“Drug Coverage”
Medicare prescription drug enrollment status	“Status”
Telephone number for your State Medical Assistance (Medicaid) Office	“Medicaid”
Medicare publications	“Publications”
A customer service representative	“Agent”

- 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 66.

7

For More Information

State Health Insurance Assistance Programs (SHIPs)

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.

The telephone numbers and web addresses in this booklet were correct at the time of printing. Sometimes this information changes. To get the most up-to-date Medicare telephone numbers, look at www.medicare.gov on the web. Or, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

7

For More Information

Words to Know

Coinsurance—An amount you may be required to pay for services after you pay any plan deductibles. In the Original Medicare Plan, this is a percentage (like 20%) of the Medicare-approved amount. You have to pay this amount after you pay the Part A and/or Part B deductible. In a Medicare Prescription Drug Plan, the coinsurance will vary depending on how much you have spent.

Copayment—In some Medicare plans, an 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 you need is covered by the plan and how much you must pay for the prescription. Coverage determinations include decisions about exception requests and decisions about whether your plan will pay for a drug that needs prior authorization. The pharmacy doesn't make a coverage determination. You need to call or write to your plan to ask for a formal decision about coverage if you disagree. If you disagree with the plan's decision, the next step is to file an appeal with the plan.

Creditable Prescription Drug Coverage—Prescription drug coverage (like from an employer or union), that expects to pay out, on average, at least as much as 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.

Exception—An exception is when you ask a Medicare drug plan not to apply one of its rules about what drugs a plan will cover or when it will cover a drug. A formulary exception is a request to cover a drug that's not on the plan's drug list. Another formulary exception can be a decision not to apply a prior authorization or limit, like a dose or quantity limit. A tiering exception is a request to pay a lower copayment amount for a drug that is on a non-preferred drug tier. Your doctor must send a supporting statement explaining the medical reason for the exception.

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For More Information

Health Maintenance Organization Plan (HMO)—A type of health 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, skilled nursing facility or other medical institution. It doesn't include assisted or adult living facilities, or residential homes.

Medicaid—A joint Federal and State program that helps with medical costs for some people with limited income and 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 needed for the diagnosis or treatment of your medical condition and meet accepted standards of medical practice.

Medicare Advantage Plan—A Medicare 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. Also called Part C, a Medicare Advantage Plan can be an HMO, PPO, a Private Fee-for-Service Plan or a Medicare Medical Savings Account Plan. If you are enrolled in a Medicare Advantage Plan, Medicare services are covered through the plan, and not paid for under the Original Medicare 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.

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For More Information

Medicare Medical Savings Account (MSA) Plan—Plans that combine a high-deductible Medicare Advantage Plan with a Medical Savings Account for medical expenses.

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, some Medicare Cost Plans, and Medicare Medical Savings Account Plans. Medicare Advantage Plans may also offer prescription drug coverage that must follow the same rules as Medicare Prescription Drug Plans.

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—Medicare Supplement Insurance sold by private insurance companies to fill “gaps” in the Original Medicare Plan coverage. Medigap policies only work with the Original Medicare Plan.

Original Medicare Plan—The Original Medicare Plan has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). It's a fee-for-service 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).

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

7

For More Information

Preferred Provider Organization Plan (PPO)—A type of health plan in a local or regional area 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. Many Medicare Advantage Plans are PPOs.

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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To get a free copy of “Your Guide to Medicare Prescription Drug Coverage” in Spanish, on Audiotape (English), in Braille, Large Print (English), call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

¿Necesita usted una copia de esta guía en Español?
Llame GRATIS al 1-800-MEDICARE (1-800-633-4227).
Los usuarios de TTY deberán llamar al 1-877-486-2048.