



Senior Legal Hotline

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SENIOR LEGAL FACT SHEET

Medicare Prescription Drug Benefit

1. The basics

- Anyone who is or becomes eligible for Medicare can receive help paying for prescription drugs under the program that began Jan. 1, 2006, known as Medicare Part D.
- A large number of different plans are being offered under Part D, by private insurance companies and HMOs. There are complicated choices to be made.
- Medicare requires that certain types of drugs be covered by each plan – but the actual lists, known as “formularies,” vary from plan to plan, as do the pharmacies each plan uses.
- For most Medicare members, the program involves a monthly fee (“premium”) and pays only part of the cost of some prescriptions.
- People with equal or better prescription coverage through an employer, the VA or private insurance should usually keep that coverage and not enroll in a separate Part D plan.
- People whose Medicare comes through an HMO – “Medicare Advantage” plans – must usually get their part D through the same plan, if they want to keep it.
- People who have gotten their medicine through Medi-Cal and become eligible for Medicare must begin using a new Medicare Part D plan. They will have to pay part of the cost.
- **Important: Low-income Medicare members (Medi-Cal eligible or not) can get Part D at a deep discount, but may need to apply. For more information, see the top of page 2.**
- Once you choose a plan, you can switch to another only at certain times – but some low-income people can switch at any time. Ask what rules apply for you.



FOR MORE HELP: At Medicare’s web site, www.medicare.gov, you can enter your information and get advice on what plans, if any, would work well for you. For advice on how to choose a plan, contact 800-MEDICARE or your local HICAP counselors, (800) 434-0222. For legal questions or help applying for the limited-income subsidy, call the Senior Legal Hotline, (916) 551-2140, or toll-free statewide, (800) 222-1753.

2. Part D for people who have received their prescriptions through Medi-Cal

If you have Medi-Cal with no share of cost and become eligible for Medicare, Medi-Cal will no longer cover your drugs. You are eligible for the Part D “limited-income subsidy” (also called “extra help”), but you will now have to pay a little for each prescription. You will be automatically enrolled in a Medicare Part D plan if you do not choose one, but you can change to a different plan if you wish. It’s worth checking for a plan that includes the medicines you need and that works with drug stores convenient for you.

- ▶ **Not all Part D plans are open to Medi-Cal recipients at no monthly charge. The new “Medicare and You” book sent to California residents shows the basic plans that are available at no monthly charge. The monthly premium is printed in blue rather than black. Plans available change from year to year.**
- ▶ **Special arrangements permit nursing home residents with Medi-Cal coverage to receive their prescriptions through the facility, at no extra charge.**

Please turn the page

3. Financial help with prescriptions for other low-income people

Some people who are not quite eligible for Medi-Cal (or have it but with a share of cost) due to excess income and/or assets can also receive the “limited-income subsidy.” Your monthly fee (called a “premium”) will be lower or zero (depending which plan you choose), and you will pay only a small amount for each prescription – the exact amount depends on your income and assets.

- If your Medicare premiums (Part A or B) are paid for under the QMB, SLMB, or QI-1 programs, you should be automatically enrolled for the subsidy.
- If your monthly income is below \$1,320 for a single person or \$1,770 for a couple, you have less than \$12,510 (\$25,010 for a couple) in bank accounts and investments (as of Feb. 1, 2009), you can receive the limited-income subsidy. Apply at your Social Security office, your local welfare office, at www.ssa.gov or by calling the Senior Legal Hotline.
- Even if your income is higher, you can enroll in Medi-Cal with a share of cost (SOC) if you own less than \$2,000 (\$3,000 for a couple). If you meet your SOC in any month in 2009, you will be automatically enrolled in the LIS for the rest of the year. *If you haven't applied for Medi-Cal due to a high SOC, this provision may make it worth doing now.*
 - ▶ *Applicants eligible for the subsidy can still enroll in Part D without paying the late penalty.*



Not sure whether you qualify for the limited-income subsidy? Apply anyway. Senior Legal Hotline can help; call (916) 551-2140 or toll-free, (800) 222-1753. Please have your Medicare card and information about income and savings available.

4. Part D plans for people who are not low-income

Plans offered by private insurance companies and HMOs are of two types:

1. Prescription drug plans (PDPs) for people with traditional, fee-for-service Medicare.
2. Medicare Advantage prescription drug plans (MA-PDPs) for people who get their Medicare through health maintenance organizations (HMOs) or other “managed care.”
 - ▶ *If your Medicare Advantage program has a drug plan that meets Part D requirements, you will be enrolled automatically and usually must use that plan if you want to keep your HMO membership. If you sign up for a separate PDP, you will likely lose your Medicare Advantage membership.*

To decide whether to sign up, and if so, for which plan, you need to look at the different plans’ monthly fees, whether the drugs you need are included in the plan’s formulary, how much they will cost, which pharmacies participate with the plans – and what other coverage you have. Usually, you can change plans only once a year, between November 15 and December 31.

- ▶ *If you don't have equal or better coverage, however, and you decide not to sign up for Part D when you first become eligible, it will cost you more to sign up later.*

Medicare also sets maximum costs that plan members can be charged. But some plans offer better deals than the minimum required. Shop around. Standard coverage for 2009, is:

- monthly premiums – from \$9.70 to \$80.90 in California.
- annual \$275 deductible – you pay this each year before the plan pays anything.
- you pay 25% of your drug costs from \$275 to \$2,510 during the year – a “copayment.”
- you pay 100% of your drug costs during the year from \$2,510 to \$5,726.25.
- above \$5,726.25, you pay about 5% or \$2.25-\$5.60 per prescription, whichever is greater.
 - ▶ *To sign up or change plans, contact the plan directly, or HICAP, (800) 434-0222.*