

# MEDICARE PRESCRIPTION DRUG COVERAGE (PART D)

**I**f you are on Medicare, you can get prescription drug coverage through Medicare Part D. To do so, you must join a Medicare-approved plan run by an insurance company or other private company. Each plan can vary in cost and drugs covered.

You can join a Medicare drug plan during your Medicare Initial Enrollment Period, which begins three months before you turn 65 and lasts for seven months. For example, if you turn 65 in April, you will receive Medicare application forms in January and will have until July to enroll. Generally, if you are disabled, you have a similar period for enrollment, which begins three months before your 25th month of disability.

## THERE ARE TWO WAYS TO GET MEDICARE PRESCRIPTION DRUG COVERAGE

### Medicare Prescription Drug Plans.

These plans (sometimes called “PDPs”) add drug coverage to original Medicare, some Medicare Cost Plans, some Medicare Private Fee for-Service (PFFS) Plans and Medicare Medical Savings Account (MSA) Plans.

### Medicare Advantage Plans (like an HMO or PPO) or other

These are Medicare health plans that offer Medicare prescription drug coverage. You get all of your Part A and Part B coverage, including prescription drug coverage (Part D), through these plans.

Even if you don’t take a lot of prescription drugs now, you should still consider joining a Medicare drug plan. If you decide not to join a Medicare drug plan when you are first eligible, and you don’t have other creditable prescription drug coverage, you will likely pay a late enrollment penalty (higher premiums) if you choose to join later.

## WHO CAN GET MEDICARE DRUG COVERAGE?

To join a Medicare prescription drug plan, you must have Medicare Part A or Part B. To join a Medicare Advantage Plan (like an HMO or PPO), you must have both Part A and Part B. You must also live in the service area of the Medicare drug plan you want to join.

If you have employer or union coverage, call your benefits administrator before you make

any changes, or before you sign up for any other coverage. 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 (doctor and hospital) coverage. If you drop coverage for yourself, you may also have to drop coverage for your spouse and dependants.

## WHEN CAN YOU JOIN, SWITCH, OR DROP A MEDICARE DRUG PLAN?

You can join, switch, or drop a Medicare drug plan at these times:

- When you first become eligible for Medicare.
- Between November 15–December 31 of each year. Your coverage will begin on January 1 of the following year.

In most cases, you must stay enrolled for that calendar year starting the date your coverage begins. However, in certain situations, you may be able to join, switch or drop Medicare drug plans during a special enrollment period (e.g., if you move out of the service area, lose other creditable prescription drug coverage, live in an institution, or qualify for “extra help”).

Depending on your circumstances, you can switch to a new Medicare drug plan simply by joining another drug plan during one of the times listed above.

## HOW MUCH DOES MEDICARE DRUG COVERAGE COST?

Exact coverage and costs are different for each plan, but all Medicare drug plans must provide at least a standard level of coverage set by Medicare.

**Monthly Premium:** Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium may include an amount for prescription drug coverage.

**Yearly Deductible:** Amount you pay for your prescriptions before your plan begins to pay. Some drug plans charge no deductible.



**Co-payments or Co-insurance:** Amounts you pay for your prescriptions after the deductible. You pay your share, and your plan pays its share for covered drugs.

**Coverage Gap:** Most Medicare drug plans have a coverage gap. This means that after you and your plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your drugs up to a limit. Your yearly deductible, your co-insurance or co-payments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit doesn't include the drug plan's premium.

There are plans that offer some coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the plan first to see if your drugs would be covered during the gap.

**Catastrophic Coverage:** Once you reach your plan's out-of-pocket limit during the coverage gap, you automatically get "catastrophic coverage." Catastrophic coverage assures that once you have spent up to your plan's out-of-pocket limit for covered drugs, you only pay a small co-insurance amount or a co-payment for the rest of the year.

### **WHAT IS THE PART D LATE ENROLLMENT PENALTY?**

The late enrollment penalty is an amount that is added to your Part D premium (for as long as you have Medicare drug coverage) if all of the following are true:

- You don't join a Medicare drug plan when you're first eligible.
- You don't have other creditable prescription drug coverage.
- You later decide to join a Medicare drug plan.

### **HERE ARE A FEW WAYS TO AVOID PAYING A PENALTY**

Join a Medicare drug plan when you're first eligible. You won't have to pay a penalty, even if you've never had prescription drug coverage before.

Don't go for more than 63 days without a Medicare drug plan or other creditable coverage. Creditable coverage could include drug coverage from a former employer or union, TRICARE, or the Department of Veterans Affairs. (You should get a notice every year telling you whether the drug coverage you have is creditable coverage. Keep this notice, because you may need it if you join a Medicare drug plan later.)

Let your Medicare drug plan know if you have other creditable coverage. Watch carefully for a letter from your plan asking if you have creditable coverage and complete the form they give you if you do. If you don't tell the plan about your creditable coverage, you may have to pay a penalty.

### **HOW MUCH WILL YOUR PART D LATE ENROLLMENT PENALTY BE?**

When you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. To estimate your penalty amount, count the number of full months that you didn't have creditable coverage after you were eligible to join a Medicare drug plan. If you multiply this number by \$.30, you can estimate the amount that will be added each month to your Medicare drug plan's premium for the current year. This penalty amount may increase every year.

### **SUBSIDY AVAILABLE TO QUALIFYING INDIVIDUALS**

Extra assistance is available through Medicare Part D for low-income individuals. Millions of qualifying individuals with a Medicare drug plan will have little or no premiums or deductibles and low co-payments.

### **ADDITIONAL RESOURCES AVAILABLE**

For additional information about Medicare Part D and how it may help you address your medical needs, contact your CPA or visit [www.medicare.gov](http://www.medicare.gov), where you will find helpful information about choosing a plan. 📞

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