

Prescription For Progress

Taking The Mystery Out Of Medicare Part D And Its Enrollment Decisions

BY GINA M. BARRY, ESQ.

Approximately 42 million Medicare beneficiaries will be offered coverage for prescription costs through the new Medicare Prescription Drug Improvement and Modernization Act of 2003, which became law on Dec. 8, 2003. Effective January 1, 2006, Medicare Part D provides insurance that will help pay for certain prescription medications. Many people are familiar with Medicare with respect to providing payments for covered hospital stays and doctor's visits; however, the prescription drug plan is creating quite a bit of confusion among those eligible for benefits.

Fortunately, there is a wealth of information and resources available to aid Medicare beneficiaries with their enrollment decisions.

In order to be eligible for prescription drug coverage through Medicare Part D, you must have Medicare Part A or Part B; however, if you wish to enroll in a prescription plan with an HMO or PPO, you must have Part A and Part B coverage. The initial enrollment period for Medicare Part D runs from Nov. 15, 2005 to May 15, 2006, and future enrollment periods will run from Nov. 15 to Dec. 31 annually. Due to the newness of the program and the difficulties that some may encounter when initially choosing a plan, if a plan has already been chosen, you may be able to change drug plans until May 15, 2006; however, in future years, you will only be able to change plans during the next enrollment period, except in limited exceptional circumstances.

Many people believe that since they are not dependent on

prescription medications at the present time, they should delay enrolling in a prescription drug plan. Although participation in this program is voluntary and you will not lose Medicare Parts A or B for failing to elect drug coverage, delaying enrollment will cause a penalty to be added to your premium should you decide to enroll in the future instead of when you first became eligible. You may avoid this penalty if you do not elect a plan because you already have coverage that was equal to the Medicare coverage, known as creditable coverage at the time you did not enroll.

If you already have prescription drug coverage equal to the Medicare coverage, you should have already received a notice from your insurer that you have creditable coverage. If you do not have creditable coverage and you fail to enroll when eligible, the penalty you will pay will be 1% of the national average monthly premium for each month during which you could have enrolled, or approximately thirty-two (32) cents per month, although this penalty will be reduced for those eligible for a full low income subsidy.

The national average monthly premium associated with the prescription drug plan will be \$32.20 per month. Your premium may be eliminated or reduced if you qualify for Medicaid or meet certain asset and income limits. Under the standard plan, you will pay the first \$250 as a deductible. When this deductible has been met, Medicare will pay 75% of the next \$2,000 worth of prescription medications so long as the chosen plan covers these medications.

When the \$2,000 limit is reached, you will pay the next \$2,850 of prescription drug costs, essentially paying a second deductible. This is known as a "doughnut hole," as it is a time during which you will pay 100% of your prescription drug costs. When you have met this deductible, Medicare will pay 95% of the cost of covered drugs for the remainder of the year. Again, if you meet certain asset and income limits, your deductibles may be reduced or eliminated. The same holds true for any co-payments that may be associated with the plan.

Most of the confusion surrounding Medicare Part D relates to choosing the best plan because many different plans are offered. The plans vary in many ways, including but not limited to, monthly premiums, covered medications, pharmacies in the network, and quantity limitations with respect to the number of prescriptions allowed per month and/or the number of pills allowed in one prescription. Fortunately, many of the larger pharmacy chains will accept all of the Medicare Part D plans, and some of these pharmacies are even offering Medicare beneficiaries help with choosing the best Part D prescription plan for them. Assistance is also available through state health insurance assistance programs.

It is extremely important to compare the various plans to ensure that you choose the plan best suited to your particular situation. Failing to compare the various aspects of each plan could result in choosing a plan that does not cover your current medications or that does not

include your current pharmacy or a pharmacy located near you, which would be disastrous. Fortunately, you can choose to switch your current plan from November 15 through December 31 of every year, but even one year of inappropriate coverage could be financially devastating.

Help is available when choosing a plan. You may call (800) MEDICARE (633-4227) or contact your state health insurance assistance program (SHIP) for assistance. Counselors are available through SHIP in every state, and they are available to provide free one-on-one help with your Medicare questions and/or problems. In Massachusetts, SHIP may be reached at 1-800-243-4636. Another excellent resource for information about Medicare Part D is the handbook forwarded to all beneficiaries from the Centers for Medicare and Medicaid Services entitled Medicare & You.

You may also visit the websites available at www.medicarerxeducation.org or www.medicareadvocacy.org for more information. ♦

Gina M. Barry is an associate with the law firm of Bacon & Wilson, P.C., Attorneys at Law. She is a member of the National Association of Elder Law Attorneys, the Estate Planning Council, and the Western Mass. Elder Care Professionals Assoc. She concentrates her practice in the areas of estate and asset-protection planning, probate administration and litigation, guardianships, conservatorships, and residential real estate; (413) 781-0560; gbarry@bacon-wilson.com.