



Things to Think about when You Compare Plans

To get Medicare coverage for your prescription drugs, you must choose and join a Medicare drug plan. Medicare drug plans can vary on key factors including cost, coverage, and convenience. Some of these factors might be more important to you than others, depending on your situation and drug needs. This tip sheet explains some common differences for each of these factors to help you compare plans.

1. Cost

When you get Medicare prescription drug coverage, you pay part of the costs, and Medicare pays part of the costs. Your costs will vary depending on which plan you choose. You should look at your current drug costs to find the plan that meets your needs.

Premium

This is the monthly cost you pay to join a Medicare drug plan. Premiums vary by plan.

Deductible

This is the amount you pay for your prescriptions before your plan starts to share in the costs. Deductibles vary by plan. No plan may have a deductible more than \$265 in 2007. Some plans may not have any deductible.

Copayment/Coinsurance

This is the amount you pay for your prescriptions after you have paid the deductible. In some plans, you pay the same copayment (a set amount) or coinsurance (a percentage of the cost) for any prescription. In other plans, there might be different levels or "tiers," with different costs. (For example, you might have to pay less for generic drugs than brand names. Or, some brand names might have a lower copayment than other brand names.) Also, in some plans your share of the cost can increase when your prescription drug costs reach a certain limit.



2. Coverage

Formulary

A list of drugs that a Medicare drug plan covers is called a formulary. Formularies include generic drugs and brand-name drugs. Most prescription drugs used by people with Medicare will be on a plan's formulary. The formulary must include at least two drugs in categories and classes of most commonly prescribed drugs to people in Medicare. This makes sure that people with different medical conditions can get the treatment they need.

Prior Authorization

Some drugs are more expensive than others even though some less expensive drugs work just as well. Other drugs may have more side effects, or have restrictions on how long they can be taken. To be sure certain drugs are used correctly and only when truly necessary, plans may require a "prior authorization." This means before the plan will cover these prescriptions, your doctor must first contact the plan and show there is a medically-necessary reason why you must use that particular drug for it to be covered. Plans might have other rules like this to ensure that your drug use is effective.

Coverage Gap

If you have high drug costs, you may consider which plans offer additional coverage until you spend \$3,850 (in 2007) out-of-pocket. In some plans, if your costs reach an initial coverage limit, then you pay 100% of your prescription costs. This is called the coverage gap. This "gap" in coverage is generally above \$2,400 in total drug costs until you spend \$3,850 out-of-pocket. Some plans might offer some coverage during the gap. Even in plans where you pay 100% of covered drug costs after a certain limit, you would still pay less for your prescriptions than you would without this drug coverage.



3. Convenience

Drug plans must contract with pharmacies in your area. Check with the plan to make sure your pharmacy or a pharmacy in the plan is convenient to you. Also, some plans may offer a mail-order program that will allow you to have drugs sent directly to your home. You should consider all of your options in determining what is the most cost-effective and convenient way to have your prescriptions filled.

4. 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. Joining now gives you peace of mind knowing you have coverage if your drug needs change. For most people, joining now also means you will pay a lower monthly premium in the future since you may have to pay a penalty if you choose to join later. You will have to pay this penalty as long as you have a Medicare drug plan.

If you reach the point where you have spent \$3,850 (in 2007) out-of-pocket for drug costs during the year, the plan will pay most of your remaining drug costs. This protection could start even sooner in some plans.



Here are some common situations that might affect why these differences are important to you.

If you...	You might want a Medicare prescription drug plan that...	You might want to...
...take specific prescription drugs that are important to your health.	...covers the drugs you are taking now.	...look at drug plans that have included your drugs on their formularies, then compare costs.
...want extra protection for prescription drug costs that total more than \$2,400 a year.	...has a higher than average initial coverage limit and/or provides some coverage during the coverage gap.	...look at plans that offer better than the standard coverage after your costs total \$2,400.
...want your drug expenses to be balanced throughout the year.	...has a zero or low deductible, so you aren't paying a lot out-of-pocket at the beginning of the year.	...look at plans with low deductibles.
...use a lot of generic medicines.	...offers generic medicines for a lower coinsurance or copayment than brand names.	...look at plans with tiers that charge you nothing or low copayments for generic prescriptions.
...don't have many drug costs now, but want coverage for peace of mind and to avoid future penalties.	...gives you the lowest premiums.	...look for plans with zero or low monthly premiums for drug coverage. If you need prescriptions in the future, all plans still must cover drugs in all categories.
...like the extra benefits and lower costs that you might get by getting your health care and prescription drug coverage from one plan.	...is included as part of a Medicare Advantage Plan, like an HMO or PPO.	...look for Medicare Advantage Plans with prescription drug coverage.



Where can I get help?

To help you compare Medicare drug plans, think about what you need in terms of cost, coverage, convenience, and peace of mind now and in the future. Then, use one of the resources below to help you find a plan that meets your needs.

- the “**Medicare & You**” **handbook** mailed to you. It has drug plan information in it, including which plans are available in your area.
- **www.medicare.gov** on the web and select “Compare Health Plans and Medigap Policies in Your Area” tool. To get personalized drug information, all you need is the following information:
 - Your Medicare card that has your Medicare number and Medicare effective date (Part A or Part B)
 - Date of birth
 - Last name
 - ZIP code

To get general drug plan information or to find out what plans are available in your area, just answer a few simple questions. You can also enter your current prescription drug information to get more detailed cost information.

Note: This tool provides useful information to help you review plans based on your current drug needs. The drug costs displayed are estimates and may vary based on the specific quantity, strength and/or dosage of medication, whether you buy your prescriptions at the pharmacy or through mail order, and the pharmacy you use. In addition to your current drug needs, it is also important to consider the insurance value of Medicare prescription drug coverage. Joining now gives you peace of mind since the coverage will be there even if your drug needs change in the future. Remember, any time you spend more than \$3,850 (in 2007) out-of-pocket in a year, Medicare will pay almost all of your remaining drug costs.



Where can I get help? (continued)

- **1-800-MEDICARE** (1-800-633-4227). TTY users should call 1-877-486-2048.

At Medicare, we are always working to improve our service to you.

The 1-800-MEDICARE helpline has replaced the touch-tone system with a speech-automated system to make it easier for you to get the information you need 24 hours a day, including weekends.

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

- your State Health Insurance Assistance Program for free personalized counseling (check the back cover of your “Medicare & You” handbook for the telephone number in your state).

What should I do before making a decision?

As you make a decision about your health and prescription drug coverage, remember to do the following:

- Review your current health and prescription plans.
- If you're satisfied with your current plan's cost and coverage for next year and the customer service you receive, you don't need to do anything.
- If you want to change, check into other options. There may be plans that better meet your needs.
- Sign up as soon as possible if you're going to make a change. It will help avoid any inconvenience at the pharmacy in January.



What should I do next?

Once you choose a Medicare drug plan, you will need to join. You may be able to join a drug plan in the following ways:

- **By paper application.** Contact the company offering the drug plan you choose and ask for an application. Once you fill out the application, mail or fax it back to the company.
- **On the plan's website.** Visit the drug plan company's website. You may be able to join online.
- **On Medicare's website.** You will also be able to join a drug plan at www.medicare.gov on the web using Medicare's online enrollment center. Drug plan participation in Medicare's enrollment center is voluntary, so not all plans will offer this option.
- **By calling the plan.** Call the company offering the drug plan you choose and tell them you want to join.
- **By calling 1-800-MEDICARE.** Call 1-800-MEDICARE (1-800-633-4227) and tell them the name of the Medicare drug plan you want to join.



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

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

- Information about you
- Permanent street address
- Information found on your Medicare card
- Plan premium payment option
- Other insurance information

The following **optional** information may be asked of you when you join a Medicare drug plan, but it 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

When can I join?

You can join or change a new drug plan from November 15 through December 31 each year, and the new coverage will start January 1 of the following year. Once you join a Medicare drug plan you are generally enrolled for a calendar year.

For most people, joining when you are first eligible means you will pay a lower monthly premium. Waiting to join may mean paying a penalty. For more information about the penalty, see your "Medicare & You" handbook, visit www.medicare.gov, or call 1-800-MEDICARE (1-800-633-4227).

What happens next?

Once your enrollment is approved, the company offering the drug plan will send you specific materials you will need. These materials include a membership card, member handbook, list of covered drugs, pharmacy provider directory, complaint and appeal procedures, and other important information about being a plan member.