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Things to think about when you compare Medicare drug coverage

There are 2 ways to get Medicare prescription drug coverage. You can join a Medicare Prescription Drug Plan and keep your health coverage under Original Medicare. Or, you can join a Medicare Advantage Plan (like an HMO or PPO) that includes Medicare drug coverage and get your Medicare benefits through a private insurance company. Whichever you choose, prescription drug coverage can vary by cost, coverage, convenience, and quality. Some of these things might be more important to you than others, depending on your situation and prescription drug needs.

No matter which type of Medicare drug plan you join, your plan will send you information about plan changes each fall. You should review your prescription drug needs and compare Medicare drug plans during Medicare Open Enrollment. You can make changes to your coverage between October 15–December 7.

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 Medicare drug plan you choose and whether or not you get Extra Help (see page 3.) You should look at your current prescription drug costs to find a Medicare drug plan that works with your financial situation.

Monthly premium

Most drug plans charge a monthly fee that varies by plan. You pay this fee in addition to the Medicare Part B (Medical Insurance) premium. If you have a Medicare Advantage Plan or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium you pay to your plan may include an amount for prescription drug coverage.

Note: What you pay for Medicare prescription drug coverage could be higher based on your income. Visit Medicare.gov to learn more about the monthly premium for drug plans.

Cost (continued)

Consider automatic premium deduction

When you join a drug plan, think about having your premiums automatically deducted from your Social Security payment. Automatic premium deduction has many benefits:

- It takes the worry out of remembering to pay your premiums.
- Your premiums will get paid on time.
- You'll be helping the environment by not getting a paper bill from your plan.

Yearly deductible

This is the amount you must pay before your drug plan begins to pay its share of your covered drugs. Some drug plans don't have a deductible.

Copayment/coinsurance

This is the amount you pay for each of your prescriptions after you've paid the deductible (if the plan has one). Some Medicare drug plans have different levels or "tiers" of coinsurance or copayments, with different costs for different types of drugs. Coinsurance means you pay a percentage (25%, for example) of the cost of the drug. With a copayment, you pay a set amount ($10, for example) for all drugs on a tier. For example, you might have to pay a lower copayment for generic drugs than brand-name drugs, or lower coinsurance for some brand-name drugs than for others.

Coverage gap

Most Medicare drug plans have a coverage gap (also called the "donut hole"). This means that there's a temporary limit on what the drug plan will cover for drugs. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. In 2015, once you enter the coverage gap, you pay 45% of the plan's cost for covered brand-name drugs and 65% of the plan's cost for covered generic drugs until you reach the end of the coverage gap. Not everyone will enter the coverage gap.

These amounts all **count** toward you getting out of the coverage gap:

- Your yearly deductible, coinsurance, and copayments
- The discount you get on brand-name drugs in the coverage gap
- What you pay in the coverage gap

Cost (continued)

Coverage gap (continued)

These amounts **don't count** toward you getting out of the coverage gap:

- Your drug plan premium
- What you pay for non-covered drugs
- What's paid by other insurance

Some plans offer additional coverage during the gap, like for generic drugs, but they may charge a higher monthly premium. Check with the plan first to see if your drugs would be covered during the gap.

In addition to the discount on covered brand-name prescription drugs, there will be increasing coverage for drugs in the coverage gap each year until the gap closes in 2020.

Catastrophic coverage

Once you get out of the coverage gap, you automatically get "catastrophic coverage." Catastrophic coverage means that you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.

Late enrollment penalty

If you don't join a Medicare drug plan when you're first eligible, and you don't have other creditable prescription drug coverage or get Extra Help, you'll likely pay a late enrollment penalty. Creditable prescription drug coverage is coverage (for example, from an employer or union) that's expected to pay, on average, at least as much as Medicare's standard prescription drug coverage. If you're subject to the penalty, you may have to pay it each month for as long as you have Medicare drug coverage. For more information about the late enrollment penalty, visit Medicare.gov or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Extra Help is available!

If you have limited income and resources, you may be able to get Extra Help paying your prescription drug coverage costs. People who qualify may be able to get their prescriptions filled and pay little or nothing out of pocket. You can apply for Extra Help at any time. There's no cost to apply for Extra Help, so you should apply even if you're not sure if you qualify. To apply for Extra Help online, visit socialsecurity.gov/i1020. Or, call Social Security at 1-800-772-1213 to apply by phone or to get a paper application. TTY users should call 1-800-325-0778.

Coverage

Review your prescription drug needs, and look for a plan that meets these needs. Plans may vary in what drugs they cover, and some may have special rules that you must follow before a drug is covered.

Formulary

A formulary is a list of the drugs that a Medicare drug plan covers. It includes how much you pay for each drug. If the plan uses tiers, the formulary lists which drugs are in each tier. Formularies include both generic and brand-name drugs. In general, each Medicare drug plan's formulary must include most types of drugs that people with Medicare use. However, each drug plan has its own formulary, so you should check to make sure your drugs are covered.

Coverage rules

Medicare drug plans may require "prior authorization." This means that before the Medicare drug plan will cover certain prescriptions, your doctor must contact the plan for approval. Your doctor may need to provide additional information about why the drug is medically necessary for you before you can fill the prescription. Plans may also require "step therapy" on certain drugs. This means you must try one or more similar, lower cost drugs before the plan will cover the prescribed drug. Plans may also set "quantity limits"—limits on how much medication you can get.

Convenience

Check with each Medicare drug plan you're considering to make sure your current pharmacy is in the plan's network, or there are pharmacies convenient to you. Some Medicare drug plans charge lower copayments or coinsurance amounts at some pharmacies in their network than at others. Also, some Medicare drug plans may offer a mail-order program that will allow you to have drugs sent directly to your home. You should consider the most cost effective and convenient way to have your prescriptions filled.

Important: Even if you're not changing plans, make sure your pharmacy is still in your plan's network next year. Plans may change their network pharmacies each year.

Quality

In addition to a plan's costs, coverage, and convenience, you should also review the quality ratings for plans before you decide which one best meets your needs. Medicare uses information from member satisfaction surveys, plans, and health care providers to give overall performance star ratings to plans. A plan can get a rating between 1 and 5 stars. A 5-star rating is considered excellent. These ratings are listed on the Medicare Plan Finder at Medicare.gov/find-a-plan.

Quality (continued)

5-Star Special Enrollment Period

You can switch to a Medicare Advantage Plan or a Medicare Prescription Drug Plan that has 5 stars for its overall plan rating once from December 8–November 30. The overall plan ratings are available at Medicare.gov/find-a-plan. Medicare updates these ratings each fall for the following year. These ratings can change each year.

- You can only switch to a 5-star Medicare Prescription Drug Plan if one is available in your area.
- You can only use this Special Enrollment Period once during the above timeframe.

Visit Medicare.gov/find-a-plan to find and compare plans.

Here are some common situations to consider:

If you…	You might want to…
…currently take specific prescription drugs.	…look at drug plans that have included your drug on their formularies. Then compare costs.
…want extra protection for high prescription drug costs.	…look for plans that offer coverage in the coverag gap, and then check with those plans to be sure your drugs would be covered during the gap. (The plans may charge a higher monthly premium.)
…want your drug expenses to be balanced throughout the year.	…look at plans with low or no deductibles or with additional coverage in the coverage gap.
…take a lot of generic prescriptions.	…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.	…look for plans with low monthly premiums for drug coverage. If you need prescriptions in the future, all plans still must cover most drugs used by people with Medicare.
…like the extra benefits and lower costs that are available by getting your health care and prescription drug coverage from one plan and are willing to accept the plan's restrictions on what doctors, hospitals, and other health care providers you can use.	…look for Medicare Advantage Plans with prescription drug coverage.

What should I do before making a decision?

Each year, you have the opportunity to join or switch Medicare drug plans during Medicare Open Enrollment. You can make changes between October 15–December 7. If you switch plans during this time, your coverage with the new plan will start on January 1. As you make a decision about your health and prescription drug coverage, remember to review your current health and prescription drug plans. Health and drug plan benefits and costs can change each year. Look at other plans in your area to see if one may better meet your needs. If you want to keep your current plan, and it's still being offered next year, you don't need to do anything for your enrollment to continue.

Where can I get help?

To help you compare Medicare drug plans, think about what you need in terms of cost, coverage, convenience, and quality. Then, visit Medicare.gov/find-a-plan to see which plans are available in your area.

To get personalized information, you need:

- Your Medicare card that has your Medicare number and Medicare effective date (Medicare Part A (Hospital Insurance) or Medicare Part B (Medical Insurance))
- Date of birth
- Last name
- ZIP code

To get general Medicare 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 Medicare drug 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.

- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- Call your State Health Insurance Assistance Program (SHIP) for personalized counseling at no cost to you. Visit Medicare.gov/contacts, or call 1-800-MEDICARE to find the phone number for your state.

Important: If you have employer or union coverage, call your benefits administrator before you make any changes to your coverage.

Notes

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