



Beginning in 2006, Medicare beneficiaries have the option of enrolling in a prescription drug benefit. However, a person who does not enroll when first eligible but decides to enroll later may pay a surcharge for a late enrollment. The beneficiary must select a private insurer who offers the benefit in the beneficiary's geographic area. Plans vary as to the medications covered, deductibles, co-pays and premiums charged. Premiums may be deducted from the monthly Social Security payment, like Part B. Beneficiaries who have low income and assets may qualify for "Extra Help," meaning that the premiums and co-payments are reduced. Persons eligible for Medicaid and Medicare ("dually eligible") pay the least.

About the National Academy of Elder Law Attorneys (NAELA)

NAELA, founded in 1987, is a national association of Elder Law Attorneys devoted to the education and training of attorneys who can meet the needs of seniors and people with disabilities, and who advocate for the needs of such individuals.

While NAELA Elder Law attorneys work one-on-one with clients in their local areas, NAELA also examines and advocates on national public policy issues facing seniors in America including long-term health care; planning for retirement; estate planning and probate; guardianship and conservatorship; health care decision making; and elder abuse and neglect.

This informational brochure is provided as a public service and is not intended as legal advice. Such advice should be obtained from a qualified Elder Law attorney.

More information on NAELA and a directory of NAELA members in your area can be found at www.NAELA.org.

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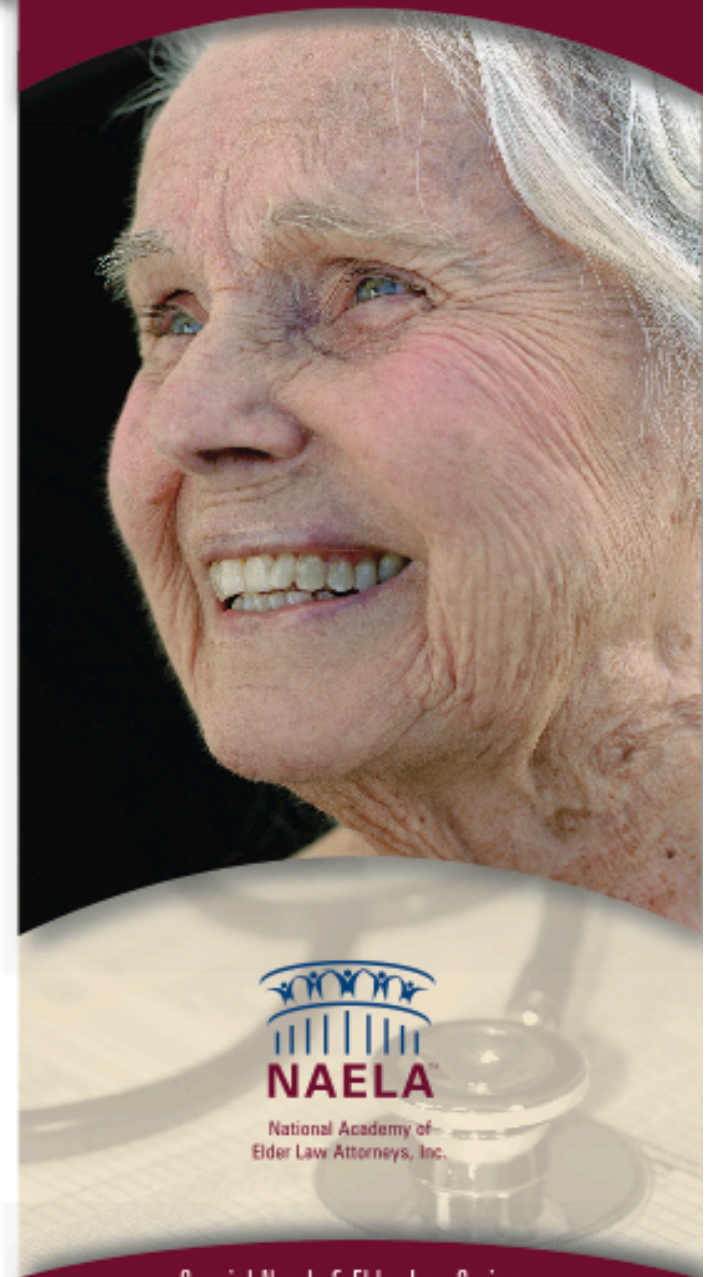
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Medicare Part D



Special Needs & Elder Law Series



What You Need to Know

Enrollment

A person is eligible to enroll in a Part D plan when he or she qualifies for Medicare. This is usually when someone turns 65, although a person receiving Social Security Disability Income may qualify for benefits at a younger age. Special rules apply for people who qualify for both Medicare and Medicaid.

Although the Part D plan is optional, a person who does not enroll when first eligible and later decides to enroll must pay a surcharge to the premium equal to 1 percent per month. There is no cap to the penalty.

A person who does not enroll when first eligible does not pay a surcharge, however, if he or she is enrolled in another health care plan that is determined by the federal government to be a "creditable" plan. A "creditable" plan is one that offers prescription benefits similar to the Part D benefits. Examples of creditable plans include federal employee retirement health plans, the military TRICARE, and some private retiree health insurance policies. The plan administrator for a health plan must inform a retiree in writing each year whether the plan is "creditable." A person should keep the letter as it may be necessary to prove credible coverage.

Selecting a Plan

A person may choose a plan that is offered in his or her geographic area. The model plan offers to pay 75 percent of the cost of drugs covered by the plan up to the initial coverage limit, less a deductible. There is no benefit paid for expenses after this amount until a "catastrophic" benefit becomes available when annual expenses exceed the out-of-pocket limit. This is what has been described as the "doughnut hole." Once expenses exceed the out-of-pocket limit, then the plan pays 95 percent of the cost. The deductible, initial coverage limit, and out-of-pocket limit are increased each year by the increase in drug costs. However, not all plans follow this model. Some offer different deductibles and some do not have a "doughnut hole."

Some plans are offered through Medicare Health Maintenance Organizations (HMOs) or Preferred Provider Organizations (PPOs). Some HMOs and PPOs do not charge any additional premium for the prescription drug benefit.

Plan Formulary

A plan will only pay a benefit if the drug is covered by the plan. This is called the plan's formulary. Each plan has a different formulary. The plan may also restrict the number of pills it will cover for a formulary drug, require plan approval before paying for a drug, or require that a less costly drug be used before paying for the prescribed drug. Therefore, it is very important to know whether a particular medication is included in the plan's formulary. The plan also has the right to change its formulary with 60 days notice to the beneficiary.

Switching Plans

In most cases, a person can change plans only once a year during the "open season" which occurs between November 15 and December 31.

Extra Help

Persons with limited income and assets may qualify for subsidies. The income and resource levels are issued by the federal government and revised annually. Dually eligible beneficiaries (Medicare and Medicaid) who are in a nursing home will not have to pay anything and can switch plans once a month. Application for "Extra Help" is made either through the federal Social Security Administration or the state agency responsible for administering the Medical Assistance program.

Appeals

A person may have rights to file appeals if he or she is adversely affected by a provider's decision. These rights may include: change in formulary of a needed drug, change in prescription to a drug not on the formulary, limitations on quantity of drugs or access to drugs.

Where to Go For Help

The Center for Medicare and Medicaid Services (CMS) web site, www.medicare.gov, offers information about Part D. It also contains a listing of all the available plans for a particular state on its web site and a tool kit to help select a particular plan. Medicare can be reached toll-free at 800-633-4227. Area Agencies on Aging, which are found in every local jurisdiction, also provide excellent information about Part D as well as other questions about Medicare. These agencies are listed in the telephone book.

