



# READ ALL ABOUT IT

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## Special Seniors Issue



### Medicare Part D

**Special Interest Articles:**

- What is Medicare Part D
- Everything you've wanted to know about this new plan
- Medicare Part C options



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\* Medicare Part D is the new prescription drug plan available beginning January 1, 2006. Enrollment will begin on November 15, 2005.

\* Everyone eligible for Medicare will be able to choose Medicare Part D drug coverage from private companies for a monthly premium beginning November 15, 2005. Coverage can begin as early as January 1, 2006.

\* Medicare Part D is an insurance plan that helps people pay for prescription drugs. In general, Part D will become more beneficial as your prescription drug costs increase.

\* The federal government has established a Medicare Part D plan structure that offers prescription drug coverage to meet the needs of most prescription drug users.

\* For individuals with high monthly prescription drug costs, Medicare Part D out-of-pocket expenses are limited to \$3,600 in 2006. Most of an enrollee's costs, including deductibles, coinsurance and co-payments, count toward that limit.

\* Medicare Part D provides excellent subsidies for low-income individuals, including no (or reduced) monthly premiums, no (or reduced) deductibles and no gap in coverage.

\* Individuals entitled to Medicare Part A and/or enrolled in Medicare Part B may enroll in Medicare Part D.

\* Individuals who are enrolled in both Medicare and Medicaid ("Dual Eligibles") will be automatically enrolled by the state into one of the available Part D plans in their region before November 1. They may exercise their option to change to another plan during the six weeks beginning November 15, 2005.

\* For individuals eligible for Medicare Part D, there will be a six-month open-enrollment period beginning November 15, 2005.

\* The guidelines for enrolling in a Medicare Part D plan, changing plans or disenrolling from the program are very specific and must be followed carefully to avoid penalties.

\* Medicare Part D includes provisions for those people who need assistance transitioning to the plan. These individuals include:  
o Residents of long-term-care facilities  
o Individuals moving from one treatment-setting to another  
o Individuals switching medications to accommodate their new plan's benefits

- Enrolling in Medicare Part D is easy. Eligible individuals will receive program information from Medicare in the fall of 2005.



## Medicare Part D – Is it right for you

\* Medicare Part D is designed for those who are currently taking prescription medication – or may in the future.

\* When deciding if Medicare Part D is right for you, it's important to understand how it may affect some of the other benefits you receive.

\* If you have an employer-sponsored prescription drug plan, you can exercise a number of options:

1. Keep your current plan and add Medicare Part D for more complete coverage,
2. Drop your current plan and replace it with Part D,
3. Or simply keep your current plan and not participate in Part D.

When Medicare Part D goes into effect on January 1, 2006, new Medigap (Medicare Supplement) insurance policies with prescription drug coverage will no longer be made available.




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*“Beginning October 1, 2005, benefit and pricing information of Medicare Part D plans will be made available.”*



## Medicare Part D – Making Smart Choices

\* When choosing the best Medicare Part D plan for you, it's important to consider factors like cost, convenience and benefit options.

\* When choosing a Medicare Part D plan, check to see if your current medications are on a particular plan's list of approved drugs. If not, you may want to consider switching to an equivalent drug. Each plan is required to include at least two medications from each therapeutic class or category.

\* Beginning October 1, 2005, benefit and pricing information of Medicare Part D plans will be made available to you for comparison via the Internet and by calling providers in your area.

\* Understanding the difference between generic and brand-name drugs may save you money.

\* When choosing a Medicare Part D plan, check to see if its network pharmacies are convenient to you. If not, you may choose to use a mail-order pharmacy.

\* Using a mail-order pharmacy may be the most economical option for obtaining your prescription drugs through Medicare Part D.

\* Medicare beneficiaries who do not enroll within the first six months of their eligibility — and who decide to enroll later — will pay a 1% penalty in addition to their Part D monthly premium for each month that they delay enrollment.

\* Medicare Part D enrollees can switch plans once in the six-month open-enrollment period. After that, enrollees can switch plans each and every year between November 15 and December 31 to take effect January 1 of the following year.



## Medicare Part D – Top 10 things to know about it

1. Medicare Part D is the new prescription drug program available to all people eligible for Medicare beginning January 1, 2006.
2. Medicare Part D is an optional plan. Its benefits can include saving you money today as well being your insurance policy for the future.
3. Enrolling in Medicare Part D is easy. Medicare will provide program information to eligible participants in fall 2005.
4. Medicare Part D will be available for a monthly premium from a variety of private companies over a six-month open-enrollment period beginning November 15, 2005 and ending May 15, 2006.
5. Medicare Part D plans will vary in terms of cost, prescription drugs that are covered and pharmacies that may be used.
6. Medicare Part D works with Medicare Parts A and B. Individuals entitled to Part A or enrolled in Part B can receive help paying for prescription drugs. In general, Medicare Part D will become more beneficial to the enrollee as prescription drug costs increase.
7. Medicare Part D provides additional assistance for low-income individuals, including no monthly premiums, no deductibles and no gap in coverage for qualified individuals
8. Individuals who are enrolled in both Medicare and Medicaid ("Dual Eligibles") who have not already selected a Part D plan will be automatically enrolled in Medicare Part D by their state agency in the fall. [Click here](#) if your individual annual income is below \$9,570.
9. Eligible individuals who choose not to enroll during the initial open-enrollment period (November 15, 2005–May 15, 2006) may enroll from November 15 and December 31 of each subsequent year, but penalties will apply.
10. Enrollees can change their qualified prescription drug coverage plan any time through May 15 of 2006. In subsequent years, enrollees will be able to change their plan from November 15 to December 31 of each year to be implemented on January 1 of the following year.



## Medicare Part D – Know what to do next

It's always wise to be prepared. That's why it might be a good idea to gather information now that can be used to help you to make the right decision about Medicare Part D when the time comes, beginning November 15, 2005. You may also want to speak to your doctor about the possibility of switching to generics or an equivalent drug brand in the event that the plan you choose does not cover all of your current medications.

By answering the following questions, you can create the lists that will help you to compare Part D plans down the road:

- \* Do you currently have prescription drug coverage?
  - \* How much do you pay for that coverage?
  - \* What prescription drugs are you currently taking and how much do you pay for them?
  - \* Are they brand-name or generic? Are there other brands that I might switch to?
  - \* Which of these drugs are covered by other benefits, such as employer-sponsored plans, discount cards, Medicaid, Medigap, Medicare Advantage or a State Pharmaceutical Assistance Program (SPAP)?
  - \* Which pharmacies do you currently use?
  - \* Which value-added services are important to you? Home-delivery services?
- Generic vs. brand-name drugs?

[See Worksheet](#)



## COMPARE PRICES AND FORMULARY OPTIONS WITH CARE

Enrollees will be able to compare prices of the different Medicare Part D plans at [www.medicare.gov](http://www.medicare.gov) over the Internet. Comparing prices in advance is important. While comparing plans, be sure to choose a plan with prescription drug options, often called a formulary or Covered Medications List (CML), that best suit your needs. Providers can refuse to pay for medications that are not on their approved list. Benefit information will continue to be available for plans during the open-enrollment period beginning November 15, 2005.

Important Facts:

\* Benefits information for Medicare Part D plans will be available beginning October 1, 2005.

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*“Provided that they maintain continuous coverage, individuals enrolled in Medicare Part D will be allowed to switch plans each and every year.”*

## THE DIFFERENCE BETWEEN GENERIC AND BRAND-NAME

Beginning October 1, 2005, there will be many Medicare Part D plans to choose from, so it's important to understand the difference between generic and brand-name drugs.

When a company develops a new drug and develops a patent for the drug, no other company can sell that drug for 20 years. The drug is named ("branded") and tends to cost more than non-brand drugs. When the patent expires, a "generic" version of the brand drug is created, which has the same active-ingredient formula as a brand-name drug. Generic drugs usually cost less than brand-name drugs and are rated by the Food and Drug Administration (FDA) to be as safe and effective as brand-name drugs.

## YOU HAVE THE OPTION TO SWITCH PLANS

Provided that they maintain continuous coverage, individuals enrolled in Medicare Part D will be allowed to switch plans each and every year between November 15 and December 31, to take effect January 1 of the following year. The first Part D enrollment period has been extended and individuals will have the opportunity to enroll or disenroll in a Part D plan through May 15 of 2006.

Important Facts:

\* For plan years 2007 and beyond, individuals enrolled in Medicare Part D will be permitted to change plans each year between November 15 and December 31 for a January 1 effective date.

\* During the first year, beneficiaries will be permitted to enroll or disenroll in a Part D plan up to May 15, 2006. In 2006, once enrolled, a beneficiary is allowed to switch plans once so long as that switch is made before May 15th.

## FOR MEDICARE PART A OR PART B USERS, AND MEDICAID BENEFICIARIES

Individuals who are entitled to Medicare Part A and/or Medicare Part B may enroll in Medicare Part D after November 15, 2005. However, Part D will not pay for any drugs that could have been paid for under Medicare Part A or Part B, even if the individual does not have Part A or Part B. Individuals that are eligible for low-income assistance and Medicaid may also enroll beginning November 15, 2005.




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*“Individuals who are entitled to Medicare Part A and/or Medicare Part B may enroll in Medicare Part D after November 15, 2005.”*



## MEDICARE PART D KEY DATES

It's important to know the key dates that pertain to Medicare Part D so that you can enroll on time in the plan of your choice. You may want to mark the following key dates down on your calendar.

Beginning October 1, eligible recipients will receive information from Medicare about plan options in their area. Starting October 18, 2005 (per latest guidance on Medicare.gov), Part D plan comparisons will be available on Medicare.gov.

Other Key dates:

- Open enrollment begins November 15, 2005.
- On January 1, 2006, "dual eligibles" Medicare Part D replaces Medicaid prescription drug coverage. Auto-enrolled recipients may switch plans.
- May 15, 2006 - End of Open Enrollment. Last day to switch plans for 2006.
- Open Enrollment period for 2007 coverage begins on November 15, 2006.
- Open Enrollment period ends for 2007 on December 31, 2006.
- March 31, 2007 - Last day to switch plans for 2007.



## ENROLLING IN A PLAN IS SIMPLE

You can enroll in the Medicare Part D program by submitting an application to an approved Part D Sponsor. This application is used to verify an enrollee's eligibility, level of resources and income. Eligible individuals will receive information from Medicare in the fall of 2005 about plan options in their area. When an individual enrolls in a plan, it is the responsibility of the plan provider to notify Medicare of the choice of plan.

People currently on both Medicare and Medicaid will be automatically enrolled in a Part D plan in their area. They may choose to change the assigned plan before January 1, 2006, when Medicaid prescription drug coverage ends.

Important Facts:

\* The Medicare Part D program application form will be used to verify an enrollee's eligibility, level of resources and income.



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***"You can enroll in the Medicare Part D program by submitting an application to an approved Part D Sponsor."***

## CHANGING PLANS AND DISENROLLING

In 2006, individuals who have chosen a Medicare Part D plan can change plans once or disenroll from the program until May 15, 2006. From November 15 to December 31 of each year thereafter, those individuals who have chosen a Part D plan can change plans for the following year.

Important Facts:

\* Enrollees may change plans once or disenroll from the program during the first 6 months of 2006.

\* Individuals who do not sign up during the initial open-enrollment period ending May 15, 2006 will likely pay more for their coverage if they choose to enroll at a later date.



## THE MORE YOU PAY FOR PRESCRIPTION DRUGS, THE MORE YOU SAVE

Medicare Part D is administered by private companies; so monthly premiums will vary by company, plan and state. You can expect plan premiums to average \$35 per month. Part D enrollees will pay a monthly premium in addition to the monthly Medicare Part A and/or Part B premiums you may be paying. Like with any insurance plan, the greater your prescription drug needs, the greater your savings.

***“Enrollees pay 100% of prescription drug costs from \$2,250 to \$5,100.”***

### Important Facts:

- \* Medicare Part D plans vary in cost and coverage, depending on the company providing the plan – as well as the state in which it is administered.
- \* Monthly premiums average \$35 a month.
- \* The government Standard Medicare Prescription Drug Plan includes a \$250 annual deductible.
- \* Enrollees pay 25% of prescription drug costs from \$250 to \$2,250.
- \* Enrollees pay 100% of prescription drug costs from \$2,250 to \$5,100. 75% of all beneficiaries will not hit the \$2,250 annual threshold.
- \* Enrollees pay 5% of prescription drug costs over \$5,100.
- \* Some companies will enhance the benefits. Consider looking for a company that offers enhanced Part D plans to best suit your needs.

## HOW "OUT-OF-POCKET" IS DETERMINED

The annual amount a person on Medicare can be required to spend "out-of-pocket" on prescription drugs in 2006 will be \$3,600 unless that person qualifies for low-income subsidies. (Click here to learn how "low-income" is defined.) Out-of-pocket payments of deductibles, coinsurance and co-payments are applied toward the out-of-pocket limit. Costs for covered Medicare Part D drugs paid by family members, State Pharmaceutical Assistance Programs (SPAPs), churches and charities will also count toward the out-of-pocket limit. After this limit has been met, the beneficiary pays the greater of \$2 for generic drugs, \$5 for brand-name drugs or 5% of the costs, whichever is greater.

### Important Facts:

- \* Payment for drugs not included on a plan's covered-drug list, sometimes called a formulary, do NOT count toward the out-of-pocket limit.
- \* Payments made by supplemental insurance plans do NOT count toward the out-of-pocket limit.

***“ 29.3 million are expected to enroll in Medicare Part D plans in 2006.”***

## WHO IS ELIGIBLE FOR MEDICARE PART D

Individuals entitled to Medicare Part A and/or enrolled in Medicare Part B are entitled to enroll in the new Medicare Part D prescription drug benefit. Individuals who qualify for both Medicare and Medicaid – "Dual Eligibles" – are also entitled to the Part D prescription drug benefit. To enroll in a Part D plan, individuals must also live in the plan's service area.

### Important Facts:

- \* Of the estimated 43.1 million eligible Medicare beneficiaries, 29.3 million are expected to enroll in Medicare Part D plans in 2006.



## **MEDICARE PART D FOR PEOPLE CURRENTLY ON BOTH MEDICARE AND MEDICAID**

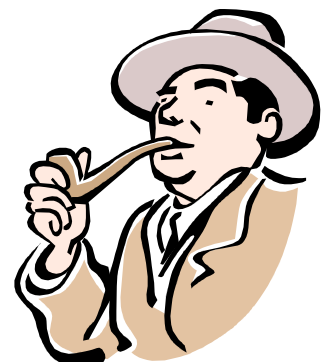
"Dual Eligibles" are low-income seniors and people with disabilities who are enrolled in both Medicare and Medicaid. Most Dual Eligibles have substantial health needs and have income levels at or below 73% of the Federal Poverty Level. Beginning January 1, 2006, Dual Eligibles will receive their prescription drug coverage through Medicare rather than Medicaid. Because of their low-income status, Dual Eligibles will only be responsible for minimal payments for their coverage.

### **CHANGING PLANS AS A DUAL ELIGIBLE**

Dual Eligibles will be assigned to a Medicare Part D plan via auto-enrollment. Should a person who is currently on both Medicare and Medicaid choose to change plans, he or she may do so during the six weeks from November 15, 2005, to January 1, 2006 to avoid gaps in coverage. After January 1, 2006, people who are Dual Eligibles will also be able to change plans whenever they choose to do so. However, it is important to note that the low-income subsidy for which all Dual Eligibles qualify only covers the premium for the lowest-cost plans in their area. For example, if the plan selected has a higher premium, the individual will be responsible for the cost difference.

#### **Important Facts:**

- \* People currently on both Medicare and Medicaid may no longer have access to some medications that were previously available from Medicare/Medicaid.
- \* State Medicaid programs will no longer provide coverage for prescription drugs for dual eligible individuals, though states may opt to cover certain drugs that will not be covered by Medicare Part D.
- \* People currently on both Medicare and Medicaid will be auto-enrolled in a Part D plan by the state to ensure no lapse in coverage occurs due to the transition from Medicaid to Medicare.



### **ENROLL EARLY AND AVOID PENALTIES**

For eligible individuals, there is a six-month open-enrollment period for Medicare Part D beginning November 15, 2005. Individuals who enroll late in Medicare Part D and who do not have coverage equal to Medicare Part D (Creditable Coverage) will incur a late-enrollment penalty of 1% per month for each month the individual is not enrolled. Individuals who enroll late in Medicare Part D and provide proof of Creditable Coverage will not be assessed a late-enrollment penalty.

#### **Important Facts:**

- \* Sign-up begins November 15, 2005.
- \* Eligible individuals must enroll by May 15, 2006 or face penalties
- \* Individuals who become eligible after November 15, 2005 must enroll by May 15, 2006 (or within 63 days of losing comparable coverage) or risk facing penalties.
- \* Late-enrollment penalties include an additional 1% of premium added to premium for each month the individual was not enrolled.



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## NEWSLETTER MATERIAL SOURCE

The information contained within these pages was primarily gathered from <http://www.partdandme.com>, a web site sponsored by Pacificare™. Please check this web site for updated and changing information.

Pacificare™ is the parent company of Secure Horizons™, a company specializing in senior products and services. Secure Horizons™ offers a wide range of Medicare Medigap (Medicare Supplements) plans, Medicare Part C which is Medicare+Choice plans (an HMO and a Fee for Service offering) and now the soon to be offered Medicare Part D prescription plan.

## MEDICARE+CHOICE PLANS

You do have options to the traditional Medicare approach of using your Medicare benefits in conjunction with a Medigap Supplement plan. The biggest downside to a supplement plan is your monthly cost that will ultimately increase with your age. Medicare Part C plan premiums are not age driven.

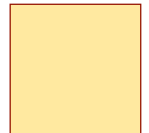
Check with JCB Insurance Services to find out more about Medicare Part C Medicare+Choice options (HMO & PPO type plans). The premiums are very low and sometimes free! Not all plans are available everywhere. The availability of plans is based on either county of residence or zip code.

## ABOUT OUR ORGANIZATION...

Our brokerage is a Certified Secure Horizon's Senior Services broker. We can also offer products and services from all California licensed Carriers.

JCB Insurance Services recently attended specialized training on Secure Horizon's new Medicare+Choice plans. The new Fee for Service plans were introduced along with an early overview to Secure Horizon's new Medicare Part D prescription plans.

At JCB, we value the relationship we have with every client. We don't advertise or telemarket for new prospects. Rather, we network with our existing clients and ask them to make sure to tell everybody they know about JCB Insurance Services. Referrals are everything to us. Our reputation and the results we achieve with and on behalf of our clients speak volumes. So by all means, please feel free to share our name and reputation with those you care about - especially your senior friends and relatives.



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