

# Medicare Rx

**"Caring for an aging parent and becoming their advocate may be one of the most important and challenging roles that you will assume during your lifetime"**

*Esther Koch, Founder Encore Management*



## How to Select the Best Stand-Alone Medicare Prescription Drug Plan

### Your Role as Caregiver and Advocate

The Medicare Prescription Drug Program can be a very complicated and confusing program for a senior. In addition, to make an informed decision on a stand-alone Medicare Prescription Drug Plan your parent needs to be web-savvy. The reality is that your parent needs your help and I applaud you for being there for them.

This guide will provide you with what you need to know about the Medicare Prescription Drug Program. You will learn some Medicare basics and then some Medicare Prescription Drug Program basics first to determine whether your parent needs to select a stand-alone plan. If they do, you can then follow the step-by-step instructions on how to use the Drug Plan Finder, a very sophisticated analytical tool found at [www.Medicare.gov](http://www.Medicare.gov). In the process, you can potentially save hundreds if not thousands of dollars for your parent.

### Medicare Basics

Medicare is a federal health care program primarily covering **medically necessary expenses** for beneficiaries age 65 and older.

#### What is Original Medicare?

- Original Medicare refers to the combination of Medicare Part A and Medicare Part B coverage which from Medicare's inception in 1965 until 1996 was all that comprised Medicare, hence the terminology

**Original Medicare.** Original Medicare is a fee-for-service plan that allows your parent to go to any doctor or facility that accepts Medicare.

- **Medicare Part A - Hospitalization Insurance:** Primarily covers hospital charges and is free for Social Security eligible seniors. Your parent is responsible for deductibles and daily coinsurance.
- **Medicare Part B - Medical Insurance:** Primarily covers doctor's fees, outpatient care and diagnostic testing. A standard monthly premium applies to all with an additional premium for high income beneficiaries usually based on tax return information two years prior. Your parent is responsible for deductibles, copays and coinsurance.

#### What is Medigap Insurance?

Medicare Supplement Insurance, commonly referred to as **Medigap** Insurance, is **private insurance that covers gaps** in Medicare coverage. Regulated by federal and state laws, basic coverage is standardized but premiums and additional coverage provisions by insurance carrier are not. To find and compare Medigap plans, go to *Find & Compare Medigap Policies* at [www.Medicare.gov/MPPF/](http://www.Medicare.gov/MPPF/).

#### What if Your Parent Has Retiree Health Insurance?

Your parent may have retiree health coverage from their last employer, or their spouse's.

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Enrollment in Medicare Part A and Part B is likely required. If enrolled in Original Medicare, their retiree coverage is probably similar to Medigap coverage. Alternatively, they may have the option to enroll in a **Medicare Advantage plan**. Retiree coverage might pay deductibles, coinsurance, and copayments or reduce premiums due. If you have any questions about your parent's retiree coverage, contact the plan administrator. Review all plan correspondence carefully as retiree plans are at risk of benefit reductions.

## What is a Medicare Part C?

Medicare Part C provides **managed care** health plan options. It is offered by Medicare but run by private insurance companies. The most common form is currently referred to as **Medicare Advantage Plans**. Most Medicare Advantage plans include prescription drug coverage.

### The Five Types of Medicare Advantage Plans

HMO	Health Maintenance Organization
PPO	Preferred Provider Organization
PFFS	Private Fee For Service Plan
MSA	Medical Savings Account
SNP	Special Needs Plan

- Medicare Advantage plans are all inclusive plans that can be thought of as a combination of Medicare Part A (hospitalization), Medicare Part B (medical), Medicare Part D (prescription drugs) and a Medigap policy (covering the gaps in Medicare).
- The plans can include extra benefits such as wellness programs, vision, hearing or dental services in addition to Medicare Prescription Drug coverage.
- As managed care plans, however,

restrictions are inherent in the plan. For example, these plans generally require the selection of a primary care physician, the use of specific provider networks, and require referrals to specialists. Services of out-of-network providers may not be reimbursed. Since plans are on a regional basis, if your parent relocates they will need to change plans.

- Medicare Part B coverage is required and your parent will continue to pay that monthly premium. Additional premiums may apply for the plan itself or for prescription drug coverage.

To find and compare Medicare Advantage plans in your area go to *Find & Compare Medicare Health Plans* at [www.Medicare.gov/MPPF/](http://www.Medicare.gov/MPPF/).

There are two primary times to join or switch Medicare Advantage Plans:

- From November 15th to December 31st each year with coverage beginning on January 1st of the following year.
- From January 1st to March 31st of each year. There are, however, restrictions to the plans you can select during this period.

## Medicare Prescription Drug Basics

Commencing in June of 2006, prescription drug coverage was added to the list of medically necessary expenses reimbursed under Medicare.

### What is Medicare Part D?

Medicare Part D provides prescription drug coverage to Medicare beneficiaries. Similar to the structure of Medicare Advantage Plans, **Medicare Prescription Drug Plans** are plans offered by Medicare but run by private companies.

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## ***How many types of prescription drug plans are there?***

There are two types of plans:

- **Medicare Prescription Drug Plan:** Also referred to as ***stand-alone or PDP*** plans. Most of the complexities of the Medicare Prescription Drug program relate to stand-alone plans. Your parent's current drugs should be compared to plan offerings annually to ensure that they are enrolled in a plan that best meets their current needs.
- **Medicare Advantage Plan with Drugs:** Also referred to as ***MAPD*** plans. These are comprehensive health plans which already include Medicare Prescription Drug coverage. These plans are primarily selected for their health care benefits.

## ***When should my parent select a stand-alone Medicare Prescription Drug Plan?***

Whether your parent needs to select a stand-alone Medicare Prescription Drug Plan depends upon whether they already have health care coverage that includes prescription drugs and if that coverage is deemed ***creditable***. Creditable is defined as *just as good as the government's standard*. The plan is required to notify beneficiaries whether its drug coverage is creditable or not.

Under the following conditions your parent ***does not need to enroll*** a stand-alone Medicare Prescription Drug Plan:

- Your parent is enrolled in a Medicare Advantage Plan with drug coverage (MAPD). By definition these include creditable coverage.
- Your parent already has drug coverage that is deemed creditable from a retiree plan.

- Your parent already has drug coverage that is deemed creditable from an employee plan.
- Your parent is enrolled in Original Medicare and a Medigap policy with drug coverage that is deemed creditable.

Under the following conditions, your parent ***should enroll*** in a stand-alone Prescription Drug Plan to obtain drug coverage and/or to stop the accruing of the ***late enrollment penalty***. This penalty is 1% per month commencing from the later of when your parent first became eligible for Medicare or did not otherwise have creditable coverage. Even if your parent is currently not taking drugs, it is probably beneficial for them to enroll in the lowest premium plan just to insure against the potential risk and to stop the penalty accrual.

- Your parent is enrolled in Original Medicare with no drug coverage.
- Your parent is enrolled in Original Medicare and a Medigap policy with no drug coverage.
- Your parent is enrolled in Original Medicare and a Medigap policy with drug coverage that is deemed non-creditable.

The ***Annual Election Period*** for selecting a Medicare Prescription Drug Plan is ***November 15th – December 31st*** for coverage for the following calendar year. Additional special election periods are provided but only under specific circumstances.

- If your parent is already enrolled in a stand-alone Medicare Prescription Drug Plan, ***their drugs should be reviewed and compared annually against current plan offerings*** for their zip code.
- It is likely that the best plan option for them will change year-to-year because

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plan structures change annually and their drugs are likely to change annually too.

## ***What if my parent qualifies for federal or state assistance programs?***

The most common federal assistance programs are **Medicaid, Supplemental Security Income (SSI), Medicare Savings Programs (MSP) and Extra Help**. The rules here are complex. Your best source of information regarding your parent's qualification for, or enrollment in, federal or state assistance programs and how that affects their drug plan choice is your parent's **State Health Insurance Program (SHIP)**. Contact information at end.

## **How to Use the Drug Plan Finder**

To make a well-informed decision on the selection of a stand-alone Medicare Prescription Drug Plan, use the **Medicare Prescription Drug Plan Finder** search tool at [www.Medicare.gov](http://www.Medicare.gov).

## ***Why is choosing a stand-alone Medicare Prescription Drug Plan so different?***

Choosing a Medicare Prescription Drug Plan is based on different selection criteria than any other type of insurance you have purchased. A higher premium plan does not necessarily equate to better coverage, nor does a lower premium plan imply that you are getting the same coverage for less.

You are trying to match the set of drugs that your parent has against the set of drugs that the plan covers, commonly referred to as the plan's **formulary**. Each plan has a different formulary of drugs that it covers. Whether most of your parent's drugs are included on the formulary of a plan is the primary driver of plan cost. Then individual plan pricing for other variables comes into play, such as premium, deductible, tier structure, tier pricing, donut

hole coverage, etc.

## ***What is the primary basis for comparing stand-alone Medicare Prescription Drug Plans?***

Total estimated annual cost is most important because it brings plan comparisons to an apples-to-apples basis. **Total estimated annual cost** is driven by a combination of factors including: whether the plan covers all of your parent's drugs; individual drug classifications and pricing; monthly premium; deductible amount; and drug costs to the beneficiary at various tier and expenditure levels.

## ***What is the Drug Plan Finder?***

The Drug Plan Finder is a sophisticated, easy to use, web-based analytical tool found on the Medicare website at [www.Medicare.gov](http://www.Medicare.gov). It provides costs, coverage, and drug plan quality information for what is likely to be ~50 plan choices in most urban areas. The list of plan data is initially sorted from least expensive to most expensive plan based on total estimated annual cost. You can resort the list, compare up to 3 plans at a time, and drill down to obtain a wide range of plan specific information including how to lower drug costs. You can even save your parent's drug list.

## ***What do I need before I go to www.Medicare.gov?***

You will need to know the following about your parent:

- Their current health coverage(s)
- Their zip code
- The exact names of their current drugs
- The exact dosages of their current drugs
- 30-day supply amounts for their current drugs

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- If your parent is in a disease state that is drug dependent (for example, Parkinson's Disease, cancer, Alzheimer's Disease, arthritis, or diabetes), contact their doctor to get information on drugs that might be prescribed next year. Include those drugs as current drugs for plan evaluation.
- If your parent is in a senior living community where drugs are purchased for residents at a specific pharmacy, obtain the name of that pharmacy.

## **What are the steps to using the Drug Plan Finder?**

The step-by-step instructions on how to use the Drug Plan Finder follow. Please note that these are current as of November 15, 2008 but may become outdated due to subsequent website modifications. Print screen displays that you might want to later reference when they are displayed as you are not always able to go back to previous sections.

- Select *Medicare Prescription Drug Plans – 2009 Plan Data*.
- Select *Find and Compare Plans*.
- Select *Begin General Search*. This method is preferred; otherwise you will need your parent's Medicare card to enter their specific information.
- Enter your parent's *ZIP Code* as plan options are defined by location. Answer questions regarding age, health status and health coverage. Enter *Continue*.
- A summarization of your parent's current coverage and options is provided. Enter *Continue*.

The next entries are for your parent's specific drugs:

- Select *Enter My Drugs*.
- Enter drug name and select *Search for Drug*.
- A pop-up box will display drug options and identify the drug as either a brand, a generic (in all CAPS), or over-the-counter (in gray). Highlight the correct brand or generic drug (over-the-counter drugs are not covered) and enter *Add Selected to Your Drug List*. Continue until all drugs have been entered.
- Next uncheck the box *Use lower cost generic drugs when available*. You want to use your parent's drugs as originally entered. It is not your decision to change your parent's drugs from branded to generic. This requires doctor confirmation.
- Select *Continue* and *My Drug List* will appear.
- First confirm that the dosages in the *Drug Name* column are correct. Use the drop down boxes to make changes.
- Next confirm that the amounts in the *Quantities/Days Supply* box are correct. Note that these are 30-day supplies. A frequency of 2 per day is a 60-day supply.
- Select *Continue* and *Save My Drug List* will appear.
- Choose a password of Month, Day and Year so that your parent's drug list is saved and you can go back into the Drug Plan Finder without having to reenter their drugs. *Your Drug Retrieval Information* will appear. Make sure you print this page for future reference.

You will next come to *Select a Preferred Pharmacy or Pharmacies*.

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- *No* is generally recommended so that plan options are not limited.
- *Yes* is appropriate when pharmacy options are restricted such as for rural seniors or seniors on medications management living in skilled nursing or assisted living environments.
- Select *Continue* and *Your Personalized Plan List* will display.

## **How do I analyze "Your Personalized Drug List"?**

Plan options will be sorted from least expensive to most expensive plan based on total *Estimated Annual Costs Using Retail Pharmacy*. This number includes all cash outlays - premiums, deductibles, copays, coinsurance and the full cost of drugs if applicable. You are now on an apples-to-apples comparison basis for your parent's specific drugs as covered under each individual plan.

- The following information is displayed for each plan and more detailed information is available wherever there is a link:
  - ◆ *Original Medicare*. This is the total estimated annual cost of your parent's drugs without Medicare Prescription Drug coverage.
  - ◆ *Plan Name and Number*
  - ◆ *Estimated Annual Cost Using Retail Pharmacy* and how to *Lower this cost*.
  - ◆ *Estimated Annual Cost Using Mail Order Pharmacy* and how to *Lower this cost*.
  - ◆ *Monthly Premium*
  - ◆ *Annual Deductible*
  - ◆ *Coverage in the Gap*
  - ◆ *Number of Network Pharmacies*
  - ◆ *Summary Rating of Prescription Drug Plan Quality*
- The five least expensive plans will show up initially but you will want to display all plans. Under the fifth plan option, select

*Show: All One Page.*

- Scroll down from the first plan listed to the last plan listed. For your parent's set of drugs, this is the range of cost of those drugs for the plans offered in their area.
- Note this range. For most, this range will be in the thousands of dollars yet it is the cost of the same set of drugs. Think of this as getting a list of the cost of all your holiday gifts if the same gifts were purchased from some 50 different retailers. All things being equal, you should be most interested in the least expensive plans. ***Just getting to this page provides you significantly more information to make a drug plan decision.*** At least now you can select a drug plan based on the total estimated annual cost of your drugs.
- ***But there is more valuable information available.*** You can do side-by-side comparisons of up to 3 plans by checking the box next to the plans in the *Choose up to 3 plans to Compare* column on the left. Your selection should be based on the variables that are of interest to you with *Estimated Annual Cost* using either *Retail Pharmacy* or *Mail Order Pharmacy* being most important. You might also want to consider service and convenience factors such as drug plan quality rating, nationwide coverage (noted under plan name and number), or mail order capability. Select *Compare*.
- You will be provided detailed comparative information for the plans you select. In particular, you can:
  - ◆ Obtain contact information.
  - ◆ Drill down to review comparative *Plan Ratings*.
  - ◆ Review the *Drug Coverage Information*

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section to determine if there are prior authorizations, step therapy, or quantity limitation restrictions by plan.

- ◆ See individual drug costs at each expenditure level.
- You can use the drop down box in the contact section at the top to obtain:
  - ◆ *More Information*
  - ◆ *View Plan Drug Details*
  - ◆ *Very Important Notes and Benefit Summary*
  - ◆ *Lower My Cost Share*
- **The "Lower My Cost Share" provides extremely valuable information**
  - ◆ Enter Go to obtain *Ways to Further Lower My Drug Cost Share*. You can also get here from *Your Personalized Drug List* through the *Lower this cost* link.
  - ◆ Generic alternative or similar drugs are listed with estimated cost savings.
  - ◆ If you are in communication with your parent's physician, you might want to call him/her to find out if the drugs noted are appropriate for your parent.
  - ◆ If the doctor authorizes a substitute drug you should rerun the Drug Plan Finder with the revised drug set to obtain a new plan comparison ranking. Take similar steps as above to review the new list.

## **How I do I enroll my parent in a plan?**

Once you have analyzed options and decided on a plan, enrollment through the **plan's website** is recommended. Enrollment in a new plan will automatically disenroll your parent from their current plan. It is best to enroll during the beginning of the election period to ensure that coverage information is made available to your parent's pharmacy by January 1st.

Enrollment can also be done:

- By phone with the plan provider.
- Through [www.Medicare.gov](http://www.Medicare.gov).
- By phone to 1-800-MEDICARE.

## **How do I plan for this next year?**

Selecting a stand-alone Medicare Prescription Drug Plan requires an **annual review**. Next year be ahead of the game. Develop that list of your parent's drugs well before November 15th. Also include the conditions being treated and the prescribing doctor. Bring that list first to a pharmacist to review for possible drug interactions and to obtain recommendations of lower cost drugs. Then accompany your parent to their doctor to review their drugs and examine them for the conditions for which the drugs were prescribed.

## **Resources**

The following government Medicare resources are available.

- **Medicare Website:** [www.Medicare.gov](http://www.Medicare.gov)
- **State Health Insurance and Assistance Program (SHIP):** The State Health Insurance and Assistance Program is a state-based, federally-funded program that offers one-on-one counseling to Medicare beneficiaries and their families. The phone number of your parent's local SHIP (names may vary by state) office is located on the back cover of their *Medicare & You Handbook*. To find contact information online, select the *List of State Health Insurance Offices* at [www.CMS.hhs.gov/Partnerships/10\\_SHIPS.asp](http://www.CMS.hhs.gov/Partnerships/10_SHIPS.asp).
- **Medicare & You:** The *Medicare & You* handbook is the official annual government publication on Medicare that is mailed to all Medicare beneficiaries every fall.
- **Medicare Help Line:** 1-800-MEDICARE (1-800-633-4227) operates on a 24/7 basis.