

Medicare Prescription Drug Coverage (updated 07/07/2010)

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Each year between November 15th until December 31st, Medicare beneficiaries who haven't sign up will have another opportunity to enroll in a drug plan, and currently enrolled beneficiaries can change plans if there is one that better meets their drug needs. Beneficiaries who are satisfied with their prescription drug plan do not have to re-enroll to retain their current coverage.

Medicare prescription drug plans are available for anyone with Medicare, regardless of income or age. There are many different drug plans available in Illinois. These drug plans are approved by Medicare, but administered by private companies.

People new to Medicare have seven months to enroll in a drug plan (three months before, the month of, and three months after they become eligible for Medicare).

A crucial part of deciding which drug plan to choose involves knowing which prescription drugs are covered by the different plans. The only easy way to compare drug plans is on the Internet. The Medicare website (see link above) has a "Compare Medicare Drug Plans" link that anyone can use to find out which drug plan best fits their needs and pocketbook. This comparison tool is needed since not all drug plans cover every drug, and the monthly premium and deductible varies depending on the drug plan chosen.

For those individuals who do not have access to the Internet, [senior citizen centers](#) in Southern Illinois have high speed Internet connections in order to help senior adults make their decision about Medicare's approved prescription drug plans.

For many Medicare beneficiaries, the monthly premium and drug co-pay amounts are financially difficult. Programs to help low and moderate income beneficiaries pay these costs are Extra Help, via the Social Security Administration, and Illinois Cares Rx.

1. The Extra Help application is available at any Social Security office (see link above), or by calling toll-free 1-800-772-1213 (for TTY, call 1-800-325-0778). Most senior centers have copies of the Extra Help application, as well.
2. The Illinois Cares Rx application is available at all senior centers, on the Internet (see link above), or by calling toll-free 1.800.252.8966 (for TTY, call 1.888.206.1327).

If you still have questions about Medicare prescription drug coverage and the Illinois Cares Rx program, call your [local senior center](#) or the [Senior Health Insurance Program \(SHIP\)](#).

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Summary of Medicare Prescription Drug Coverage

1. In order to meet individual prescription drug needs, Medicare allows private companies to issue many different Medicare-approved prescription drug plans.
2. Drug plans do not have to cover all prescription drugs. There are over 100 different diagnosis categories. Drug plans must offer at least two prescription drugs in each of these categories. Beneficiaries should choose the plan that best covers their prescription drug needs.
3. Here are some basic rules to remember:
 - Beneficiaries usually pay a monthly premium for their drug plan. The exact premium amount will depend upon which prescription drug plan beneficiaries choose. Each drug plan can charge a different monthly premium than the standard Medicare plan.
 - Beneficiaries are not required to enroll in Part D, but if they enroll later they will pay a higher monthly premium.
 - Medicare Beneficiaries who decide to enroll later than their initial enrollment period will have their monthly premiums cost 1 percent more per month that they wait to enroll (for example, if a beneficiary has to wait 7 months past their initial enrollment period until November 15th to enroll, their monthly premium will always pay 7 percent more than what others pay for the same drug plan).
 - The premium penalty **does not apply** to beneficiaries who have comparable coverage from another source (such as retirement health plans) that have certified in writing as “credible coverage” or coverage that is at least “as good as Medicare” (this includes VA and FEHB beneficiaries). Beneficiaries with a group health plan that includes prescription drug coverage should receive (and keep) a letter from their plan administrator.
 - Although there are some drug plans with no annual deductible, most drug plans require that beneficiaries pay an annual deductible before Medicare pays anything (see row 1 in the chart below).
 - Beneficiaries pay 25% of the costs up to a certain amount (see row 2 in the chart below). Some drug plans charge less than 25%.
 - The beneficiary pays the full amount for most drug plans once a beneficiary has reached the “donut hole” (see row 3 in the chart below). Again, there are some plans that cover drugs in this “donut hole.”
 - The beneficiary pays 5 percent of the drug costs after the annual drug costs have exceeded the amount described row 4 in the chart below.

Your costs in 2010 & 2011 ... (basic benefits, some plans may differ)

Row	If your annual drug costs are between...	You pay...	Up to a maximum of...	Your total costs are shown below, not including the annual premium...
1.	\$0 to \$310	100%	\$310	up to \$310
2.	\$311 to \$2,830	25%	\$630	up to \$940
3.	\$2,831 to \$6,440	100%	\$3,610	up to \$4,550
4.	Over \$6,440	5%	No limit	\$4,349.75 plus for each additional drug you pay \$2.50 for generic, \$6.30 for brand name drugs, or 5 percent of the cost, whichever is greater.

4. "Extra Help", also known as LIS or Low-Income Subsidy, is financial assistance available for low and moderate-income individuals. The following information is for **2010 & 2011**:
- Beneficiaries of Medicaid and Medicare (dual eligible) will automatically receive the following benefits. [Medicaid eligible individuals](#) (also known as "dually eligible" people) who have Medicare receive these benefits–
 - No monthly premium or annual deductible.
 - Beneficiary co-pays \$1.10 for generic and \$3.30 for brand name drugs.
 - After \$4,550 out-of-pocket, Medicare pays all other drug costs.
 - Beneficiaries with incomes below \$1,213.38 (\$1,639.13 for couples, 135% of poverty level) may receive these benefits if they apply for "Extra Help"–
 - No monthly premium or annual deductible.
 - Beneficiary co-pays \$2.50 for generic and \$6.30 for brand name drugs.
 - After \$4,550 out-of-pocket, Medicare pays all other drug costs.
 - Beneficiaries with incomes between \$1,213.39 and \$1,353.75 (between \$1,639.14 and \$1,821.25 for couples, 150% of poverty level) may receive these benefits if they apply for "Extra Help"–
 - Monthly premium based on sliding fee scale.
 - \$62 annual deductible.
 - After the deductible, beneficiary pays 15 percent of drug costs.
 - After \$4,550 out-of-pocket, beneficiary pays \$2.50 for generic or \$6.30 for brand name drugs.
 - Apply for "Extra Help" at your [local Social Security office](#) or use their [online tool](#) to apply for Extra Help. [Local senior centers](#) have "Extra Help" paper applications and can help with the application process.

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