

Next Plateau Consulting LLC
 Frank Washelesky
 455 N. Cityfront Plaza Dr.
 NBC Tower - Suite 2600
 Chicago, IL 60611-5379
 312-670-0500
 fwashelesky@next-plateau.com
 www.next-plateau.com



Medicare Prescription Drug Coverage

If you're covered by Medicare, here's some welcome news--Medicare drug coverage can help you handle the rising cost of prescriptions. If you're covered by original Medicare, you can sign up for a drug plan offered in your area by a private company or insurer that has been approved by Medicare. Many Medicare Advantage plans will also offer prescription drug

You should compare the details of each plan available in your area before choosing one. You can get personalized plan information at the Medicare website, www.medicare.gov, or by calling a Medicare counselor at 1-800-MEDICARE.

coverage in addition to the comprehensive health coverage they already offer.

Although prescription drug plans vary, all provide a standard amount of coverage set by Medicare. Every plan offers a broad choice of brand name and generic drugs at local pharmacies or through the mail. However, some plans cover more drugs or offer a wider selection of pharmacies (for a

higher premium) than others, so you'll want to choose the plan that best meets your needs and budget.

How much will it cost?

What you'll pay for Medicare drug coverage depends on which plan you choose. But here's a look at how the cost of Medicare drug coverage is generally structured in 2009:

A monthly premium: Most plans charge a monthly premium. Premiums vary, but average \$28. (Source: Centers for Medicare and Medicaid Services.) This is in addition to the premium you pay for Medicare Part B. You can have the premium deducted from your Social Security check, or you can pay your Medicare drug plan company directly.

An annual deductible: Plans may require you to satisfy an annual deductible of up to \$295. Deductibles vary widely, so make sure you compare deductibles when choosing a plan.

A share of your prescription costs: Once you've satisfied the annual deductible, if any, you'll generally need to pay 25% of the next \$2,405 of your prescription costs (i.e., up to \$601.25 out-of-pocket) and Medicare will pay 75% (i.e., up to \$1,803.75). After that, there's a



coverage gap; you'll need to pay 100% of your prescription costs until you've spent an additional \$3,453.75. (Some plans offer some coverage for this gap.) However, once your prescription costs total \$6,153.75 (i.e., your out-of-pocket costs equal \$4,350--you've paid a \$295 deductible + \$601.25 + \$3,453.75 in drug costs--and Medicare has paid \$1,803.75), your Medicare drug plan will generally cover 95% of any further prescription costs. For the rest of the year, you'll pay either a coinsurance amount (e.g. 5% of the prescription cost) or a small copayment for each prescription.



Again, keep in mind that all figures are for 2009 only--costs and limits may change each year, and vary among plans.

Total prescription costs in 2009	What you pay	What Medicare pays
Over \$6,153.75	You pay 5% of costs	Medicare pays 95% of costs
\$2,700 to \$6,153.75	You pay 100% of costs	Medicare pays nothing
\$295 to \$2,700	You pay 25% of costs	Medicare pays 75% of costs
\$0 to \$295	You pay deductible of \$295 (some plans may offer lower deductibles)	Medicare pays nothing until deductible is satisfied

What if you can't afford coverage?

Extra help with Medicare drug plan costs is available to people who have limited income and resources. Medicare will pay all or most of the drug plan costs of seniors who qualify for help. If you haven't already received an application for help, you can pick up one up at your local pharmacy or order one from Medicare.

When can you join?

Seniors new to Medicare have seven months to enroll in a drug plan (three months before,

the month of, and three months after becoming eligible for Medicare). Current Medicare beneficiaries can generally enroll in a drug plan or change drug plans during the annual election period that occurs between November 15 and December 31 of each year, and their Medicare prescription drug coverage will become effective on January 1 of the following year.

If you already have Medicare drug coverage, remember to review your plan each fall to make sure it still meets your needs. Before the start of the annual election period, you should receive a notice from your current plan letting you know of any important plan modifications or additional plan options. Unless you decide to make a change, you'll automatically be re-enrolled in the same drug plan for the upcoming year.

Do you have to join?

No. The Medicare prescription drug benefit is voluntary. However, when deciding whether or not to enroll, keep in mind that if you don't join when you're first eligible, but decide to join in a future year, you'll pay a premium penalty that will permanently increase the cost of your coverage.



There's an exception to this premium penalty, though, if the reason you didn't join sooner was because you already had prescription drug coverage that was at least as good as the coverage available through Medicare.

What if you already have prescription drug coverage?

Like many people, you may already have prescription drug coverage through the Medicare Advantage program, private health insurance such as Medigap, or your employer or former employer's health plan. You can generally opt either to keep that coverage or join a Medicare prescription drug plan instead. If you already have other prescription drug coverage, you'll receive a notice from your current provider explaining your options.

What happens after you join?

Once you join a plan, you'll receive a prescription drug card and detailed information about the plan. In order to receive drug coverage, you'll generally have to fill your prescription at a pharmacy that is in your drug plan's network or through a mail-order service in that network. When you fill a prescription, show the card to the pharmacist (or provide the card number through the mail) even if you haven't satisfied your annual deductible, so that your purchase counts toward the deductible and benefit limits.

What if you have questions?

If you have questions about Medicare prescription drug coverage, you can get help by calling 1-800-MEDICARE (1-800-633-4227) or by visiting the Medicare website at www.medicare.gov. Look for information in the mail from Medicare and the Social Security Administration (SSA), including a copy of the publication "Medicare and You 2009" that will give you details about the prescription drug plans available in your area.

Choosing a Medicare Prescription Drug Plan

- ☑ *Start by making a list of all the prescription drugs you currently take and the price you pay for them to see how much you're spending on prescription drugs.*
- ☑ *Next, compare plans. Does each plan cover all the drugs you currently take?*
- ☑ *What deductible and co-payments does each plan require?*
- ☑ *What monthly premium will you pay?*
- ☑ *What pharmacies are included in each plan's network?*
- ☑ *Finally, ask for help if you need it. A family member or friend can help you find information, or you can call a Medicare customer service representative at 1-800-MEDICARE.*

Disclosure Information -- Important -- Please Review

DISCLAIMER: The information contained in this newsletter; is general in nature and is not legal, financial or tax advice. For information regarding your particular situation, contact your legal, accounting, or tax advisor. This newsletter is believed to provide accurate and authoritative information related to the subject matter. The accuracy of the information is not guaranteed and is provided with the understanding that; the providers of this newsletter are not rendering legal, accounting or tax advice. In specific cases, clients should consult their legal, accounting or tax advisors. Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS under circular 230, we inform you that any U.S. Federal tax advice contained in this communication, unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing, or recommending to another party any matters addressed herein.