

This article explains the basics about Medicare Part D.

What is the Medicare Prescription Drug Plan?

Medicare is adding coverage for prescription medicines. This means that people who have Medicare Part A (hospital insurance) or Medicare Part B (medical insurance) will be able to get insurance to pay for part of their prescription drugs. Medicare is working with insurance companies to offer this benefit. It is available no matter what your income, illnesses, or drug costs.

When can I sign up?

You can sign up between November 15, 2005 and May 15, 2006. If you join after May 15, you will have to pay more.

How will the Medicare drug plans be different?

Because private companies are setting up the plans for Medicare, each plan will be a bit different. Some may use only certain pharmacies and others may cover only certain drugs. The cost also may vary. It is important to pick one that meets your needs.

How do I choose a plan?

Medicare has information that can help you compare the plans. You can get this info at www.medicare.gov or 1-800-MEDICARE (1-800-633-4226). You should have also received a handbook called "Medicare & You" in the mail.

Where else can I get help?

State Health Insurance Assistance Programs (SHIP) will be a good place to get help. Call 1-800-MEDICARE to get the number for your local SHIP. Local community groups will also be helping people pick the right plans.

How much will this insurance cost?

The monthly fee will be about \$32. There will also be a \$250 deductible each year. You will need to pay this amount before Medicare starts helping with your drug bills. You will also pay a small co-pay for each drug.

Does this insurance pay for all of my drug costs each year?

No. After you pay the \$250 deductible, Medicare will pay 75% of the next \$2,000 of your drug costs, while you pay 25%. This means that you will pay your \$250 deductible, then Medicare will pay for the next \$1,500 of your drug costs, while you pay \$500 of the costs. During this initial coverage, you will have paid \$750 (\$250 deductible + \$500 of your drug costs).

At this point, there is a gap in coverage -- some people call it the "donut hole." What this means is that once Medicare has paid \$1,500 of your drug costs, your coverage is going to stop until you have paid an additional \$2,850 out-of-pocket for your drug costs. That would bring your total out-of-pocket costs to \$3,600 (\$750 during the initial coverage + \$2,850 during the coverage gap).

Once you have paid \$3,600 for your drug costs, Medicare will cover 95% of the rest of your drug costs for the rest of the year. At this point, you will only pay \$2 for generic drugs and \$5 for brand-name drugs (or 5% of the cost of each prescription, depending on which one is higher).

Medicare Drug Benefit		
Annual Drug Costs	Medicare Pays	You Pay
\$0-\$250	\$0	\$250 (deductible)
\$250-\$2,250	75% of drug costs, up to \$1,500	25% of drug costs, up to \$500
\$2,250-\$5,100 (coverage gap)	0% of drug costs, \$0	100% of drug costs, up to \$2,850
Subtotal	up to \$1,500	up to \$3,600
More than \$5,100	95% of drug costs	5% or \$2 for generic drugs & \$5 for brand-name drugs

What if I have a Medigap policy now?

If you get drug coverage through Medigap, you will get information from your insurance company. This information will help you decide what to do.

What if I already have drug coverage through my employer or union?

You will get information from your employer or union that tells you if your current plan covers less, the same, or more than Medicare drug insurance will cover.

If your current plan covers less than Medicare, you can:

- Keep your current plan AND join a Medicare plan for complete coverage.
- Keep your current plan. (However, if you join Medicare later, you will have to pay more.)
- Drop your current plan and join a Medicare plan. (However, you may not be able to get your current plan back.)

If your current plan covers the same as or more than Medicare, you can:

- Keep your current plan. (If you join Medicare later, you won't have to pay more.)
- Drop your current plan and join a Medicare plan. (However, you may not be able to get your current plan back.)

Where can I learn more?

If you're looking for more information about Medicare Part D, familydoctor.org has compiled a [list of additional resources](#) that may be helpful.