

Medicare Prescription Drug Plans: What's New for 2007

Around 30 million people had prescription drug coverage through Medicare in 2006. This year, there are even more plans to choose from. In October you will receive the *Medicare and You 2007 Handbook*. Enrollment begins November 15th if you want to switch plans. But before you do, there are changes you should know about...

Cost and Coverage Changes

Plans are offering more options this year, but how much you pay may change too...

- Plans will pay for more drugs. Some will now cover generic phenobarbital and benzodiazepines (e.g., *Ativan*, *Restoril*, *Xanax*, and others). Most plans didn't pay for these drugs in 2006, but a lot of people used them.
- The average monthly premium will be \$24 to \$29, about the same as in 2006.
- The premiums for the cheapest plans will go up from around \$2 to about \$10.
- Plans that offer the most coverage and options will increase most in price.
- The yearly deductible has increased from \$250 to \$265. Some plans will require no deductible, but they usually cost more.

The Donut Hole

The coverage gap or "donut hole" is when your prescription drug costs, including what you have paid and what your insurance has paid, are more than \$2,400. Once you reach this limit, you must then pay a total of \$3,850 of your own money before your insurance will begin to pay for your prescriptions again. For 2007:

- More plans will pay for prescriptions during the donut hole.
- Mostly, these plans will pay for generics only.
- Plans that continue to pay in the donut hole start around \$40 to \$50 per month.

To **keep out of the donut hole**, ask for lower-priced drugs and use generic drugs when you can.

If you **fall into the donut hole**:

- Continue to use your prescription drug card so your spending will count toward your total to get out of the donut hole.
- States, pharmacies, and drug companies may offer help paying for your prescriptions.
- You may be able to get extra help from Medicare and other government organizations if your assets and household income are below a certain amount.

If I'm happy with my plan now, what should I do?

If you are happy with your current plan, you don't need to do anything. But keep in mind that your plan may change for 2007. You should get information on plan changes (Annual Notice of Change) in the mail by the end of October. Look to see if your premium, deductible, or co-pays have changed. Make sure the medications you take are still going to be covered in 2007.

Dates to remember if you want to switch plans:

- Open enrollment begins **November 15th**.
- Enroll by **December 8th** to be sure that any changes are in effect on January 1st.
- Open enrollment ends on **December 31st**.
- Changes will begin **January 1st**.

—Please continue to the next page for a list of helpful resources—



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Pharmacist's Letter / Prescriber's Letter to give to their patients.
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Medicare Prescription Drug Plan Patient Resources for 2007

	<i>What It Is...</i>	<i>Where Can I Find It?</i>
Medicare Prescription Drug Plan Guide	New for 2007, to help you find the plan that best meets your needs. We highly recommend taking a look at this helpful, color-coded, interactive workbook BEFORE picking your plan for 2007.	www.healthdecisions.org/guide Also available from local pharmacies, congressional district offices, and State Health Insurance Program (SHIP) offices.
Medicare: The Official U.S. Government Site for People with Medicare	Helps you find and compare plans.	www.medicare.gov 1-800-MEDICARE
	See plan information for your state.	www.medicare.gov/medicarereform/local-plans-2007.asp
Part D Optimizer	Provides tips to stay out of the donut hole in 2006 and compares savings when you switch to other medicines within your plan. Plan information for 2007 will be available after December 31, 2006.	www.partdoptimizer.com
American Association of Retired Persons (AARP)	News, tips, and links.	www.aarp.org/medicarerx 1-888-687-2277
	“What You Need to Know: The New Medicare Prescription Drug Coverage,” a free educational guide.	http://www.aarp.org/health/medicare/drug_coverage/medicarepdf1.html
Social Security Administration (SSA)	Application for extra help with costs of your drug plan.	www.ssa.gov/prescriptionhelp 1-800-772-1213
Medicare Rights Center	Ways to get extra help paying for your medicines.	www.medicarerights.org/drughelp.html 1-202-589-1316
Center for Medicare Advocacy	Answers to common questions and more.	www.medicareadvocacy.org/FAQ_PartD.htm 1-860-456-7790

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Medicare Part D: What's New for 2007

Background

Around 30 million people had prescription drug coverage through Medicare in 2006.¹ This year, most people will have 50 to 60 plans to choose from, compared to around 40 plans in 2006. Plans will offer more options and in many cases, higher premiums. Open enrollment starts November 15th.

Coverage Changes

Plans will cover about 13% more drugs for 2007.^{1,2} Specifically, UnitedHealth and WellPoint will offer plans that cover generic phenobarbital and benzodiazepines, which are currently excluded drugs. Benzodiazepines were among the most widely used Part D excluded drugs last year.³

About one-third of plans will offer “donut hole” coverage, most paying for generics only during the coverage gap.³ The monthly premiums for these plans will start at around \$40 to \$50. Premiums for plans that cover brand AND generic drugs can be as high as \$100 per month.

Those who are planning to keep the same plan from 2006 through 2007 don't need to re-enroll. But plans can change from year to year.² An Annual Notice of Change should be mailed to beneficiaries in October to inform them of any changes for the upcoming year.⁴

Cost Changes

The average premium will stay around \$24, although this calculation includes premiums for Medicare Advantage plans, which are typically less expensive and used by around 15% of enrollees. The average premium is closer to \$29 when only Part D plans are used for the calculation, which is in fact a larger increase than the annual rate of inflation.⁵ The lowest monthly premiums are increasing from around \$2 to around \$10, although the lowest premiums in some states will be around \$20.⁶

The maximum annual deductible has increased from \$250 in 2006 to \$265 in 2007, although

some plans will require no deductible.⁷ The monthly premiums for plans without deductibles may be over \$50.

Humana will have the least expensive plans in 38 states. Plans that offer the broadest coverage and options will increase most in price.

The Donut Hole

About 3 million people who receive the Medicare drug benefit are expected to reach the donut hole in 2006.⁸ Many patients have been blindsided by it. This year, the coverage gap will be wider, with maximum out of pocket expenses of \$3,850. It also starts higher (\$2,400) and ends higher (\$5,451) than in 2006.⁷

To help patients avoid the donut hole, advise them to use generics or low-cost alternatives to more expensive medications whenever possible. Both the patient's out-of-pocket expense and the cost that the insurance pays count toward the \$2400 total before the coverage gap. When a patient falls into the gap, states and pharmaceutical companies may offer assistance programs. Patients with modest assets and income may qualify for extra help. More information can be found at www.ssa.gov/prescriptionhelp.

Resources

The best Part D Prescription Drug Plan for each individual is based on a variety of factors, and costs and benefits can vary widely. It can be confusing for beneficiaries and for health care professionals as well. Suggesting resources such as the newly available Medicare Prescription Drug Plan Guide, provided by America's Health Insurance Plans (AHIP), the National Association of Chain Drug Stores (NACDS), and the National Community Pharmacists Association (NCPA), may help people make more informed and individualized decisions. It's a color-coded and interactive workbook to help select the specific plan to best meets a person's needs. Besides being available from local pharmacies, chain drug stores, congressional district offices, and State

More . . .

Health Insurance Program (SHIP) offices, it's on-line at www.healthdecisions.org/guide. Our patient handout also summarizes the 2007 changes and lists helpful patient resources as well. Remember that pharmacists may not give unsolicited advice or recommend specific plans to patients.⁹

Advise your patients to enroll by December 8th so that coverage will begin January 1st. And those who don't enroll by December 31st should know that they will incur a penalty of around \$2.50, or 1% of the national average monthly premium, for every month past the first month they are eligible for the Part D benefit.

Users of this document are cautioned to use their own professional judgment and consult any other necessary or appropriate sources prior to making clinical judgments based on the content of this document. Our editors have researched the information with input from experts, government agencies, and national organizations. Information and Internet links in this article were current as of the date of publication.

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