

Money for Life

September 2005

Dear Readers,

Medicare will add prescription drug coverage in 2006. Everyone on Medicare must decide if they want to enroll. The September and October "Money for Life" newsletters provide you with information from the Iowa "Senior Health Insurance Information Program" on these upcoming changes.



Phyllis Zalenski
Family Resource Management Specialist
Iowa State University Extension

Coverage Plans



Medicare will contract with private companies to offer prescription drug plans. To receive benefits you will select one of these plans. There are two types of plans from which to choose.

1. You can choose to receive your medical benefits from the traditional Medicare program and receive prescription drug coverage through a Medicare drug plan.
2. You can join a Medicare Health Plan with drug coverage. Medicare Health Plans can be a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), or a Private-Fee-For-Service plan (PFFS).

These plans will be available starting January 1, 2006. There will be several to choose from in Iowa. If you join a plan you will pay a monthly premium (around \$35 in 2006) and pay some of the cost of your prescriptions. How much you pay, what drugs are covered, and which pharmacy you use will vary depending on the plans you choose.

Eligibility

You are eligible for the Medicare prescription drug coverage if you are enrolled in Medicare Part A and/or Part B.

Enrollment Period

You can enroll anytime between November 15, 2005 and May 15, 2006. If you join by December 31, 2005, your Medicare prescription drug plan will begin on January 1, 2006. If you join after that, your coverage will begin the first day of the month after you enroll. New Medicare enrollees will be able to enroll in the prescription drug coverage when they enroll in Medicare.



If you delay enrollment you could pay more. If you don't join a plan by May 15, 2006, and you don't have an existing drug plan that is equal to or better than Medicare coverage, you will have to pay a higher premium if you join later. You will pay at least 1% more for every month you waited to get a Medicare prescription drug plan. You will pay this higher premium for the rest of your life.

Drug Costs



You will pay a monthly premium of approximately \$35. Some plans will charge more, others less.

You will have to pay the first \$250 of your drug costs each year (the deductible).

After you pay the deductible, Medicare will pay 75% of the next \$2,000 of your drug costs. You pay 25% of these costs or \$500.

After total drug costs reach \$2,250, you will pay 100% of drug costs on the next \$2,850. Once your out-of-pocket drug costs, not including premiums, reach \$3,600 (\$250 deductible + \$500 coinsurance + \$2,850 coverage gap) Medicare will start paying 95% of your drug costs.

Plans may offer additional benefits which could increase premium costs.

Choosing a Plan

You should compare the costs of your prescriptions with the benefits provided by each of the plans to make sure you are making the best choice. The "Senior Health Insurance Information Program" will be able to help you compare your choices when the plans become available in October.

Information about Plans

In mid-October you will be able to compare the benefits of each of the Medicare plans. At that time information about the plans will be available at www.medicare.gov, 1-800-MEDICARE or the Iowa SHIIP at 1-800-351-4664.

Key Dates

October 1, 2005 – Medicare prescription drug plans will start to market.

October 13, 2005 – Information will be available about the plans and you can start to compare benefits.

November 15, 2005 – Enrollment in Medicare drug plans begins.

December 31, 2005 – If enrolled in a plan by this date, Medicare prescription plan coverage will begin on January 1, 2006.

January 1, 2006 – Medicare drug plans are effective.

May 15, 2006 – Enrollment for Medicare prescription drug coverage ends.

Counseling Assistance

The Senior Health Insurance Information Program (SHIIP) is a free, unbiased counseling program provided by the State of Iowa Insurance Division. SHIIP can also help answer your questions about Medicare, Medicare supplement insurance, long-term care insurance and other types of health insurance sold to people on Medicare.

Call 1-800-351-4664 to find the counselor nearest you, or to request a speaker for your group.

Website: www.shiip.state.ia.us

E-mail: shiip@iid.state.ia.us

Newsletter contact information:

Phyllis Zalenski
605 E. Main
Anamosa, IA 52205
319-462-2791
319-462-4572 (FAX)
zalenski@iastate.edu

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