

Money for Life

June 2004

Dear Readers,

The Medicare Modernization Act passed by Congress in 2003 adds new prescription drug benefits to Medicare. The “Medicare Prescription Drug Discount Card and Transitional Assistance Program” gives temporary help until the Medicare drug benefit starts in January 2006. This month’s newsletter provides information about the new drug discount cards and the \$600 assistance.



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Drug Discount Cards

Medicare is contracting with private companies to offer discount cards to help people with Medicare save money on their prescriptions. You are eligible for the card if you are enrolled in Medicare Part A and/or Part B. You cannot have prescription drug coverage through Medicaid. Enrolling with a card is voluntary.



You can enroll anytime from May 2004 through December 31, 2005. You can join only one discount drug card each year. If you choose a card in 2004, you can’t switch to another card for the rest of the calendar year. You will be able to choose a different card for 2005 during the annual election period between November 15 and December 31, 2004.

Changes are permitted in these situations:

- you permanently move to a state that doesn’t offer your discount card,
- you join or leave a Medicare Advantage plan,
- you enter or leave a long-term care facility or
- the private company stops offering your discount card

The discount cards will have a “Medicare-approved” seal. Medicare approval ensures that the cards provide a reasonable level of benefits and price to Medicare participants. Private companies that offer these cards are allowed to charge a yearly fee of no more than \$30. No matter when someone joins a discount card the entire yearly fee must be paid.

The companies will decide which prescriptions will be discounted and the amount of the price discount for each drug. Only drugs included on the company’s discount drug list will be discounted. The estimated savings with these cards are 10-15% on your total prescription costs and as much as 25% on certain drugs. A company can change its drug list and the discounted price anytime.



Consumers will need to compare each card carefully to choose the one that offers prescriptions needed at the best discounted price. Determine which cards will be honored by your pharmacy or other nearby pharmacies. If you live part-time in another state or travel, choose a card with national coverage.

\$600 Assistance

If your income is not more than \$12,569 (2004) if you are single and \$16,862 (2004) if you are married (both incomes), you may be able to get up to \$600 in 2004 and \$600 more in 2005 to pay for your prescriptions. You must have Medicare Part A and/or Part B.



You can not get \$600 from Medicare to help with your prescriptions if you receive prescription drug coverage from Medicaid, TRICARE for Life, FEHBP, or an employer group health plan or other health insurance coverage (other than Medicare Advantage plan or a Medicare supplement). Your resources are not considered when applying for the \$600.

To apply for the \$600, ask for an enrollment form for the discount card you want. Forms are also available from SHIP (1-800-351-4664) or at www.medicare.gov. Complete the form and send to the card company. The company will send the completed form to Medicare. Medicare will determine whether you qualify for the \$600. If you qualify, Medicare will also pay the annual fee for the discount card you choose.

Beginning in May 2004 you can apply anytime and you will get the full \$600 if you are eligible. If some of the \$600 is left at the end of the year, and you keep the same card or you change cards during the annual enrollment period, you can use that money in 2005.

If you wait until 2005 to apply for the \$600, you might not get the full amount from Medicare. The amount decreases by \$150 each quarter of 2005.

If you are approved, the money will be applied to your discount card. Each time you fill a covered prescription you will have to pay 5% or 10% of the cost, depending on your income. The pharmacy will subtract the rest of the prescription cost from the \$600 on your card. You cannot use the \$600 to buy over-the-counter drugs and drugs used for cosmetic purposes. When you have used all of your \$600, you can continue to use your discount card to save money on your prescriptions.

Choosing a Drug Discount Card

The Senior Health Insurance Information Program (SHIP) can help you compare the drug discount card programs. They offer free fact sheets and a worksheet to help you evaluate the options. For more information call 1-800-351-4664 or go to their website at www.shiip.state.ia.us

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