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## Medicare Prescription Drug Coverage

If you're covered by Medicare, here's some welcome news-- Medicare is introducing drug coverage that 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 pre-

*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](http://www.medicare.gov), or by calling a Medicare counselor at 1-800-MEDICARE.*

scription drug 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.

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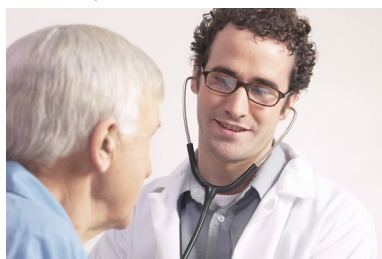
### How much will it cost?

What you'll pay for Medicare drug coverage depends on which plan you choose. But in general, here's what you can expect to pay in 2006:

**A monthly premium:** Most plans charge a monthly premium ranging from \$20 to \$37. 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:** Most plans require you to satisfy an annual deductible of up to \$250. Deductibles vary, so make sure you compare deductibles when choosing a plan.

**A share of your prescription costs:** Once you've satisfied the annual deductible, you'll need to pay 25% of the next \$2,000 of your prescription costs (i.e., up to \$500 out-of-pocket) and Medicare will pay 75% (i.e., up to \$1,500). After that, there's a cover-



age gap; you'll need to pay 100% of your prescription costs until you've spent an additional \$2,850. However, once your prescription costs total \$5,100 (i.e., your out-of-pocket costs equal \$3,600--you've paid a \$250 deductible + \$500 + \$2,850 in drug costs), your Medicare drug plan will cover 95% of any further prescription costs.



Total prescription costs in 2006	What you pay	What Medicare pays
Over \$5,100	You pay 5% of costs	Medicare pays 95% of costs
\$2,251 to \$5,100	You pay 100% of costs	Medicare pays nothing
\$251 to \$2,250	You pay 25% of costs	Medicare pays 75% of costs
\$0 to \$250	You pay deductible of \$250 (some plans may offer lower deductibles)	Medicare pays nothing until deductible is satisfied

Again, keep in mind that all figures are for 2006 only--costs and limits may change each year.

### 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.

### How do you join?

If you're currently covered by Medicare Part A (Hospital Insurance) and/or Medicare Part B (Medical Insurance), you can choose to join a drug plan anytime from November 15, 2005, through May 15, 2006. If you join by December 31, your Medicare prescription drug coverage begins on

January 1, 2006. If you join later, your coverage begins on the first day of the month after the month you join. In general, you'll be able to join or change plans once each year between November 15 and December 31 (the annual enrollment period). People who are not currently covered by Medicare will be able to sign up for coverage when they first join Medicare.

#### Do you have to join?

No. The Medicare prescription drug benefit is voluntary. But when deciding whether or not to enroll, keep in mind that if you join when you're first eligible you'll pay a lower premium. If you don't join by May 15, 2006, and then change your mind and decide to enroll in a future year, you'll pay a premium penalty that will increase the cost of your coverage permanently. 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.

#### Can you keep using your Medicare-approved drug discount card?

Medicare-approved prescription drug discount cards have been helping seniors reduce their prescription drug costs, but these cards are now being phased out. You can continue to use your discount card (and any credits that remain on it) only until you sign up for a Medicare prescription drug plan, or until May 15, 2006, whichever comes first.

#### What if you have questions?

If you have questions about the Medicare prescription drug benefit, you can get help by calling 1-800-MEDICARE (1-800-633-4227) or by visiting the Medicare website at [www.medicare.gov](http://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 2006" 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

This information is not intended to be tax or legal advice. It is provided for your education only by Pennytree Advisers, LLC. Individual circumstances may vary.