



Information Partners Can Use on:

# Five Important Questions to Ask About Medicare Prescription Drug Coverage

as of May 2007

While doing education and outreach about Medicare prescription drug coverage, it is important to find out whether the person you are helping already has prescription drug coverage, and if they do, what kind. This is because if they don't have other prescription drug coverage, and sign up late for Medicare prescription drug coverage, they will pay higher premiums (late enrollment penalty). If they **do** have prescription drug coverage, they need to find out whether it is "creditable prescription drug coverage." This may determine whether they can sign up later for Medicare drug coverage without a penalty.

Listed below are five important questions you need to ask.

1. Do you have prescription coverage through the Original Medicare Plan?
2. Do you have prescription coverage through a Medicare Advantage Plan (like an HMO or PPO) or other Medicare Health Plan?
3. Do you have prescription coverage through your employer or union?
4. Do you have prescription coverage through Medicaid?
5. Do you have prescription coverage under a Medigap (Medicare Supplement Insurance) policy?

Below is some key information people in each of these situations might need to consider before making a decision.

## **1. For people in the Original Medicare Plan with no prescription drug coverage (or people about to become eligible for Medicare)**

Medicare prescription drug coverage may help them save money on their regular prescription drug costs, and it protects them from catastrophic drug costs.

- People can stay in the Original Medicare Plan and join a Medicare Prescription Drug Plan, which only covers prescription drugs, or they can join a Medicare Advantage Plan or other Medicare Health Plan that covers prescription drugs as well as doctor and hospital care.
- For most people, whether in the Original Medicare Plan or a Medicare Advantage Plan, signing up for Medicare prescription drug coverage when they are first eligible means they will pay the lowest possible monthly premium. People who don't join a Medicare drug plan when they are first eligible may have to pay a higher premium (late enrollment penalty) for as long as they have Medicare prescription drug coverage. The longer they wait, the higher the premium.



## **2. For people with employer or union coverage (including VA, TRICARE, and FEHBP)**

- Employers or unions that provide prescription drug coverage must let people with Medicare know if the coverage is creditable, which means it is, on average, at least as good as the standard Medicare prescription drug coverage. This information is essential to understanding whether they will have to pay a higher premium (late enrollment penalty) if they choose to sign up for Medicare prescription drug coverage after they are first eligible.
- If people with Medicare haven't heard from their employer or union, they should visit the employer or union's website or call their benefits administrator and ask for this information.

**Note:** If a person with Medicare drops their coverage, they may also have to drop coverage for their spouse and dependents.

## **3. For People with Medicaid**

- People who would get full prescription drug coverage from Medicaid if they were not on Medicare will for the most part get prescription drug coverage from Medicare instead of Medicaid.
- For these people, the prescription drug coverage from Medicare has no premiums, no deductibles, no coverage gap, and they pay little or no copayments.
- People with Medicaid must join a Medicare drug plan that covers prescription drugs to get drug coverage. If they don't join a Medicare drug plan, Medicare will sign them up for one, but they can change plans at any time.

## **4. People enrolled in Medicare Advantage Plans or other Medicare Health Plans**

- The plans will let people with Medicare know about the prescription drug options they offer.
- People enrolled in these plans can also choose to switch to another Medicare Advantage Plan or other Medicare Health Plan that provides prescription drug coverage, or they can switch to the Original Medicare Plan and join a Medicare Prescription Drug Plan.



## 5. Medigap (Medicare Supplement Insurance) policy with prescription drug coverage

Medicare prescription drug coverage generally provides significant savings compared to what people with Medicare are paying in copayments for prescription drugs under a Medigap policy, and generally provides much better protection against high drug expenses. If someone has high drug costs, Medicare coverage will never run out.

People with Medicare need to decide between keeping their Medigap policy with prescription drug coverage or joining a Medicare drug plan. If they decide to join a Medicare drug plan that offers Medicare prescription drug coverage, they must tell their Medigap insurance company. The Medigap insurance company must remove the prescription drug coverage portion from their Medigap policy. They won't be able to get the Medigap prescription drug coverage back.

**Important for All Audiences**—If a person has limited income and resources, he or she may qualify for extra help with Medicare Prescription Drug Plan costs. Visit [www.medicare.gov](http://www.medicare.gov) on the web or call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users should call 1-877-486-2048.