



Keeping up with all the changes in Medicare can leave you with questions. We've got the answers...

A Patient's Guide to Medicare Part D

A Message from the President

As lawmakers continue to take a look at health care in our country, changes to Medicare, the health insurance program for seniors, are inevitable. Because these changes can be very confusing, many seniors may have already missed opportunities for adequate coverage.

Therefore, I created *A Patient's Guide to Medicare Part D* to provide you with quick answers to many of the most frequent questions we receive from our clients. I believe this guide will be a useful resource for you to keep handy in the event you have a health care plan question or issue. Please keep this booklet in a safe place (but not such a safe place as to forget where you placed it). Carry it with you to the doctor's office, clinic appointment, and your favorite pharmacy.

Even if PSI does not offer a program for you, we truly hope that you will find this information very useful as you and your family journey through life with your chronic illness and that, in some way, this information will guide you to good health.

Wishing you the best of health,

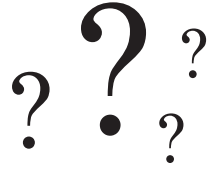
A handwritten signature in black ink, appearing to read "Dana".

Dana Kuhn, Ph.D
President and Founder

Acknowledgements

A special thanks to the following PSI staff who contributed to the development of *A Patient's Guide to Medicare Part D*: Kathy Gioia, Dianne Heldorfer, Mandy Kuhn, Renee Simmons, Janet Fox, Christiana Hundley, Emily Fay and Kelly Fitzgerald.

Frequently Asked Questions About Medicare Part D



What is Medicare Part D?

Part D is Medicare's prescription drug coverage for persons 65 years of age or older and persons with disabilities. This program was made available on January 1, 2006. It was designed to help those persons on Medicare who did not have prescription drug coverage.

Why would I choose to participate in Medicare Part D?

Unless you have a Supplemental policy to Medicare which covers your prescription drug costs, you may want to choose a Medicare Part D plan in order to afford your prescription drug costs. If you have an expensive chronic illness or condition, you may save costs with your prescription drugs if you sign up for a Part D plan.

How does Medicare Part D work?

If you want to sign up for a Medicare Part D plan, contact a participating private insurance company. You may have received a booklet from Medicare entitled, *Medicare & You*. This booklet contains a listing of the private insurance companies in your state which offer Part D plans. You can also obtain this information by calling **1-800-MEDICARE** or visiting Medicare's website at **www.medicare.gov**. You will need to choose wisely. When you identify a plan, make sure you choose one that fits your prescription drug needs.

How do I know which plan to choose?

There will be two types of plans from which you may choose:

1. A "**Prescription Drug Plan**" (PDP) that only covers prescription drugs and can be used with your traditional Medicare and supplemental plan.
2. A "**Medicare Advantage and a Prescription Drug Plan**" (MA-PD) that provides coverage for doctor's office visits and hospitalizations, as well as prescription drugs.

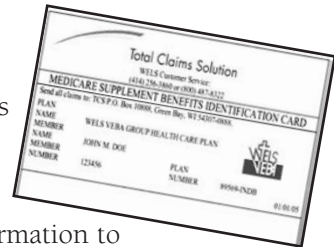
How will I know which plan to choose?

First, determine what type of Medicare coverage you already have. If you have a Medicare card from the federal government that is red, white, and blue, then you have Medicare Part A and probably Part B. Since Parts A and B do not cover prescription drugs, you probably need to select a Medicare Part D Plan.



Second, you have two choices or plans in which you can enroll: You can choose a “Prescription Drug Plan” (PDP), which covers prescriptions only and can be used with your traditional Medicare plan or supplemental insurance plan, OR you can choose a “Medicare Advantage and Prescription Drug Plan” (MA-PD), which covers hospitalization, doctor office visits, and prescription drug costs.

Third, if you have a Medicare card and a “Supplemental” insurance card that covers expenses that Medicare does not cover, then you may NOT want to enroll in a Medicare Part D Plan. You will need to carefully read your supplemental plan information to make sure that the amount of your prescription drug expenses are sufficiently covered for your needs.



Fourth, if you use a card that DOES NOT look like the traditional red, white, and blue Medicare card or a supplemental plan, you may already have a Medicare Advantage plan. This type of plan was either purchased by you or provided to you by a previous employer. Please note:

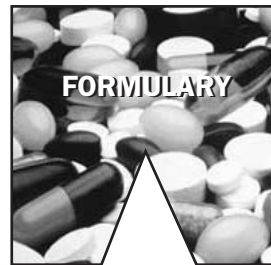
- Some Medicare Advantage Plans offer drug coverage and some do not.
- If your Medicare Advantage Plan offers prescription drug coverage, you may not need to choose an additional drug plan, unless the medication you need is NOT covered by the plan.
- If your Medicare Advantage does not offer prescription drug coverage, then you may wish to choose a Medicare Part D Plan.

Can I just keep my Supplemental Medicare policy?

Yes, you may keep your Medicare supplemental policy, but you will not be able to also have Part D. You must choose between the two. However, your supplemental policy might be limited in the amount of drug coverage costs it will provide. You should also be aware some supplemental “Medigap” companies may phase out these plans after the introduction of Part D. You may need to sign up for Medicare Part D anyway.

Will the prescription drugs I am taking be available with the “Plan” I choose?

Each of the drug plans has an approved list of drugs, called a “Preferred Drug List” (PDL) or “Formulary.” This simply means drug plans may or may not pay for the same medications you have been prescribed by your doctor. Some plans may require “Prior Authorization” of the drug before your prescription can be filled. This means your plan may need additional information from your physician before you can receive your prescription. Sometimes your plan will require your physician to prescribe a “generic” form of your prescribed drug which should be less costly to you. A “generic” form of your prescription drug is the same drug you are taking and is required by the Food and Drug Administration to have all the same ingredients of your brand name drug and work just as well.



Will I still be able to get my prescriptions from my favorite pharmacy?

This depends upon the “plan” you choose. Some plans will require you to use their pharmacies. These pharmacies belong to a “network” of pharmacies agreeing to work together. The network pharmacies agree to

charge discounted prices and may offer you mail order services. In order to receive benefits offered by your plan, it is important to find out if your favorite pharmacy is part of the plan's network. If it is not, then you may want to consider a plan that does have your favorite pharmacy in its network or you will need to use the plan's network pharmacies. Most importantly, make sure you choose a plan in which you can get your needed prescriptions, whether it is your favorite pharmacy or not.



Will there be a “Safety Alert” service with the plan I choose?

Yes, your plan will have an electronic system that will communicate all the prescriptions you are using to the pharmacy. This service will alert your pharmacist in the event certain prescription drugs may cause serious interactions. If this happens, the pharmacist will call your doctor and point this out.

What if I have Medicaid? Will I also be eligible for Medicare?

Yes, but you will need to contact your social services case worker for details on the specifics as to how this will work. In most cases, if you are covered by both Medicaid and Medicare, you will have your prescriptions and treatment covered with minimal or no cost to you.

Will Medicare cost me anything?

Yes, like any other health care policy, you will be required to pay a monthly premium cost. Medicare will probably take the monthly premium out of your social security check or disability check automatically. There are other plans you can choose that have higher monthly premiums resulting in less out-of-pocket costs to you. In other words, you can choose to pay a higher monthly premium and pay less of your prescription/treatment costs.

Are there any other costs besides the monthly premium?

Yes. According to the Centers for Medicare and Medicaid Services (CMS), your plan may consist of one or more payment requirements. For the most part, all Medicare Part D plans will have 4 main payment requirements, which we will call "Steps." Your financial responsibilities for these "Steps" will depend upon the plan you choose and whether or not you have low financial income.

Step One: The Deductible

This is the amount you must pay for health care and/or prescription costs BEFORE your Medicare Part D plan begins to pay a percentage of your prescription. With the traditional Medicare Part D plan this amount would be \$275 (based on 2008 projections). Depending upon the plan you choose, the premium amount you pay, or your low income, this deductible amount could be greatly reduced or non-existent.

Step Two: The Co-insurance/Co-payment

The Co-insurance is the "percentage" of the total prescription drug cost which you may have to pay. This could be a percentage ranging from 25% to 33% depending upon the plan you choose, the amount of premium you pay or your low income. These rates could change in the years to come.

The Co-payment is the set dollar amount you may have to pay toward the cost of your prescription drug. For example: The set dollar amount could be \$10 for each prescription filled. Depending upon the plan you choose, the set dollar amount could range up to \$60 per prescription filled.

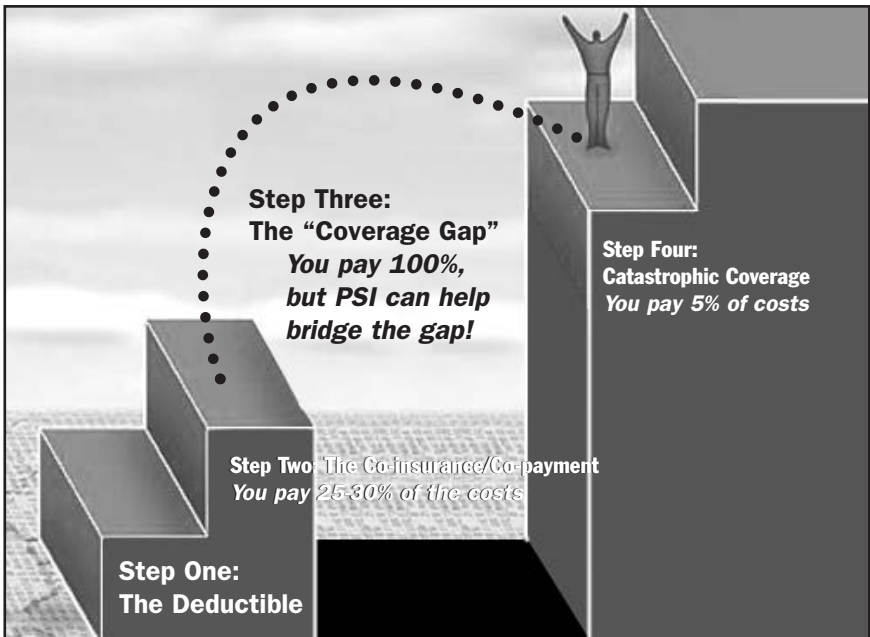
Step Three: The "Coverage Gap"

This is the period of coverage in which you are responsible for paying up to 100% of your drug costs. This applies once you have paid the required amount specified by your Medicare Part D plan. You may have heard this step described as a "Donut Hole," but "Coverage Gap" is more accurate, as demonstrated by the illustration below.

Step Four: The Catastrophic Coverage

This is the step in your coverage where you pay only a small share of your drug expenses. Depending upon the plan you choose, the plan can pay most or all of your drug expenses until the end of the year. You may pay from nothing up to 5% of your drug cost each time your prescription is filled.

This Catastrophic Coverage amount is reached ONLY after paying your “True Out-of-Pocket Costs.” Your true out-of-pocket costs are known as “TrOOP.” In a Medicare Part D plan your TrOOP includes the costs of your deductible, co-insurance/co-payment, and the costs you pay while in the “Gap.” Based on 2008 projections, this TrOOP could add up to \$4,050 depending upon the plan you choose, the cost of your premiums, or your low income. (See Medicare Part D Cost Sharing Chart)



What might my Medicare Part D Plan “look” like?

Standard or “Traditional” Plans

These plans may consist of a deductible, co-insurance or co-payment amounts, the coverage gap, and catastrophic coverage. *Based on 2008 projections, with traditional Medicare Part D plans, the math is simple:*

You pay: \$275.00 (deductible with drug cost of \$100)
+\$627.50 (co-payment – 25% of \$2,510 Rx costs)
+\$3,147.50 (coverage gap – 100%)

Total: \$4,050.00 (your true out-of-pocket costs)

Alternative Plans

These plans may consist of a deductible, co-insurance or co-payment arranged in a Tier or Class; a coverage gap where you will pay up to 100% of the drug cost; and a smaller catastrophic coverage cost. The main difference in this plan is the “Tier” or “Class” concept.

Tiers are the formulary of drugs placed in levels (1, 2, 3, 4) or classes (A, B, C) based upon the demand, cost, and generic form of the drug. The lower drug costs begin at level 1 or class A and go higher with each number or next letter. *How much you will pay for the cost of the drug depends upon the tier or class of the drug. Let's look at an example, based on 2008 projections, using a Tier 1 drug cost of \$50:*

You pay: \$275.00 (deductible)
+\$627.50 (co-payment – 25% of \$510 Rx cost)
+\$3,147.50 (coverage gap – 100%)*

Total: \$4,050.00 (your true out-of-pocket costs)

**For a Tier 1 drug cost of \$50, you are still responsible for paying the TrOOP, but the cost to you is LESS. This plan will save you money but take you longer to get to the Catastrophic stage. Also, with this type of plan, you may pay a smaller catastrophic coverage co-payment.*

Premier Plans

These plans may offer a low or no deductible cost, low co-insurance or co-payment arranged by Tiers or Classes, and no cost in the coverage gap. *However, these plans require participants to pay much more in premiums to offset lower deductibles, co-insurance/co-payments, gap coverage and catastrophic coverage. Read the policy carefully.*

What if I cannot afford my portion of the total cost?

There is a program available through the Social Security Administration called **Low Income Subsidy (LIS)**. For some people who cannot afford the monthly premium amount for a Medicare Part D plan, there may be help. If you meet certain financial criteria determined by the Social Security Administration you could qualify:

1. Your premiums may be forgiven or reduced.
2. Your deductibles may be forgiven or reduced.
3. Your co-insurance or co-payments may be forgiven or reduced.
4. Your coverage gap may be forgiven.
5. Your catastrophic coverage may be forgiven or reduced.



The following are basic guidelines for financial eligibility:

- Single and your income is less than \$15,315*, OR
- A couple with an income less than \$20,535*.

These amounts will vary in high income states, such as Alaska and Hawaii, and as Medicare adjusts the program eligibility in coming years.

If applying for assistance to afford your plan, the following assets will also be considered to determine your eligibility:

1. Your savings
2. Investments: stocks and/or bonds including U.S. savings bonds
3. Real estate (other than your home)
4. The cash value of your life insurance policies
5. A maximum of \$1500 per person for funeral or burial expenses

For questions about income eligibility, you may contact the Social Security Administration toll free at 1-800-772-1213.

***These figures are the 2007 yearly income and resource limits to qualify for extra help. The amounts will change each year and will be published by Medicare.**

But what if I “still” cannot afford my portion of the cost of a Medicare Part D plan when my income is more than the published income guideline?

If you qualify for one of the PSI programs listed on the back cover, call 1-800-366-7741 to make a request for assistance. PSI may be able to help you afford a portion of the cost or all of the cost of your medication. PSI was created to help people with expensive acute or chronic illnesses afford the necessary prescriptions or treatments without worrying about becoming financially destitute. PSI has a very liberal sliding scale for eligibility.



✓ Important Dates

November 15 – December 31 – This will be the period designated each year for you to either enroll in a Medicare Part D plan or change Medicare Part D plans. This period of time will be the only time you may enroll or change plans.

PSI is Here to Help!

We understand how confusing the Medicare Part D program has been for seniors and those with disabilities across the country. Our client service representatives are prepared to answer your questions. Call 1-800-366-7741 today.



About PSI

For nearly two decades, PSI, a national, non-profit charitable organization, has successfully offered a “safety net” to persons with specific expensive chronic conditions and those who fall through the cracks of government health care programs, often helping them avoid financial ruin.

PSI provides peace of mind to our clients by:

- locating health insurance solutions
- subsidizing the cost of premiums
- providing pharmacy and treatment co-payment assistance
- assisting with Medicare Part D co-insurance

PSI currently offers programs for the following chronic illnesses and conditions:

- Alpha₁ Antitrypsin Deficiency
- Bone Metastases
- Brain Tumors
- Chronic Myeloid Leukemia
- Fabry Disease
- GastroIntestinal Stromal Tumors
- Growth Hormone
- Hemophilia
- MPS 1
- Pompe Disease
- Primary Immune Deficiency
- Severe Primary IGF-1 Deficiency

PSI also has transitional and previous program experience with:

- Acromegaly Disorder
- Asthma (Moderate to Severe)
- Breast Cancer
- Chronic Renal Insufficiency
- Colorectal Cancer
- Crohn's Disease
- Hepatitis C
- Plaque Psoriasis
- Rheumatoid Arthritis
- Solid Organ Transplant
Anti-Rejection Therapy

For the most current list of PSI programs, visit www.uneedpsi.org or call 800.366.7741.



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