



Things to Think about when You Compare Plans

To get Medicare coverage for your prescription drugs, you must choose and join a Medicare drug plan. Regardless of how a Medicare drug plan decides to offer this coverage, there are some key factors that may vary. These factors are

- coverage
- cost
- convenience
- peace of mind now and in the future

Some of these factors might be more important to you than others, depending on your situation and drug needs. This tip sheet explains some common differences for each of these factors to help you compare plans.

1. Coverage

Formulary

A list of drugs that a Medicare drug plan covers is called a formulary. Formularies include generic drugs and brand-name drugs. Most prescription drugs used by people with Medicare will be on a plan's formulary. The formulary must include at least two drugs in categories and classes of most commonly prescribed drugs to people in Medicare. This makes sure that people with different medical conditions can get the treatment they need.

Prior Authorization

Some drugs are more expensive than others even though some less expensive drugs work just as well. Others drugs may have more side effects, or have restrictions on how long they can be taken. To be sure certain drugs are used correctly and only when truly necessary, plans may require a "prior authorization." This means before the plan will cover these prescriptions, your doctor must first contact the plan and show there is a medically-necessary reason why you must use that particular drug for it to be covered. Plans might have other rules like this to ensure that your drug use is effective.



2. Cost

Premium

This is the monthly cost you pay to join a Medicare drug plan.

Deductible

This is the amount you pay for your prescriptions before your plan starts to share in the costs. Some plans offer a \$0 deductible (usually for a higher monthly premium). No plan can have a deductible higher than \$250.

Copayment/Coinsurance

This is the amount you pay for your prescriptions after you have paid the deductible. In some plans, you pay the same copayment (a set amount) or coinsurance (a percentage of the cost) for any prescription. In other plans, there might be different levels or “tiers,” with different costs. (For example, you might have to pay less for generic drugs than brand names. Or, some brand names might have a lower copayment than other brand names.) Also, in many plans your share of the cost can increase when your prescription drug costs reach a certain limit.

Coverage Gap

This “gap” in coverage is generally above \$2,250 in total drug costs until you spend \$3,600 out-of-pocket. During this gap, you usually pay the full cost of your prescriptions. Some plans might offer some coverage during the gap. Even in plans where you pay 100% of covered drug costs after a certain limit, you would still pay less for your prescriptions than you would without this drug coverage.

3. Convenience

Drug plans must contract with pharmacies in your area. Check with the plan to make sure your pharmacy or a pharmacy in the plan is convenient to you.

Also, some plans may offer a mail-order program that will allow you to have drugs sent directly to your home. You should consider all of your options in determining what is the most cost-effective and convenient way to have your prescriptions filled.

4. Peace of Mind Now and in the Future

Even if you don't take a lot of prescription drugs now, you still should consider joining a drug plan in 2006. As we age, most people need prescription drugs to stay healthy. For most people, joining now means you will pay a lower monthly premium in the future since you may have to pay a penalty if you choose to join later. You will have to pay this penalty as long as you have a Medicare drug plan.

If you reach the point where you have spent \$3,600 out-of-pocket for drug costs during the year, the plan will pay most of your remaining drug costs.

This protection could start even sooner in some plans.



Here are some common situations that might affect why these differences are important to you.

If you...	You might want a Medicare prescription drug plan that...	Where to start...
...take specific prescription drugs that are important to your health.	Covers the drugs you are taking now.	Look at drug plans that have included your drugs on their formularies, then compare costs.
...have prescription drug costs that total more than \$2,250 a year.	Has a higher than average initial coverage limit and/or provides some coverage during the coverage gap.	Look at plans that offer better than the standard coverage after your costs total \$2,250.
...want your drug expenses to be balanced throughout the year.	Has a zero or low deductible, so you aren't paying a lot out-of-pocket at the beginning of the year.	Look at plans with low deductibles.
...use a lot of generic medicines.	Offers generic medicines for a lower coinsurance or copayment than brand names.	Look at plans with tiers that charge you nothing or low copayments for generic prescriptions.
...don't use any prescriptions now, but want coverage for peace of mind and to avoid future penalties.	Gives you the lowest premiums.	Look for plans with zero or low monthly premiums for drug coverage. If you need prescriptions in the future, all plans still must cover drugs in all categories.
...like getting all of your health care coverage from one insurance company.	Is included as part of a Medicare Advantage Plan, like an HMO or PPO.	Look for Medicare Advantage Plans with prescription drug coverage.



Where can I get help?

If you need help comparing Medicare prescription drug coverage, you can

- read your “Medicare & You 2006” handbook, visit www.medicare.gov on the web, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- call your State Health Insurance Assistance Program (check the back cover of your “Medicare & You 2006” handbook for the telephone number in your state).
- attend Medicare-related events in your community. Look for information about these events in your local newspaper or listen for information on the radio.

What should I do next?

Once you choose a Medicare drug plan, you will need to join. For information on how to join, read the tip sheet “Medicare Prescription Drug Coverage: How to Join” (CMS Pub No. 11111). For a copy of this tip sheet, visit www.medicare.gov on the web, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.