

CONSUMER ALERT

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Medicare Part D Prescription Drug Coverage *Information to Aid Decision Making*

Voluntary enrollment for the new federal Medicare Part D Prescription Drug benefit began November 15, 2005 and will remain open for enrollment without penalty until May 15, 2006. Thereafter, Medicare allows for an open enrollment period annually from November 15th through December 31st. After the May 15, 2006 initial enrollment deadline, beneficiaries that have not enrolled in a plan, or beneficiaries that do not have "creditable coverage" (explained further below) will incur a 1% premium increase penalty for every month that they go without this coverage. "So, Medicare beneficiaries should carefully evaluate their options and try to make their enrollment decisions before the May 15, 2006 deadline," said Christina Urias, Director of the Arizona Department of Insurance. If you enroll by December 31, 2005, the new Medicare Prescription Drug coverage will begin on January 1, 2006; enrollment after December 31, 2005 will delay the commencement of coverage into 2006.

Once approved by Medicare, private companies will offer Prescription Drug Plans (PDPs) with a variety of coverage and premium options and Medicare beneficiaries can obtain the new Medicare Part D Prescription Drug benefit by enrolling in either:

- A stand-alone prescription drug plan; or
- A Medicare Advantage plan that includes the new prescription drug benefit; or
- A new Medicare Regional Preferred Provider Organization (PPO) that includes the new prescription drug benefit.

Everyone with Medicare is eligible to enroll in a drug plan, regardless of income or assets. You should compare plans and select the one plan that best meets your individual needs: Is the premium affordable? Is there a deductible? Are your prescriptions on the plan's list of drugs (also known as a "formulary")? Can you use the pharmacy of your choice?

Be Aware!

The federal government has received complaints about misconduct in Medicare Part D marketing.

Remember only licensed insurance agents can sell Medicare Prescription Drug Plans (PDPs).

Agents marketing PDPs *cannot*:

- Make *uninvited* sales visits to your home, or send unsolicited emails.
- Remain in your home if you ask them to leave.
- Represent themselves as federal government employees.
- Use high pressure sales tactics.
- Sell duplicative Medigap Plans.

To evaluate whether you should sign up for the new Medicare Part D Prescription Drug benefit, consider whether you **already have prescription drug coverage**:

1. Through an Employer...

If you currently have prescription drug coverage through an employer, or former employer, be aware that many employers will continue to offer the prescription drug coverage they currently offer to retirees, however, your employer plan must inform you by November 14, 2005, whether the employer drug coverage qualifies as "creditable coverage." That is, whether the employer coverage is "as good as or better than" the new Medicare Part D Prescription Drug benefit. If the employer drug coverage is "creditable coverage," and you decide to keep the employer coverage, you will not have to pay the 1% premium increase penalty to sign up for the Medicare Prescription Drug benefit *after* May 15, 2006, should the employer cancel your coverage in the future.

2. Through a Medicare Supplement ("Medigap") Policy...

If you currently have prescription drug coverage through a Medicare Supplement ("Medigap") Insurance policy, be aware that the Medigap prescription drug coverage is generally not as good as the new Medicare Part D Prescription Drug benefit. Therefore, it is not "creditable coverage" and you may be subject to a 1% premium increase penalty *after* May 15, 2006. Here are your options if you have a Medigap policy:

- a. Your Medigap policy is **guaranteed renewable**, so you may choose to keep your existing Medigap prescription drug coverage (Plans H, I or J); *or*
- b. You can keep the existing Medigap policy, request removal of the prescription drug benefit and then enroll in a stand-alone PDP; *or*
- c. You can apply for a *new* Medigap policy (with the same insurer or a new one) without the prescription drug benefit and enroll in a stand-alone PDP. If you apply for a *new* policy with the *same* insurer within 63 days of enrolling in a PDP, you are "guaranteed" eligible for certain plans (A, B, C, F, K, and L), regardless of your medical status. If you apply to a new insurer, you may have to medically qualify for coverage.

The law requires Medigap insurance companies to notify their plan members with Medigap prescription drug coverage and advise them of their options and the consequences of their choices.

Remember, if you decide to keep your current Medigap policy *with* prescription drug coverage (Plans H, I or J) *after* May 15, 2006, the 1% premium increase penalty likely will apply if you later decide to drop the prescription drug coverage on your Medigap policy and enroll in a stand-alone PDP.

3. Through a Medicare Advantage Plan...

If you currently have prescription drug coverage through a Medicare Advantage plan, here are your options:

- a. You can keep your current Medicare Advantage Plan and add prescription drug coverage through your existing plan; *or*
- b. You can change Medicare Advantage Plans and add prescription drug coverage to your new Medicare Advantage Plan; *or*
- c. You can drop your Medicare Advantage Plan, enroll in traditional Medicare and enroll in a stand-alone PDP.

The law requires Medicare Advantage Plans to notify their plan members and advise them of their options and the consequences of their choices.

Need Help?

Medicare beneficiaries can seek assistance in reviewing coverage options from the State Health Insurance Assistance Program (SHIP) at 1-800-432-4040, but be patient; they are deluged with calls right now. On-line resources are available at www.medicare.gov, www.benefitscheckuprx.org, or you can call 1-800-Medicare (633-4227). Beneficiaries needing premium payment assistance can contact the *Arizona Health Care Cost Containment System* (AHCCCS) at 602-417-7100 (in Maricopa County) or 1-800-334-5283 (outside Maricopa) to inquire about eligibility.