

Choosing a Medicare prescription drug plan.

Medicare Made Clear™

Get Answers Series



Look inside to:

- Learn about Part D prescription drug coverage options
- Find out what you need to know about the Part D payment stages
- Discover easy ways to add prescription drug coverage to your existing plan
- Understand the coverage gap



Choosing a Part D prescription drug plan.



Medicare Part D is health care coverage that helps you pay for the prescription drugs you use. Original Medicare (Parts A and B) does not cover most prescription drugs. If you currently use prescription drugs or think you may in the future, you may want to enroll in a Part D plan. It's your choice. Part D plan enrollment is optional. However, if you wait to enroll in a Part D plan until after your Initial Enrollment Period (IEP), you may have to pay a late-enrollment fee.¹

Here are a few things to know about Medicare Part D plans:

- Part D plans may help you save on the cost of your prescriptions
- Predictable drug costs may help you manage your health care budget

Am I eligible for a Part D plan and how does it work?

Everyone who qualifies for Medicare is eligible for a Part D plan. You cannot be refused enrollment in a Part D plan if you enroll when you first become eligible for Medicare. However, you must enroll in a Part D plan through a private insurance company.

There are two ways you can be covered by Part D:

1. With a stand-alone Part D prescription drug plan (PDP).
2. With a Medicare Part C (Medicare Advantage) plan that includes Part D (MAPD).

What should I consider when choosing a Part D plan?

All Part D plans must meet the same basic guidelines created by the federal government. But not all plans are the same.

Helpful tips:

- **Each plan has a list of drugs that it covers.** This list is called a formulary. Before choosing a Part D plan, review its formulary to make sure the drugs you need are covered
- **Each plan has different costs.** When deciding on a plan, check the annual deductible, premiums, copays and coinsurance to see how much you'll pay
- **If you want Part D coverage, you must choose either a stand-alone Part D plan or a Part C Medicare Advantage plan that includes Part D.** You can't enroll in both

Even if you're not taking many prescription drugs today, it may be smart to enroll in Part D when you become eligible for Medicare. That's because if you wait to sign up, you may have to pay Medicare's late-enrollment penalty.¹ This is a fee that gets added to your premium unless you qualify for an exception.

When can I enroll in Part D?

You can enroll in Part D when you first become eligible for Medicare, which is known as the Initial Enrollment Period (IEP). For most, this includes the three months before the month you turn 65, the month of your birthday, and the three months after.

The start date for your coverage depends on when you enroll:

- If you enroll before your birthday month begins, coverage starts on the first day of your birthday month
- If you enroll during your birthday month or later, coverage starts on the first day of the month following the date you enroll

If I choose Part D coverage, can I change it later?

If your needs change or if you are not satisfied with your plan, you can change your Part D plan every year during the Medicare Open Enrollment Period (OEP), from October 15 to December 7. You can also switch plans if you move out of your plan's service area.

Tip

Your Part D coverage will continue automatically each year unless you change plans or your insurance company stops offering you a plan.



What if I can't afford the Part D costs?

If you are on a limited income and you enroll in Part D, you may qualify for extra help to pay for your premiums, deductibles and copays.

To see if you qualify for extra help, call Medicare at 1-800-MEDICARE (1-800-633-4227), TTY 1-877-486-2048, 24 hours a day, 7 days a week.

Or call the Social Security Administration at 1-800-772-1213, TTY 1-800-325-0778, between 7 a.m. and 7 p.m., Monday through Friday.

You can also call your state Medicaid office for more information and assistance.



What is the coverage gap, or “donut hole”? How does it affect me?

Tips for understanding the coverage gap.

- In each stage, the amount you pay for your prescription drugs may be different
- Although most people don't enter the coverage gap, it's important to know how your costs may change during this phase

Part D plans have four different drug payment stages.

- **Stage 1** is the annual deductible stage. Your plan may or may not have a deductible
 - If your plan does, you must pay the annual deductible before the plan will pay for your prescription drugs
 - If your plan does not have a deductible, you start at the initial coverage stage immediately
- **Stage 2** is the initial coverage period. Most of your prescription drugs are covered based on your formulary
- **Stage 3** is the coverage gap, which is often called the “donut hole.” Most people do not enter this stage
- **Stage 4** is the catastrophic coverage stage. This stage is designed to help people with very high drug costs

Understanding drug payment stages.

Part D coverage gap: what you need to know.

ANNUAL DEDUCTIBLE

Not all plans have a deductible.

You pay your deductible before initial coverage begins.

INITIAL COVERAGE STAGE

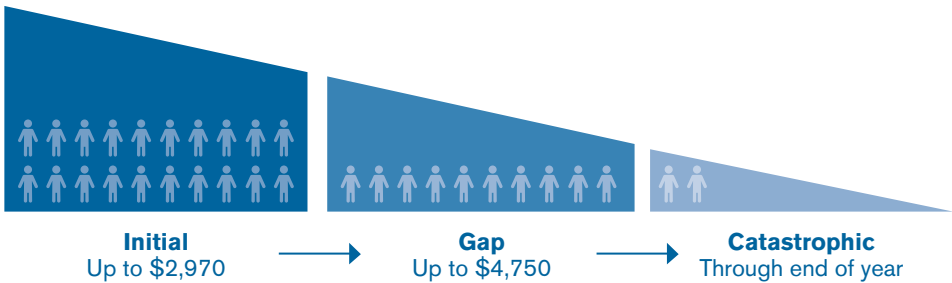
During this stage you pay a flat fee (copay) or a percentage of a drug's total cost (coinsurance) for each prescription you fill. **The plan pays the rest until your total drug costs (paid by you and the plan) reach \$2,970.**

COVERAGE GAP STAGE

During this stage you pay 47.5% of the total cost for brand name drugs and 79% of the total cost for generic drugs. **Once your out-of-pocket costs reach \$4,750, you move to catastrophic coverage.**

CATASTROPHIC COVERAGE STAGE

In this stage you pay only a small copay or coinsurance amount for each filled prescription. **The plan and Medicare pay the rest until the end of the calendar year.**



Amounts listed reflect 2013 plan year.

Part D: Key terms.

Coinsurance

An amount you pay that's a percentage of a drug's total cost.

Copay

A set amount you pay for each prescription you fill.

Deductible

A preset amount you must pay for prescription drugs before the plan begins to help with coverage.

Drug tiers

Drugs are classified into five tiers. In general, the lower the tier, the lower the drug cost.

Formulary (Drug List)

A list of the prescription drugs covered by a Medicare Part D plan.

Some plans have a tiered formulary. This means drugs with similar functions may have different costs. For example, a generic drug may cost less than a brand name version. You should choose a plan that covers all or most of the drugs you take.

Out-of-pocket costs

The total amount you pay (or others pay on your behalf) for your prescription drugs in a calendar year, not including your plan premium.

True Out-of-Pocket costs (TrOOP)

The total amount of out-of-pocket costs you have paid since January 1. This includes deductibles, copays, coinsurance and other drug payments. It does not include premiums.

How do I get started?

- 1 **Visit Medicare.gov** to see which plans are available in your area.
- 2 **Review each plan's formulary (drug list).** Make sure the drugs you need are covered. If one of your drugs is not on the formulary, your doctor may be able to help you find a covered drug that will work for you.
- 3 **Review the costs for each plan,** including the annual deductible, copays and coinsurance, and your costs during the coverage gap stage.
- 4 **Review the pharmacies in the plan network.** Some plans include a convenient mail order pharmacy that may save you money.



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Additional information resources:

- Visit **Medicare.gov**
- Call **1-800-MEDICARE (1-800-633-4227)**,
TTY **1-877-486-2048**, 24 hours a day, 7 days a week
- Call your State Health Insurance Assistance Program (SHIP)
to see if you qualify for any financial assistance

Questions?



Call **1-800-883-0582, TTY 711**

8 a.m. – 8 p.m. local time, 7 days a week



MedicareMadeClear.com



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¹If you qualify for extra help, you will not have a late-enrollment penalty (LEP). Also, if you have other prescription coverage at least as good as Medicare (also known as creditable coverage), you may not be assessed a LEP.

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