

Medicare Part D – The Drug Benefit

Time for 2008 Enrollment – Our Advice

October 2007

The open enrollment period for the Medicare (Part D) drug benefit for 2008 will begin November 15 and go through December 31. During that period, you can either re-enroll in the plan you are in or switch plans. If you are not yet enrolled in a Medicare Part D plan, you can enroll during this period.

Resources and Studies

- [Consumers Union's Medicare Rx Web page](#)

We advise all Medicare beneficiaries now enrolled in a Medicare Advantage (HMO or PPO) or stand-alone Part D plan to carefully assess their prescription drug needs and satisfaction with their current plan and coverage, and to evaluate whether a switch in plans may be warranted.

We urge you to do the homework this month and in early November so you can set the process in motion in mid to late November. If you put enrollment off until December, you could risk a disruption in your Part D coverage come January 1, 2008 when the benefit year begins.

As you already know, Medicare Part D is complex. You may have dozens of private plans to choose from, with different levels of coverage. Remember, choosing the plan that meets your needs can make a big difference, in terms of both access to the medicines you take and the amount of money you will spend in 2008 on your drugs. To a large extent, Part D coverage and the services plans offer are still evolving and volatile. Thus, unlike health insurance you had before you were in Medicare, and unlike Part A (hospital) and Part B (doctor) if you are in traditional Medicare, Part D coverage for your prescription drugs needs to be evaluated *every year*.

You can find out about the drug benefit and how to enroll or switch plans by clicking [here](#). This link will take you to the government's Web site for the new benefit (www.medicare.gov). This Web site offers basic information on the benefit. It also links to the government's Part D "plan finder" and you can check what drugs plans cover. The plan finder allows you to compare offerings and coverage options in your area. If you are a Medicare beneficiary, the *Medicare and You* book you should receive this month from the government will also have information on Part D plans in your area. You can call 1-800-Medicare, too.

Unfortunately, neither the government's Medicare Web site nor *Medicare and You* yet offer any meaningful way to compare Part D plans on the quality of their benefit, the prices they offer for drugs, or their services. Indeed, you should be aware that Part D

plans can change the prices of the drugs they cover *after* you have enrolled. They are also free to change their formularies during the year. A formulary is a list of drugs the plan covers and does not cover. Also, some drugs may be covered in a low-cost “tier” while others are in a high-cost “tier” – factors that can change during the benefit year.

Many Web sites offer resources and help on Part D. We recommend avoiding sites that are sponsored by Part D plan sponsors. If you “google” Part D, you’ll end up mostly with a list of such sites; these are largely self-promotional. We’d direct you instead to a Web site sponsored by the Medicare Rights Center (www.medicarerights.org). This is an independent, non-profit, consumer-oriented group and the site is very comprehensive, high-quality, and easy to use.

Did You Hit The Donut Hole in 2007?

In particular, we would advise people who hit the Part D coverage gap (also known as the donut hole) in 2007 – or came close to hitting it – to carefully evaluate their drug expenses, the drugs they are taking, and their current coverage.

In 2007, more Part D insurers started offering coverage in the donut hole – that is, coverage of expenses after you hit the government-designated limit in initial drug expenses (it was around \$2,400 in 2007). In all such plans, the “gap coverage” was for generic drugs only.

In 2008, almost all Medicare Advantage plan sponsors will again offer a plan that offers coverage in the donut hole. In addition, 12 of the 17 national Medicare drug plan sponsors will offer stand-alone drug plans with coverage in the donut hole. Many regional and local plans will offer such coverage, too.

In 2008, such donut hole coverage would begin when your *total* drug expenses hit \$2,510 (what you and the plan together spend). The gap in coverage then continues until *you only* have spent about \$3,200 more. At that point, coverage starts again.

If you did hit the gap in 2007, or almost did, it does not mean that you should rush out to enroll in a plan that offers donut hole coverage. Monthly premiums for plans that offer such coverage, even though they cover generics only, are substantially higher. For example the premium for a regular drug plan may be from nothing to around \$25 a month while premiums for plans that cover generics in the donut hole may cost from \$50 to \$75 a month.

So, on the one hand, for another \$300 to \$600 a year in premiums, you would have the security of coverage in the gap, and possible protection from significant expenses if you take many drugs. You can also look at it as “prepaying” for your drugs if you anticipate drug expenses (based on 2007) of \$3000 or more and generics meet your medical needs (as they increasingly can for most people).

But if your expenses in 2007 were only marginally above the donut hole cut-off,

switching plans for 2008 just to get donut hole coverage may not be worth the higher premium you'll have to pay every month.

Also, as an alternative to switching plans, you could seek to lower your drug expenses in other ways rather than pay the additional premium. For instance, you could talk to your doctor about switching to lower cost drugs in 2008. We would especially urge this if you fell into the donut hole because you take several expensive brand-name drugs. This could save enough that you will be protected from the donut hole in 2008.

Be Vigilant – Track Your Experience

As we did in 2007, we urge you to closely monitor and keep track of how your Part D plan works for you in 2008, and specifically:

- (a) what you spend on drugs out-of-pocket
- (b) any drugs not covered by your plan
- (c) changes in the cost of your medicines
- (d) how well your plan explains your coverage, and addresses your concerns, and
- (e) how easy it is to reach people at your plan if you need any help.

Let the Medicare program know if problems occur. The easiest way to do that is by calling their 800 number. You can also tell your local Social Security Office.

Keeping track of your experience in 2008 will help you decide if you want to switch plans in 2009.

Check Your Medicines

Also, we recommend regular "drug checks" with your doctors. The best way to keep your prescription drug expenses down is by making sure you are taking medicines that give you the best value for your money. Visit www.CRBestBuyDrugs.org to find many alternatives to high-priced drugs.

Shopping wisely for drugs can also save you money. This may mean buying drugs online or through mail order, checking prices at local pharmacies and discount stores, and getting 90-day supplies of any medicines you take on a regular basis.

Drug stores even in a single town or city can charge prices for the same drugs that vary by 50% or more. The big discount stores have been offering some common prescription drugs—and especially generics—at prices significantly below other pharmacy chains. Two discount stores (Wal-Mart and Target) now offer some generic drugs for either a standard price of \$4 or \$9 for a 30-day supply.

Consumers Union and *Consumer Reports Best Buy Drugs* will continue to track Medicare Part D and give you our insights and advice.