Terminology:

*Beneficiaries*: those who receive benefits through government programs like Medicare

*Deductible*: a fixed monetary amount set by Medicare or a private insurer. You are responsible for all medical or pharmaceutical bills until your bills go over that amount. Example: if you have a $100 deductible and your hospital bill is $500, you pay the first $100 and the other $400 is paid for according to the terms of your insurance contract.

*Transitional Assistance*: Prescription drug card programs will include transitional assistance for those low-income individuals whose gross income is below 135% of the Federal Poverty Level or who receive Medicare Cost Sharing Program benefits.

*Covered Discount Drug Cards*: those drugs a private company contracting with Medicare says are covered; this list of drugs can change at any time.

*Formulary*: a list of drug formulations – in this case, essentially a list of drugs that will be covered in a particular plan.
Questions? Call…

Legal Aid Justice Center (Charlottesville)……………(434) 977-0553

Central Virginia Legal Aid Society (Piedmont)………(434) 296-8851

Social Security Administration (National)………………(800) 772-1213
*This also includes information on Medicare
(Local)…………………………(434) 295-1144

Medicare Information Line (National)…………………..(800) 633-4227

Medicaid: Logistic Care (National)…………………….(800) 386-8331

Charlottesville Free Clinic……………………………..(434) 296-5525

Martha Jefferson Hospital……………………………(434) 982-7009

University of Virginia Hospital………………………..(434) 924-2231
Fundamental Plan Changes:

- none

Discount Cards:

- Beginning in 2004, Medicare beneficiaries may enroll for a prescription drug discount card for an annual enrollment fee of $30. This card will permit the cardholder to purchase some drugs at negotiated prices. It is estimated that this discount on those drugs will amount to about 15%
- The prescription drug discount cards will provide eligible Medicare beneficiaries with access to discount prices negotiated by a Medicare endorsed drug card sponsor. “Transisitonal assistance,” for certain low income individuals, will provide up to $600 of coverage for “covered discount card drugs”
- Individuals who are enrolled in Medicare may purchase a Medicare Prescription Drug Card unless they receive drug coverage through Medicaid or some other state program
- At least two Medicare endorsed prescription drug cards will be available and enrollment in the prescription drug card program will begin in May 2004
- The program does not begin until June 2004 but enrollees will still be required to pay the $30 annual fee for this year
- Enrollment can be accomplished by a simple application with the card sponsor. Remember to be accurate—by filing the application, the individual grants the social security administration and the state Medicaid agency authority to verify eligibility information
Once enrolled in one program a beneficiary is barred from enrolling in a new prescription drug card program until the open enrollment period unless he or she can prove exceptional circumstances (not covering a drug does not constitute an exceptional circumstance)

November 15, 2004 is the state of the annual coordinated enrollment period

**Medicare Part D:**
- Medicare Part D does not take effect until 2006

**Other Benefits/ Coverage Changes:**
- None
2005

**Fundamental Plan Changes:**
- none

**Discount Cards:**
- Enrollment continues until December 31, 2005 when no one may enroll in a prescription drug card plan.

**Medicare Part D:**
- Medicare Part D does not take effect until 2006

**Other Benefits/ Coverage Changes:**
- The annual deductible for Medicare Part B (for outpatient care) will increase from $100 to $110
- The 2003 Medicare Act provides
  - An initial physician’s appointment for new Medicare beneficiaries
  - Screening for diabetes and cardiovascular disease
  - Coordinated care for people with chronic illnesses
2006

**Fundamental Plan Changes:**
- Medicare Part D takes effect

**Discount Cards:**
- When a person enrolls in Part D (see below), the discount card becomes invalid.
- If a person chooses not to enroll in Part D, the discount card stops being valid anyway on May 15, 2006 (which is the end of the Part D initial enrollment period).

**Medicare Part D:**
- Prescription drug coverage (“Medicare Part D”) begins January 1
- All people with Medicare A and/or B can enroll
- Initial enrollment period: January 1 - May 15 of 2006
- Drug coverage benefits will be available to Medicare D participants through private insurers
- Drug coverage is formulary specific, so plans will vary
  - If a particular drug is not on your formulary plan, it will not be covered under this system.
  - Enrollees can choose the plan they like best
- After paying a monthly premium and a deductible, Part D has three levels of coverage, depending on how much your drug expenses are:
  - Limited coverage
  - No coverage
  - Catastrophic coverage

**Other Benefits/ Coverage Changes:**
- None
2006 (continued)

This is an example of how Medicare Part D will work:

- First, you pay a premium – in the “standard benefit package,” $35 per month. Then, your expenses will be as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5100</td>
<td>Either 5% OR $2/$5 co-pays</td>
</tr>
<tr>
<td>$2500</td>
<td>100%</td>
</tr>
<tr>
<td>(deductible) $250</td>
<td>25%</td>
</tr>
<tr>
<td>$0</td>
<td>100%</td>
</tr>
</tbody>
</table>

- **Note**: the numbers in this chart are those of the “standard benefit package” Congress suggested. Actual numbers may be different with different plans, but in 2006 they must be “actuarially equivalent” to this example.
  - Initially, plans are not permitted to raise the deductible past $250 or change the total out-of-pocket threshold amount of $3600 (reached after $5100 of drug costs).

- **Important Note**: After January 1, 2006, Part D participants will not be permitted to buy or renew separate insurance that covers their portion of the drug coverage – not even Medigap drug coverage insurance.
  - However, Medigap drug coverage still will be available to those who choose not to participate in Part D, as long as the Medigap drug coverage already was in place (i.e. already was purchased) before January 1, 2006.
2007

**Fundamental Plan Changes:**
- Medicare Part B premiums will be linked with income levels starting in 2007
- The government will introduce “means testing” and phase it in over the next 5 years (2007-2012)

**Discount Cards:**
- None

**Medicare Part D:**
- Continuing prescription drug coverage
- For the “standard” Part D plan, the relevant numbers (for example, premium costs, deductibles, and coverage level thresholds) will keep increasing yearly, based on the amount of drug spending done by Medicare beneficiaries

**Other Benefits/ Coverage Changes:**
- None