



SENATOR GEORGE VOINOVICH

How The New Medicare Prescription Drug Benefit Helps You



Older Americans are simply paying too much for their prescription drugs. That's why Senator George Voinovich helped pass a new law last year to make prescription drugs more affordable for seniors.

Medicare is the federal government's health care program for people over 65 and people with disabilities, including 1.7 million Ohioans. Medicare's new prescription drug benefit is **completely voluntary** and will help those who choose to enroll in it pay for their prescription drugs. The new program will be a big help to the **400,000** seniors on Medicare who have no prescription drug coverage. It will also be a big help to low-income seniors and those with catastrophically high drug costs.

For seniors who already have drug coverage, such as through a former employer or the Veterans Administration, this new law supports and helps protect that existing coverage. If a senior is already in a prescription drug plan they like, they can stay in it if they choose.

The legislation creating the new Medicare prescription drug benefit was supported by AARP and over 300 patient groups and health care organizations, including the Easter Seals, the American Medical Association, and the Ohio State Medical Association.

The New Voluntary Prescription Drug Benefit

Prescription Drug Benefits will be added to Medicare in 2006. All seniors on Medicare will have the choice to voluntarily enroll in plans that cover prescription drugs. Most Ohio seniors (approx. 925,000) can join plans with these costs:

- **\$35 per month premium and a \$250 annual deductible.**
- **25% co-pay for each prescription. Medicare will cover the other 75%.**
- **Seniors will cover all drug costs above \$2,250 until they reach \$3,600 in out-of-pocket spending. [Average annual out-of-pocket drug costs are \$650-\$1,000* however--well below this amount.] *2002 RAND study, 2003 Kaiser Family Foundation Study**
- **Seniors ONLY pay 5% of out-of-pocket costs that exceed \$3,600.**

Extra Help For Seniors Who Need It Most

Special assistance for those seniors who are least able to pay for drugs:

152,000 Ohio seniors who qualify for both Medicaid and Medicare will pay:

- **NO premium and NO deductible.**
- **ONLY \$1 for generic and \$3 for name-brand drugs.**

492,000 Ohio seniors with income less than \$12,568 single/\$16,861 couple, will pay:

- **NO premium and NO deductible.**
- **ONLY \$2 for generic and \$5 for name-brand drugs.**

131,000 Ohio seniors with incomes between \$12,568 single/\$16,861 couple and \$13,965 single/\$18,735 couple, will pay:

- **A monthly premium on a sliding scale but not more than \$35.**
- **\$50 annual deductible.**
- **15% of each prescription, up to \$3,600 in out-of-pocket spending, after which costs drop to just \$2 for generics and \$5 for name-brand drugs.**

New Drug Discount Cards Available in 2004

New Medicare-approved discount cards will be available this Spring to help seniors save 10-25 percent on prescription drugs until the full plan starts in 2006. Enrollment is voluntary. Medicare will send you information soon so you can decide if the program is right for you and how to enroll. Seniors with drug coverage from former employers or the VA can keep that coverage if they choose.

Low income seniors will receive significant assistance through the card. Seniors whose income was less than \$12,123 single/\$16,362 couple in 2003 will receive \$600 in 2004 and 2005 to help pay for prescription drugs until the full benefit begins in 2006. *(Seniors who have drug coverage through Medicaid, TRICARE for Life or an employer group health plan are not eligible for the \$600, however.)*

Answers to Frequently Asked Questions

What does the plan do for low-income seniors?

The new Medicare prescription drug plan provides significant benefits to low-income seniors. Beginning this spring, seniors whose annual income was less than \$12,123 single/\$16,362 couple in 2003 will receive an immediate cash subsidy of \$600 to help with their prescription drug costs. This is on top of the 10-25 percent cost savings they will receive on each prescription purchase with new Medicare-endorsed drug cards.

America's neediest seniors will also receive significant assistance beginning in 2006 when the second phase of the Medicare prescription drug plan begins. *(See details on previous page.)*

Will I be able to keep my prescription drug coverage from a former employer?

Yes you will. This was an issue of concern for Senator Voinovich and he was glad that the new law actually provides strong incentives to encourage employers to maintain their coverage for retirees. The new Medicare prescription drug benefit is completely voluntary so you can stay in a private plan if you have one now that you like, or, if you choose, you can switch to the new Medicare plan. Seniors receiving drug coverage through the VA can remain in that plan also if they choose.

How Much Money Will I Save?

Beginning in 2006, seniors will save a significant amount on their out-of-pocket prescription drug costs. For instance, a Medicare beneficiary that had been paying \$200 per month for their prescriptions (\$2,400 per year) will pay \$1,313 less under the new program – a savings of 55 percent.

Seniors with extremely high prescription drug costs will save even more. For instance, a Medicare beneficiary that had been paying \$1,000 per month for their prescriptions (\$12,000 per year) will save \$7,755 – a savings of 65 percent.

Low-income seniors will be provided even greater coverage and will pay virtually nothing except for a modest co-pay of \$1 to \$5 per prescription.

Can I get cheaper drugs in Canada?

The new law charges the Secretary of the U.S. Department of Health and Human Services with examining ways to safely import medications from other industrialized nations. The problem with reimporting drugs now is that it is not possible for the U.S. Food and Drug Administration to guarantee their safety and authenticity. There have been cases of Americans getting counterfeit, bogus drugs when they have tried to get them from other countries. Seniors should not have to import drugs from Canada to get good prices and this new benefit takes important steps to increase affordable access to prescription drugs here at home.

How does the new plan help control the costs of prescription drugs?

The new Medicare plan does more to control drug costs than any other bill in recent history. Together, seniors will harness the buying power of 40 million older Americans to get the best prices for their drugs. Furthermore, safe low-cost generic drugs will enter the market quicker now because the new law closes a loophole which allowed some drug companies to extend their patents in order to block generic competitors.

Why does this bill bar the U.S. government from negotiating lower drug prices?

The bill prevents the federal government from interfering with the many different competing prescription drug plans that will be negotiating with drug companies to get the lowest prices for seniors. Competing plans will work to try to negotiate prices lower than each other in order to attract the most seniors. Seniors benefit from this type of competition by getting more choices and lower prices. In fact, the independent Congressional Budget Office has found that when many different private-sector plans compete to offer the lowest prices, they are more successful at controlling costs than a government-controlled benefit.

The New Voluntary Prescription Drug Benefit

- Is 100 percent *voluntary* and available to all Medicare beneficiaries.
- Protects and safeguards coverage seniors may already have from a former employer or the VA.
- Will provide complete coverage for 12 million low-income seniors.
- Provides significant cost-saving benefits for seniors with catastrophically high drug costs.
- Helps bring safe, low-cost generic drugs to the market faster to help lower drug costs.
- Provides IMMEDIATE relief to seniors through drug discount cards.
- Will cover preventative medical exams to help seniors detect diseases earlier including:
 - Cholesterol screening blood tests; and
 - Diabetes screening.

For more information, turn to these resources:

1-800-MEDICARE, www.Medicare.gov

AARP Medicare Drug Benefit Calculator: www.AARP.org

Senator Voinovich/Senator DeWine Casework Office: 1-800-205-6446