



Medicare: Issue of the Day

January 27, 2004

BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

The New Prescription Drug Benefit: General Overview:

- ✧ Beginning in 2006, Medicare beneficiaries will be able to choose the new comprehensive prescription drug benefit. With this new benefit, seniors will cut their bills in half – not their pills.
- ✧ On average, a senior who doesn't currently have coverage will save about 50 percent. For example, a senior who spends \$400 a month will save \$2,404 a year (50 percent). One who spends \$800 will see savings of \$5,858 (61 percent).
- ✧ Although drug plan sponsors may change some of the specifications (listed below), the benefit offered must at least be equal in value to the standard benefit. Standard coverage includes:
 - A monthly premium of approximately \$35
 - A deductible of \$250
 - Coinsurance of 25 percent up to an initial coverage limit of \$2250
 - Protection against high out-of-pocket prescription drug costs, with co-pays of \$2 for generics and preferred multiple source drugs and copays of \$5 for all other drugs, or 5 percent of the discounted price, once an enrollee's out-of-pocket spending reaches a limit of \$3,600
- ✧ Beneficiaries with low incomes and limited savings will receive a more generous benefit package. The benefit packages are described as follows:
 - ⊕ Beneficiaries with limited savings and incomes below 135 percent of the federal poverty level (\$12,123 for individuals, \$16,362 for couples) will receive:
 - A \$0 deductible
 - A \$0 premium
 - No gap in coverage
 - Co-pays of \$2 for generics and preferred multiple source drugs and \$5 for all other drugs, up to the out-of-pocket limit
 - \$0 co-pay for all prescriptions once the out-of-pocket limit is reached.

⊕ Beneficiaries with limited savings and incomes below 150 percent of the federal poverty level (\$13,470 for individuals; \$18,180 for couples) will receive:

- A sliding scale monthly premium that would be about \$35 for beneficiaries with incomes of 150 percent of the federal poverty level
- A \$50 deductible
- No gap in coverage
- Coinsurance of 15 percent up to the out-of-pocket limit
- Copays of \$2 or \$5 once the out-of-pocket limit is reached

⊕ Additionally, for those Medicare beneficiaries who are also eligible for full Medicaid benefits (dual eligibles) and have incomes below 100 percent of the federal poverty level, the co-payment is reduced to \$1 and \$3. For full dual eligibles who are residents of nursing homes, there is no co-pay.