

Fact Sheet: Is Medicare Part D right for me?

Medicare Part D is an optional benefit that allows individuals entitled to Medicare Part A or enrolled in Medicare Part B to purchase a Prescription Drug Plan (PDP) from sponsors approved by the federal government. Effective 1/1/2006, this prescription drug coverage under the Medicare program was made available to people eligible for Medicare.

With all the information available today, you would think it is easy to make a decision about purchasing Medicare Part D. Unfortunately, there are several factors that a person must take into consideration when comparing prescription drug insurance plans. Some of those factors are:

- Plan deductible
- Co-payments
- Co-insurance
- Cost of each prescription
- Plan limitations
- Out-of-pocket expenses

Plan deductible represents the amount of eligible Rx expenses that an insured must pay out of their pocket before their insurance coverage will begin to cover expenses. For example, if you have a \$250 deductible, you are responsible for the first \$250 of prescription drug expenses. Therefore when comparing plans, you should start your comparison with plan deductibles.

Co-payments represent a specific dollar amount that an insured is responsible to pay. In other words, the cost of the prescription drug is shared by the insured and the insurance company or PDP. Please note that mail order services generally reduce the co-payment amounts for three-month supplies. Therefore, when comparing prescription drug costs, you will need to determine the number of prescriptions that you fill, the frequency and whether you fill them at retail pharmacies or via mail order. For example, if you fill a prescription each month for a generic drug your annual cost would be \$180. (12 months x \$15 co-payment). If you are filling your prescription via mail order, make sure you use the mail order prescription cost.

Co-insurance represents a percentage of the total eligible Rx expense that an insured pays. For example, an insured could be responsible for 20% of the eligible Rx expense and the insurance company or PDP would be responsible for 80% of the cost. Therefore, when comparing prescription drug costs, you will need to determine the dollar amount of prescriptions that you fill and the frequency. For example, if you are responsible for 20% of the prescription drug cost and your monthly total cost of the prescription drug was \$100, your annual cost would be \$240 (\$100 per month x 20% = \$20 x 12).

To estimate your projected prescription costs you will need to obtain the prescription costs from your current Pharmacy Benefit Manager or by contacting a Prescription Drug Plan (PDP) for Medicare Part D. Visit <http://www.medicare.gov/choices/PDP.asp> for a complete list of approved PDPs.

Continued on next page

Fact Sheet: Is Medicare Part D right for me? (page 2)

Cost of prescriptions is the total cost to fill a prescription regardless of who is responsible for paying for the expense. Usually, in a co-payment situation, as described above, the \$15 generic co-payment is all the insured must pay, even if the actual drug cost is \$200. The insurance plan will pay the remainder or \$185, in this example. *To obtain the cost of your prescriptions, you can visit www.avmaghlit.org, and select "Medco" under the "Business Partners" tab to access the Medco website.*

Plan limitations represent limits on what prescription drugs are covered, the length of time a prescription drug is covered or the maximum amount that will be paid for a specific expense. It is important to identify and understand plan limitations, as this can result in an insured being responsible for more out-of-pocket costs.

Out-of-pocket costs are those expenses that the insured is responsible for paying. These expenses include plan deductibles, co-payments, co-insurance and amounts that exceed plan limitations.

The decision to purchase Medicare Part D is a personal one that no one can make for you. As you evaluate your prescription drug options, you may want to use the following table to compare the component costs of the prescription drug benefits of your current plan to those of a PDP you are considering.

	Current Plan	New Plan
Compare annual plan premiums		
Compare plan deductibles		
Co-payments		
Co-insurance		
Plan limitations		
Total Out-of-pocket expenses		

When compiling the above information, you should prepare a list of current prescriptions to assist in accumulating your overall prescription drug costs.

Keep in mind that this is a very complicated process and any evaluation you are doing is subject to changes in the number of prescriptions that you are taking as well as the actual cost of a prescription. You can also visit www.medicare.gov or call 1.800.Medicare.

If you have additional questions, please feel free to contact Dr. Jody Johnson, AVMA GHLIT Director of Member Services at 1.877.679.8854.