

# Health Insurance Webinar Series: Medicare Part D

# What is Medicare Part D?

- Started in January 1, 2006
  - Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA).
- Prescription drug coverage (think “d” = “drugs”)
  - Does not offer 100% coverage for prescription medications, but can substantially reduce the cost of prescription medication.
  - Part D plans are not required to cover all Part D drugs.
  - However, they must include categories and classes of drugs that cover all disease states.
    - Certain classes of drugs must be covered by all plans (anti-cancer, anti-psychotic, anti-convulsant, anti-depressants, immuno-suppressant and HIV meds).
- There are rules for WHEN you can (and should) enroll in Medicare Part D.
  - Initial enrollment period – most cost effective.
  - Open Enrollment – subject to late enrollment penalty.
  - Penalties for late enrollment can be significant and last for as long as you have Medicare.

# Medicare Part D: Looking at the plans

- Types of plans
  - PDP's – prescription drug plans.
  - MA-PD's- Medicare Advantage prescription drug plans.
- Formularies, Tiers and Step Therapy
  - A plan's list of covered drugs is called a **FORMULARY**; each plan has a different formulary
  - Many drug plans assign medications to **TIERS** or levels of coverage. The higher the cost of a drug, the higher the tier.

# What Medications Are NOT Covered by Medicare Part D?

- Over the counter drugs
- Drugs for weight loss or gain, including nutritional supplements \*except to treat wasting caused by AIDS, cancer and some other diseases
- Cough and cold preparations
- Fertility drugs
- Erectile dysfunction drugs\*
- Cosmetic or hair growth drugs
- Vitamins and minerals (except niacin, Vitamin D analogs, prenatal vitamins and fluoride preparations)
- Drugs that are covered under Part B

# ALSO...

- Not all plans cover all medications.
- It is important to check your medications with all drug plans you may be considering to be sure that medication is on the plan's **FORMULARY**.

# Medicare Part D: Prescription Coverage

2017

**LEGEND** Strikethrough: 2016 values  
Orange Text: 2017 Changes

## Who Pays What?

MEMBER PAYS:

up to...  
~~\$360~~  
**\$400**

- Member pays all
- Plan pays nothing

**Step 1:**  
Annual Deductible

**TOTAL COST OF DRUGS**  
*Many plans have \$0 deductible.*

~~<\$3,310~~  
**<\$3,700\***  
\*based on retail costs

- Member pays part
- Plan pays part

**Step 2:**  
Initial Coverage

**COPAYS or COINSURANCE**

~~<\$4,850~~  
**<\$4,950\***  
\*based on Tro-oP

- Member pays MOST
- Plan pays a little

**Step 3:**  
Coverage Gap

*~12% of people*

~~45%~~ **40%** of Brand-Name Drugs  
~~58%~~ **51%** of Generic Drugs

~~>\$4,850~~  
**>\$4,950\***  
\*based on Tro-oP

- Member pays a little
- Plan pays most

**Step 4:**  
Catastrophic Coverage

*~4% of people*

The greater of **5%** or  
~~\$7.40~~ **\$8.25** (Brand-Name)  
~~\$2.95~~ **\$3.30** (Generic)

How Does Part D Work?

# I Have Other Insurance? How Does That Work With Part D?

- **Employer/Union Plans**
  - The employer/union is required to send you information annually to document that you have creditable coverage for that time period
  - If you join a part D plan, you or your spouse may lose that employer or union health coverage. Be sure to check with HR/Union reps before making any changes.
- **Federal Employee Health Benefits (FEHB)**
  - For current or retired federal employees and covered family members
  - FEHB usually includes Rx coverage, so typically you do not need to purchase an additional part D plan
  - You can carry both a part D and FEHB benefits, however Medicare part D becomes the primary payer

# I Have Other Insurance? How Does That Work With Part D?

- **Veterans**
  - You may be able to get coverage through the VA depending on your level of service connection
  - You do not need to have both Medicare and VA Rx coverage (but you can)
  - You can't use both types of coverage for the same prescription at the same time
  - You typically can only get medications covered through the VA at a VA sponsored/affiliated pharmacy
- **TRICARE (active duty military/retirees, families)**
  - If you have TRICARE and are entitled to Part A, you must also enroll in Part B to keep your TRICARE Rx benefits
  - Enrollment in a part D plan is not required, but if you DO purchase a part D plan, that becomes the PRIMARY payer



# Sources of Additional Help Available to Manage Costs of Medications

- Extra Help/Low Income Subsidy
- Co-pay Assistance Programs
- State Pharmacy Assistance Programs
  - <https://www.shiptacenter.org/>
- Medicaid (dual eligibility)



# Resources

- Medicare.gov; Medicare and You 2017 booklet (free download)
- [National Council on Aging Benefits Check Up](#)

# Other Webinars in This Series

## [www.oncolink.org/insurance](http://www.oncolink.org/insurance)

### Updated for 2017:

- Medicare A and B
- Medigap Plans
- Medicare Advantage Plans
- The Affordable Care Act
- Medicaid
- Health Insurance 101
- COBRA

### New for 2017:

- Help is Available: Financial Assistance Overview
- The Tough Stuff: Late enrollment, penalties and life changing events



# For More Information

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