

THE B&B ALERT

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MEDICARE PART D **By Neil A. Derman, Esquire**

On January 1, 2006, Medicare will institute a new prescription drug program that will replace the existing Medicare drug benefit card program. This new program is known as Medicare Part D and has generated a lot of confusion with many of our clients. Many individuals have already started to receive information in the mail concerning Medicare Part D and have called our office to ask questions. This alert article, the first of two on Medicare Part D, is intended to answer some of the frequently asked questions surrounding this new government program.

Who is eligible for Medicare Part D?

Medicare Part D will be offered to all individuals who are currently entitled to receive Medicare Part A or are enrolled in Medicare Part B. As individuals become eligible for Medicare benefits, they will also have the opportunity to apply for Medicare Part D coverage.

What type of benefits will I receive if I sign up for Medicare Part D?

The standard Medicare Part D plan involves having to pay a monthly premium as well as a yearly deductible to participate in the plan. The standard plan is estimated to have a monthly premium of about \$35.00 per month. Along with the monthly premium, there is a deductible of \$250.00 per year. After you have met your deductible for the year, you will pay 25% of the cost of your formulary prescription medications up to a cost of \$2,250 of your total drug expenditures. At this point you will reach what is affectionately known as "the doughnut hole". After your formulary drug expenses have reached the \$2,250 level, you will be required to pay 100% of the cost of your medications up until you reach \$5,100 worth of formulary prescription costs. After you have reached \$5,100 worth of formulary prescription medications for the year, you will pay the greater of \$2 per generic medication and \$5 per brand name medication, or 5% of the cost of the drug.

What drugs are covered under Medicare Part D?

Nearly all prescription drugs will be covered under Medicare Part D. However, coverage is determined by prescription drug plans. Each plan will have a certain list of drugs, or formularies, which will determine which prescription drugs are covered. Part D plans are not required to pay for all Part D drugs. Each formulary will cover different medications. When deciding which formulary to choose, you must choose the one that will best cover your prescription medication needs.

Do I have to join Medicare Part D?

The Medicare Part D program is voluntary, however, if you do not sign up for the program by the proscribed deadline, you will pay a penalty if you choose to enroll in the program at a later date. There are exceptions to this rule for individuals who are currently under a plan that is equal to the Medicare Part D plan. If these individuals enroll at a later date they will not be penalized. Those individuals who already receive prescription drug coverage through their work's health insurance will need to find out whether or not their work's health care plan meets the Medicare Part D standards. If so, then they do not have to sign up at this time and will be able to sign up later with no penalty. If it does not and they choose to sign up after the enrollment period, they will have to pay a penalty. The penalty for enrolling late is a higher monthly premium.

When do I have to sign up for Medicare Part D?

The initial enrollment period for Medicare Part D is November 15, 2005, through May 15, 2006. If you are currently eligible for Medicare, you can enroll during this time free from penalty. Those individuals who wish to have the benefits begin on January 1, 2005 must sign up between November 15, 2005 and the end of the year.

Be on the lookout for next weeks article, which will answer additional questions concerning Medicare Part D and explain the low-income subsidies that are available with the Medicare Part D program.



Begley & Bookbinder, P.C. is a law firm that specializes in Elder & Disabilities Law. We are based in Moorestown, NJ, with offices in Stone Harbor & Lawrenceville.

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Our web site contains a library of firm newsletters, articles, on-line forms for Medicaid, Estate Planning and Guardianship, as well as our upcoming speaking engagements, our products, and other relevant information.

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