



MedicareRx
Prescription Drug Coverage

Achieving a Healthy America
Update on Prescription Drug Coverage and
Medicare Preventive Services

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Drug Coverage Enrollment

| Enrollment Category | # Enrolled* |
|--|---------------|
| Stand-Alone Prescription Drug Plan | 10.39M |
| Medicare Advantage with Prescription Drugs | 6.04M |
| Medicare-Medicaid (Automatically Enrolled) | 6.07M |
| Medicare Retiree Drug Subsidy | 6.90M |
| Estimated Federal Retirees (TRICARE, FEHB) | 3.46M |
| Additional Sources of Creditable Coverage | 5.95M |
| Total | 38.81M |

Data as of 06.11.06

For more information on enrollment numbers:
http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/02_EnrollmentData.asp²

Coverage Gap

- Coverage gap under defined standard benefit in 2006
 - Begins after reaching \$2,250 in total drug costs
 - Initial coverage limit
 - Continues until “true out-of-pocket” (TrOOP) costs total \$3,600
- After gap, pay 5% or small copayment
 - Catastrophic coverage

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Options During the Gap

- If network pharmacy has better cash price
 - May purchase drug without using Part D card
 - Can count toward total drug spending and TrOOP
 - Must submit documentation to plan
 - Expected to happen rarely

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Options During the Gap

- Switch to generic or less-expensive brand-name drugs
 - Will reduce copayments
 - Some plans may cover generic drugs in gap
 - Will help maximize savings
 - May also avoid reaching the gap

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Options During the Gap

- Explore other available assistance
 - Low-income subsidy from Medicare (extra help)
 - State Pharmacy Assistance Programs (SPAPs)
 - AIDS Drug Assistance Programs
 - Charities
 - Patient Assistance Programs (PAPs)
 - Employer/group health plans

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SSA Premium Withhold

- Generally 2 months before premiums are withheld
 - Two monthly premiums withheld from first payment
- Premiums won't be deducted if
 - More than 3 months delay or
 - Monthly Social Security benefit isn't enough to cover multiple premium payments at once
- Plan will contact to make other arrangements

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Premium Overpayments

- SSA will automatically refund overpayment
 - Separate check
 - May take 2 – 3 months
- People who get extra help and pay reduced or no premiums
 - May have chosen a plan with a premium
 - Some plans mistakenly sent bills
 - Plans are to wait for correct amount from CMS
 - Plans are not to disenroll for non-payment
 - If bill was paid, call plan and plan will refund

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People Who Qualify for Extra Help

- Nearly 9.3 million as of June 2006
 - About 7.5 million automatically qualify
 - About 1.8 million applied with SSA
 - Small number applied with state Medicaid agency

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How People Qualify for Extra Help

| People with Medicare and | Basis | Data Source | Changes During the Year |
|--|-----------------------|----------------------------|--|
| Medicaid benefits <ul style="list-style-type: none"> • Full Medicaid benefits • Medicare Savings Program | Automatically qualify | State files | <ul style="list-style-type: none"> ■ Qualify for a full calendar year ■ Generally only favorable changes will occur |
| SSI benefits | | SSA | |
| No Medicaid or SSI benefits | Must apply | SSA (almost all) or states | <ul style="list-style-type: none"> ■ Some events can impact status through the year ■ Extra help can increase, decrease, terminate |

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Extra Help Redeterminations for People Who Automatically Qualify in 2006

- **Starting August 2006, CMS will redetermine eligibility for calendar year 2007**
 - Full-benefit dual eligibles
 - Medicare Savings Program participants
 - SSI recipients
- **Changes become effective January 1, 2007**
- **Those currently eligible still qualify through December 31, 2006**
 - Even if don't automatically qualify for 2007

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2007 Changes in Standard Benefit

| Benefit Parameters | 2006 | 2007 |
|---|---------|---------------|
| Deductible | \$250 | \$265 |
| Initial Coverage Limit | \$2250 | \$2400 |
| Out-of-Pocket Threshold | \$3600 | \$3850 |
| Total Covered Drug Spend at OOP Threshold | \$5100 | \$5451.25 |
| LIS Copayments | 2006 | 2007 |
| Institutionalized | \$0 | \$0 |
| Up to or at 100% FPL | \$1/\$3 | \$1/\$3.10 |
| Other LIS | \$2/\$5 | \$2.15/\$5.35 |

Medicare Plan Finders

- Medicare Prescription Drug Plan Finder
 - 2007 plan data available October 12, 2006
 - 2006 plan data available through December 31, 2006
 - Performance metrics for 2006 plans beginning November 15, 2006
 - Improved usability
- Medicare Personal Plan Finder
 - Major redesign, may be renamed
 - Will look more like drug plan finder
 - Will have personalized search option

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Medicare Preventive Services

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Medicare Helps You Stay Healthy

- Benefits for disease prevention and early detection
- Coverage based on your
 - Age
 - Gender
 - Medical history
- Covered by
 - Part B of Original Medicare
 - Medicare Advantage and Other Medicare Plans

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Closing the Prevention Gap

- The “prevention gap”
 - Not all people with Medicare take full advantage of preventive services
- Closing the gap could
 - Ensure people take advantage of these benefits
 - Save many thousands of lives
 - Avoid billions of dollars in medical expenses for preventable medical conditions

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New Preventive Services

- Added in the last 2 years
- “Welcome to Medicare Exam”
 - Initial preventive physical examination
- Cardiovascular screening blood tests
- Diabetes screening tests
- Smoking and tobacco use cessation counseling
- Diabetes self-management training
- Glaucoma screening for Hispanic Americans age 65 or over

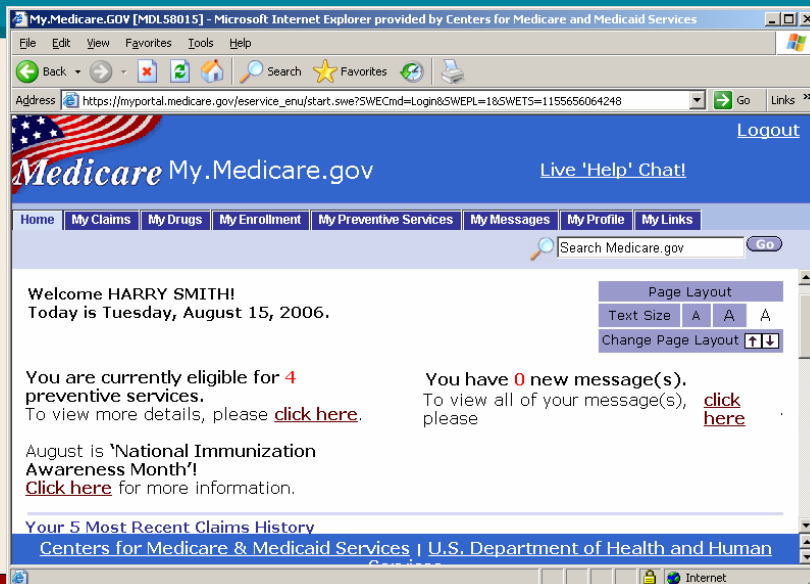
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Preventive Benefits New in 2007

- Beginning January 1, 2007
 - Ultrasound screening for abdominal aortic aneurysms
 - No deductible for colorectal cancer screening
 - Previously subject to Part B deductible

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http://my.medicare.gov



Part D Annual Enrollment

- Part D plan marketing will begin in October
- 2007 Annual enrollment November 15 - December 31, 2006
- Effective date January 1, 2007

For More Information

- Visit www.cms.hhs.gov
- Call 1-800-MEDICARE
- Call State Health Insurance Assistance Program (SHIP)
 - Call 1-800-MEDICARE (1-800-633-4227) for SHIP telephone number
 - TTY users should call 1-877-486-2048