

New Medicare Prescription Drug Coverage

If you have Medicare and get food stamps, you need to know

1. Starting January 1, 2006, Medicare prescription drug coverage becomes available to everyone with Medicare.
2. You may qualify for extra help paying for your Medicare prescription drug costs.
3. If you qualify for extra help, your food stamp benefits may decline.
4. Even if you don't qualify for extra help, you should join a Medicare prescription drug plan by May 15, 2006, to pay lower premiums.

1. What is a Medicare prescription drug plan?

Medicare prescription drug coverage becomes available to everyone with Medicare. Medicare prescription drug plans provide insurance coverage for prescription drugs. These plans will be offered by insurance companies and other private companies. Plans will cover both generic and brand-name prescription drugs. At least two Medicare prescription drug plans will serve people in your area. You can choose the plan that meets your needs.

There are two types of Medicare prescription drug plans. There will be prescription drug plans that add coverage to Medicare Fee-for-Service Plans. There will also be prescription drug coverage that is part of Medicare Health Plans (like HMOs and PPOs). You would get all of your Medicare health care through these plans.

If you don't use a lot of prescription drugs now, you still should consider joining. As we age, most people need prescription drugs to stay healthy. For most people, joining now means you will pay a lower monthly premium than if you wait to join until later.

2. Do you qualify for extra help paying prescription drug costs?

You may qualify for extra help if you have limited

- ◆ income (\$1,197 or less per month for an individual, \$1,604 or less per month for a married couple). These amounts may be slightly higher in Alaska and Hawaii, and
- ◆ resources (including your savings and stocks, but not counting your home or car).

The amount of extra help you get depends on your income and resources.

The Social Security Administration (SSA) is sending people with certain incomes an application for extra help paying for Medicare prescription drug coverage. If you don't get an application in the mail, you can request one by calling SSA at 1-800-772-1213 as early as June 2005. Beginning July 1, 2005, you can go to www.socialsecurity.gov on the web to apply online. After you apply, you will get a notice in the mail that tells you if you qualify for extra help.

If you qualify for extra help

- ◆ you need to join a Medicare prescription drug plan in your area that meets your drug needs. You can enroll in a plan beginning November 15, 2005. If you don't choose and enroll in a plan by May 15, 2006, Medicare will enroll in a plan so you don't miss out on this important coverage.

3. Will I lose my food stamp benefits if I apply and qualify for extra help paying for the new Medicare prescription drug coverage?

With the Medicare prescription drug coverage, you may see your food stamp benefits go down as you spend less on drugs. Using the new Medicare benefit means you will have more cash to spend on food that you used to spend on prescription drugs. If you get the \$10 minimum food stamp benefit, your benefits may end. **However, the extra cash you will have to spend on food makes up for not getting as much in food stamps.**

How might my food stamp benefits be affected if I qualify for extra help?

Example: Mrs. Smith gets extra help

Mrs. Smith has Medicare, lives alone, and receives \$798 per month in Social Security benefits. She doesn't receive Medicaid. She regularly pays \$147 monthly for medical expenses, \$51 of which is for 3 prescription drugs. Her monthly rent is \$421.

Under the Medicare prescription drug plan, Mrs. Smith will pay no monthly drug plan premium, no deductible, and her co-payments for her 3 prescription drugs are \$3 each. Her monthly medical spending is now \$105 ($\$147 - \$51 + \$9 = \105) for a monthly savings of \$42.

Because Mrs. Smith's out-of-pocket medical costs have gone down, her food stamps will be \$17 less than they were when she paid for all of her prescriptions out of pocket. But she still has \$25 more cash in her pocket ($\$42$ medical savings less $\$17$ decrease in food stamps).

	Today	With extra help paying Medicare prescription drug plan costs
Income	\$798	\$798
Medical spending	\$147	\$105 (3 drugs, total copays of \$9)
Food stamps	\$27	\$10*

Net impact	\$678	\$703 (bottom line: \$25 savings)

* \$10 is the minimum monthly benefit for eligible people living alone.

4. If you don't qualify for extra help

- ◆ you can still join a Medicare prescription drug plan that meets your drug needs. You will have to pay a monthly premium (generally around \$37 per month in 2006), the deductible, and copayments. You can enroll in a plan beginning November 15, 2005.
- ◆ if you don't currently have prescription drug coverage that is at least as good as a Medicare prescription drug plan, you should enroll in a Medicare prescription drug plan by May 15, 2006, to pay a lower premium. You may have to wait to enroll until November 15 – December 31 of each year. You will also have to pay at least 1% more

per month for your premium for every month you waited to enroll. You will have to pay this higher premium for as long as you have Medicare prescription drug coverage.

For more information about Medicare prescription drug coverage...

Read the “Medicare & You 2006” handbook you get in the mail in October 2005. It will include more detailed information about Medicare prescription drug plans, including which plans will be available in your area. After that time, if you need help choosing a Medicare prescription drug plan that meets your needs, you can

- ◆ visit www.medicare.gov on the web and select “search tools” to get personalized information.
- ◆ call your State Health Insurance Assistance Program (see your copy of the “Medicare & You 2006” handbook for their telephone number). You can also call 1-800-MEDICARE (1-800-633-4227), or look at www.medicare.gov on the web to get the telephone number. TTY users should call 1-877-486-2048.
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