
What does the Prescription Drug Plan mean to you?

Working for Seniors

Congressman F. James Sensenbrenner, Jr.

Serving Wisconsin's Fifth District



The 60 Plus Association recognizes Congressman Sensenbrenner for his work in Congress on behalf of senior citizens by presenting him with a “Guardian of Seniors’ Rights Award” (February 2004)

Frequently Asked Questions

- ***How quickly will drug discounts and drug coverage benefits kick in for seniors?***

Beginning by June 2004, through 2006 when full drug coverage kicks in, more than 40 million senior and disabled Americans using Medicare will be able to realize significant savings of about 25% – or even more – off what they currently pay for pharmaceuticals thanks to the newly created *Prescription Drug Discount Card*.

While more than 90% of seniors fill at least one prescription each year and the typical senior currently spends \$1,460 annually on his or her life-saving medicines, a 25% discount means more than \$300 in savings. By helping seniors on fixed incomes keep more money in their pockets, this new *Prescription Drug Discount Card* quickly becomes a real boost for folks who need it the most.

For low-income seniors, the *Rx Drug Discount Card* has added advantages in 2004 and 2005. The new card will provide an annual, upfront pharmaceutical credit of \$600 per low-income beneficiary for singles with yearly incomes under \$12,900 and senior couples with annual incomes under \$16,600.

This assistance, combined with drug card discounts, will help low-income seniors cover out-of-pocket costs until the full drug benefit begins in 2006.

- ***What about my other health care under Medicare? Will I lose that if I don't choose to enroll?***

Absolutely not. If you are a current Medicare beneficiary, you will receive the

same medical care from your doctor or local hospital whether or not you choose to enroll in this new prescription drug benefit. Nothing about the health care you currently receive will change.

- ***Are seniors forced to participate in this new Medicare plan to get prescription drug coverage?***

Not at all. The hallmark of the bipartisan plan is choice – if you like your current traditional Medicare, you can choose to keep it, and you will be eligible for the same discounts and coverage for your medications.

But Medicare will also offer a range of new benefits for those who want more comprehensive health services such as annual physicals, disease management, and access to new technologies that traditional Medicare does not cover. Millions of Medicare enrollees currently enjoy these features, and these new Medicare Advantage plans will offer you the continued options that you have come to expect.

- ***How do you ensure employers won't drop existing coverage?***

For years, exploding health care costs have forced employers to drop health coverage for their retirees and have been doing so at alarming rates. In 1993, 40% of employers offered health coverage to Medicare-eligible retirees, but only 27% offered coverage in 2002. That means the burden to the public system will only get heavier. Employers want to keep offering health care coverage to their former employees, but need help, and the Medicare legislation will allow businesses to continue to afford coverage for retirees.

Program reforms to reduce the cost of Medicare will help employers by reducing the increases in the hospital insurance payroll taxes and general revenue taxes. Because Medicare is more efficient, employers benefit.

A significant feature of this bipartisan plan for employers and retirees is the “wraparound” or comprehensive aspect. Employers today are able to offer current retirees health benefits in addition to what Medicare covers. This comprehensive coverage lets retirees take advantage of their former employer’s health plans as well as the benefits Medicare offers.

Under the new law, employers will be given subsidies to continue providing retirees their existing health care. In addition, employers will be allowed to fold into their retiree coverage the new features of Medicare – to encourage them to continue offering retiree health insurance.

• ***What will this do to beneficiaries who already have drug coverage?***

Absolutely nothing. The plan is 100% voluntary. If you like the prescription drug coverage you currently have, you can choose to stay with your original plan and not pay one dime more. It’s that simple.

Savings Calculator

For a Senior Currently Spending \$2500 annually

Out of Pocket Costs

\$35 a month premium.....\$420

\$250 Deductible.....\$250

20% of \$1,625.....\$325

Total out of pocket costs...\$995

Total Savings.....\$1,505

Seniors who spend more will have greater savings!

60% Savings

Major Issues and highlights addressed in Medicare Modernization Act

Better Choices Under Medicare

If seniors have better choices under Medicare, health plans will compete for you business by offering better coverage at more affordable prices. I understand that some seniors don’t want to change, and that’s also an option available under the Medicare Modernization Act (MMA).

Help for seniors without Drug Coverage

For those of you without any drug coverage now, MMA will make a huge difference. In return for a monthly premium of about \$35, seniors now without coverage would see drug bills cut roughly in half. Seniors with no drug coverage now and monthly drug costs of \$200 a month would save more than \$1,700 on drug costs each year.

Prescription Drug Discount Card

MMA will produce immediate savings for millions of seniors and real reform to Medicare. For 2004 and 2005, all seniors will be eligible for a Medicare-approved drug discount card that will save them between 10 to 25 percent off the cost of their medicines immediately. The Prescription Drug discount card should be available by June. In 2006, the full Medicare benefit will be implemented.

Immediate Savings for Seniors Through Prescription Drug Discount Card:

- Available by June 2004.
- Swipe card used at point-of-purchase for upfront discount.
- Provides significant, immediate savings up to 25% off what you are currently paying.

Medicare Prescription Drug Savings Calculator

For Medicare beneficiaries who want an estimate of out of pocket spending under the new prescription drug benefit signed into law on December 8, 2003, please visit the following site: www.gop.gov/medicare/gopdrugcalc.htm

Did You Know?

- 80% of America’s retirees use a prescription drug every day.
- Today, fewer seniors have drug coverage through a private company than they did a decade ago. In 1994, 40% of firms offered retiree coverage. In 1998, only 30% offered some type of coverage.
- A typical senior without prescription drug coverage pays 34% of his or her after-tax income on healthcare.

Important Numbers and Resources

For information on Medicare, please call:

1-800-MEDICARE

or 1-877-486-2048 TTY

or visit www.medicare.gov

Social Security Administration

1-800-772-1213

1-800-325-0778 TTY

You may also contact me at:

1-202-225-5101 (Washington)

1-262-784-1111 (Brookfield)

or 1-800-242-1111

or visit www.house.gov/sensenbrenner