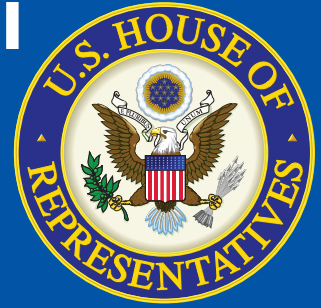




Congressman
Paul E. Kanjorski

**Report to the 11th District
on Medicare & Prescription Drugs**



Deciphering Medicare Drug Plans

Medicare participants have started signing up for the new prescription drug coverage, known as Medicare Part D. For some individuals, this coverage will ease the burden of high drug costs. For others, however, the cost of monthly premiums and the deductible will cost more than their average drug costs. In addition, many older Pennsylvanians already receive coverage through the PACE and PACENET programs or through a former employer, and signing up for a Medicare drug plan is not necessary. The decisions about whether to participate in the program and which plans to select are very complicated.

Although enrollment in the Medicare prescription drug benefits began on November 15, 2005, you can sign up any time before May 15, 2006 without penalty. Through this newsletter, Congressman Kanjorski hopes to provide you with information that you will find useful in making your decisions.

The Medicare Prescription Drug, Improvement and Modernization Act became law in December 2003. In January 2006, under this law, Medicare will begin a new program to provide a prescription drug benefit for seniors and individuals with disabilities. Private-sector drug plans, rather than Medicare itself, will provide this new prescription drug coverage, unlike the direct coverage provided by Medicare for hospital and doctor care.

Since the U.S. Congress began considering proposals to create a prescription drug benefit for Medicare recipients, Congressman Kanjorski has consistently supported establishing a program that is affordable, easy to administer, nationally available, and comprehensive. The new prescription drug program, in his view, unfortunately achieves none of these goals, and this new law has instead created a confusing and inadequate prescription drug coverage program. It could undermine the

very foundation of Medicare and will likely cause reductions in health care coverage for many seniors. Congressman Kanjorski voted against the Medicare Prescription Drug bill in 2003.

Nevertheless, the decision to participate in the new Medicare prescription drug program is very important. Before deciding whether to participate in the Medicare prescription drug program, you should consider the following:

1. Determine what current coverage you have, if any, such as through the state PACE or PACENET programs or through a former employer or union.
2. Make a list of the drugs you take.
3. Calculate the amount that each drug costs on a monthly basis and total those amounts.
4. Estimate your annual income and any assets you have.
5. Establish where you currently get your prescriptions filled and whether you are comfortable getting your prescriptions filled through a mail order pharmacy.

Once you have this information established, you can use a tool on the Centers for Medicare and Medicaid Web site that allows you to enter what prescription drugs you take, and the amount you want to pay for premiums and deductibles, so you can find what plan best works for you. This site is <https://www.medicare.gov/MPDPF/Public/Include/DataSection/Questions/Questions.asp#>.

Congressman Kanjorski will continue to work in Washington to address the flaws of this program by seeking to lower drug prices and out-of-pocket costs, maximize the pharmacies where you can purchase medications, and streamline the new program's administration. In the meantime, you need to make the best decisions for your situation.

IMPORTANT DATES

October 2005: Information was sent to Medicare participants

November 15, 2005: Enrollment in Medicare drug plans begins

January 1, 2006: Prescription drug coverage under the new Medicare plans starts

May 15, 2006: Initial open enrollment in Medicare plans without penalty ends

Nov. 15, 2006 through Dec. 31, 2006: Next open season for Medicare prescription coverage

Congressman Paul E. Kanjorski prepared this report for informational purposes only. Before making any decisions about your health care, you should consult with family members, state officials, Medicare experts or other counselors who can help you to choose the best option for your specific needs.

THIS MAILING WAS PREPARED, PUBLISHED AND MAILED AT TAXPAYER EXPENSE.

How do various plans compare?

Medicare Prescription Drug Coverage

Seniors who do not have prescription drug coverage may want to consider signing up for one of the Medicare prescription drug plans. In Pennsylvania, 21 different companies are offering plans, some with as many as 9 variations.

These new plans vary in terms of premiums and deductibles, co-payments, what drugs are covered, and where prescriptions may be filled. You may have already received information in the mail from the plan sponsors. The "Medicare and You" 2006 handbook also provides important information about the different drug plans.

Full and Partial Subsidy

Some seniors may qualify for extra help in the new Medicare prescription drug plan, based on income and an assets test. This extra help includes assistance in paying premiums and lower co-payments. This assistance may be either a full subsidy or a partial subsidy.

Earlier this year, the Social Security Administration sent applications to 19 million Medicare participants who may qualify for the additional assistance. If you think you qualify but did not receive an application, you should call the Social Security Administration toll-free at 800-772-1213. Those individuals who do not qualify for extra help may still sign up for a Medicare prescription drug program.

PACE and PACENET

Many individuals who do qualify for the extra help with a Medicare prescription drug program already receive coverage through Pennsylvania's Pharmaceutical Assistance Contract for the Elderly (PACE) or the PACE Needs Enhancement Tier (PACENET) programs. These programs are for Pennsylvanians 65 and older, who meet certain income limits.

PACE provides prescription drug coverage with seniors paying small co-payments and no monthly premiums. All prescription drugs are covered by the plan and seniors can use any pharmacy to fill their prescriptions.

PACENET provides prescription drug coverage to slightly higher income seniors, with a \$40 monthly deductible and slightly higher co-payments. PACE and PACENET participants can choose to stay with their current plans rather than signing up for a new Medicare prescription plan. Your PACE coverage will not change, and you are not required to sign up for a Medicare prescription drug plan.

The state of Pennsylvania created APPRISE, a free health-care counseling program that offers objective information about Medicare. APPRISE counseling programs are available through each county's Area Agency on Aging.

You should consult with the APPRISE program and Medicare to determine the best plan for you. In addition, the APPRISE program is conducting a series of public meetings to answer questions about the new program. You can call APPRISE toll-free at 800-783-7067 to find one near you.

Comparing the Options for Low-Income Seniors

	Pennsylvania's PACE	Pennsylvania's PACENET	Medicare Part D Full Subsidy	Medicare Part D Partial Subsidy
Income Limits: ¹				
Single	up to \$14,500	\$14,500-\$23,500	up to \$12,920	\$12,920-\$14,355
Married	up to \$17,700	\$17,700-\$31,500	up to \$17,321	\$17,321-\$19,325
Assets Test: ²	none	none		
Single			less than \$7,500	\$7,500-\$11,500
Married			less than \$11,500	\$11,500-\$23,000
Monthly Premium	none	none	none, if less than \$32.59	varies
Deductible	none	\$40 a month	none	\$50 annually
Formulary ³	includes all drugs	includes all drugs	varies by plan	varies by plan
Co-payment:				
Generic Drugs	\$6	\$8	\$2	15% of each prescription
Brand-name	\$9	\$15	\$5	

¹ Income limits: These are based on your estimated 2005 income.

² Assets test: Assets include personal savings, stocks, bonds, cash, and life insurance policies, but not a home or car.

³ Formulary: A list of drugs covered by a plan. The Medicare plans require at least two drugs in each drug category to be included in the formulary, but not all drugs are covered.

Other Prescription Drug Coverage

Employer and Union Sponsored Plans

Currently, many seniors receive prescription drug coverage through a former employer or union plan. For many seniors, their plans provide coverage as good as or better than the Medicare prescription drug plan. Seniors with this type of coverage will receive a letter from their coverage sponsor indicating if the program is creditable, which means it is at least as good as Medicare. For those individuals with creditable coverage, there is no need to sign up for a new prescription drug plan. If you have creditable coverage and if that coverage is dropped, you can later sign up for a Medicare prescription drug plan without penalty if you enroll within 63 days of losing your coverage.

TRICARE, VA Benefits and FEHBP

If you currently have prescription drug coverage through the health plan for military families (TRICARE), through the Veteran's Affairs (VA) Administration, or through the Federal Employees Health Benefits Plan (FEHBP), your benefits will not change. Moreover, it is probably not to your advantage to join a Medicare prescription drug plan. You should keep your current coverage without any changes. If you lose your TRICARE, VA, or FEHBP coverage in the

future, you can join a Medicare drug plan later without penalty if you enroll within 63 days of losing your coverage.

Medicaid

If you currently have prescription drug coverage through Medicaid, that coverage will change because of the new law. Medicare, not Medicaid, will start paying for your prescription drugs beginning January 1, 2006, but Medicaid will continue to cover other care that Medicare does not cover.

The last day that your state Medicaid program will pay for your prescription drugs is December 31, 2005. You already should have received information from Medicare about a drug plan it has chosen on your behalf. You still have the option to compare plans and choose another plan by December 31, 2005.

If you have not joined a drug plan by December 31, 2005, Medicare will enroll you in the plan it has picked to ensure that you do not miss a day of coverage. If you decide you want to join another plan, you can switch at any time without a penalty.

Medicare Part D: Questions and Answers

Do I have to join a Medicare drug plan?

No. Joining a plan under Medicare Part D is your choice.

What are the out-of-pocket costs for Medicare prescription drug coverage?

When you get Medicare prescription drug coverage, you pay part of the costs and Medicare pays part of the costs. You will pay a premium each month to join the drug plan. If you have Medicare Part B, you will also pay your monthly Part B premium. If you belong to a Medicare Advantage Plan or Medicare Cost Plan, the monthly premium you pay to the plan may increase if you add prescription drug coverage. You will also pay co-payments and deductibles.

What does a Medicare drug plan cover?

Medicare drug plans will cover generic and some brand-name drugs, depending upon the program. Most plans will have a list of drugs covered by the plan. This list can change but your plan must let you know at least 60 days before a drug you use is removed from the list or if the costs are changing. If your doctor thinks you need a drug that is not on the list, or if one of your drugs is being removed from the list, you or your doctor can apply for an exception or appeal the decision.

What if I already have prescription drug coverage?

If you already have prescription drug coverage, you should talk to your plan, benefits administrator, or

insurer before making any decision to sign up for a Medicare drug plan. You will be notified about any changes in your current coverage so you can decide if you should join a Medicare drug plan.

Is this Medicare prescription drug coverage better than what I have now?

If you already have prescription drug coverage through a Medicare private health plan or other insurance, check with your current plan to see if this coverage is changing. Your plan or insurer must notify you by November 15, 2005 to let you know if your coverage is creditable, that is if it pays, on average, at least as much as standard Medicare prescription drug coverage or if it is changing.

What happens if I choose not to join a Medicare drug plan by May 15, 2006? Can I join later?

If you do not join a plan by May 15, 2006, and you do not currently have a drug plan that, on average, covers at least as much as standard Medicare prescription drug coverage, you will have to wait until November 15, 2006 to join. When you do join, your premium cost will go up at least 1 percent per month for every month that you wait to join.

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Like other insurance, you will have to pay this penalty as long as you have Medicare prescription drug coverage. If you join after May 15, 2006, the next open enrollment period is November 15, 2006 to December 31, 2006. However, coverage for people who enroll during this period will not take effect until January 1, 2007. If your coverage through another provider later changes, you may later enroll in a Medicare Part D plan without incurring a penalty, as long as you do so within 63 days of losing your coverage.

When and how often can I switch my Medicare drug plan?

Generally if you join a Medicare prescription drug plan, you can only change plans under certain circumstances. You can annually choose to switch your current plan from November 15 through December 31 of each year.

How do I pay for the coverage? Can it be deducted from my Social Security or my retirement check?

In general, there are three ways that you can pay your Medicare drug plan premiums:

1. You can give permission to the company that offers the Medicare drug plan you choose to deduct the premium automatically from your bank account; or
2. You can have your premium deducted every month from your Social Security benefits, similar to your premiums for Medicare Part B; or
3. You can pay the prescription drug plan directly for your premium by mailing them a check or money order each month.

Be Aware of Error in “Medicare and You” Handbook

The 2006 “Medicare and You” handbook, which provides valuable information to Medicare participants, contained an error in discussing prescription drug coverage for individuals who qualify for extra help. The handbook erroneously states that the government will cover the full monthly premium for those individuals.

In actuality, **Medicare will only pay premiums that are below the benchmark for Pennsylvania, which is set at \$32.59 per month.** If you choose a plan that has a monthly premium above the benchmark, you will be responsible for paying the difference in cost each month.

For help in choosing a plan that best suits your health care needs, there are several places to turn for information and help:

Centers for Medicare and Medicaid Services:
877-267-2323; TTY: 866-226-1819

Medicare:
800-633-4227

APPRISE:
800-783-7067

PACE:
800-225-7223 or 717-787-7313

Pennsylvania Department of Aging:
717-783-1550

Carbon County Area Agency on Aging:
800-441-1315 or 610-824-7830

Columbia County Area Agency on Aging:
570-784-9272

Lackawanna County Area Agency on Aging:
570-963-6740 or 570-347-5616 (APPRISE)

Luzerne County Area Agency on Aging:
570-822-1158

Monroe County Area Agency on Aging:
570-420-3735

Centers for Medicare and Medicaid Web tool:
<https://www.medicare.gov/MPDPF/Public/Include/DataSection/Questions/Questions.asp#>

For links to additional sources of information about Medicare and Social Security, please go to

<http://kanjorski.house.gov>

If you do not have Internet access, please call one of Congressman Kanjorski's offices and someone will be happy to print out and mail you the information.

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