



# Illinois Insurance Facts Medicare Prescription Drug Coverage

October 2009

## Medicare Prescription Drug Coverage Overview

Beginning January 1, 2006, the new voluntary Medicare prescription drug coverage, sometimes called Medicare Part D, became available to people with Medicare. Again in 2010, Medicare prescription drug plans will vary, but like other insurance, enrollees pay a monthly premium and a share of the drug costs. **Extra help** will be available again in 2010 to people with limited resources.

## When Can You Join a Medicare Prescription Drug Plan?

People who have Medicare Part A and/or Part B can join a Medicare prescription drug plan between November 15, 2009 and December 31, 2009. If you **did not** enroll in Medicare prescription drug coverage when first eligible and are now enrolling for the first time, in most cases, you will pay a 1% penalty per month in premium for every month you were eligible and did not enroll. This additional penalty amount will be based on the current national average monthly premium at the time of enrollment and will be required as long as you are enrolled. People with current drug coverage as good as or better than the standard Medicare prescription drug coverage will not pay this higher premium penalty.

## What Does Standard Medicare Prescription Drug Coverage Look Like in 2010?

- Individuals will pay a plan premium. Premiums will vary depending upon the plan selected.
- You pay the first \$310 in drug costs, also know as the annual deductible. Some plans may have no deductible or a lower deductible.
- After the deductible, you pay 25% of drug costs up to \$630 out-of-pocket and Medicare pays 75% of drug costs up to \$1,890.
- You pay 100% of drug costs up to an additional \$3,610 in drug costs. This is sometimes called the coverage gap.
- Once your total out-of-pocket expenses reach **\$4,550 (\$310 + \$630 + \$3,610)**, Medicare pays 95% of the drug costs and you pay the greater of 5% of drug costs or \$2.50 for generics or \$6.30 for brand name.

Coverage Stages	Coverage Ranges	Medicare Pays		Enrollee Pays	
<b>Annual Deductible</b>	\$310	0%	\$0	100%	\$310
<b>Initial Coverage</b>	\$310 to \$2,830	75%	\$1,890	25%	\$630
<b>Coverage Gap</b>	\$2,830 to \$6,440	0%	\$0	100%	\$3,610
<b>Total</b>			\$1,890		\$4,550
<b>Catastrophic Coverage</b>	\$6,440 & up	95%	No Maximum	5% or \$2.50 to \$6.30 copay	No Maximum

\*All drug plans will have to provide at least the standard level of coverage set by Medicare. Some plans might offer more coverage and/or additional drugs for a higher monthly premium.

## What is Extra Help?

Individuals with limited income and resources can qualify for extra help to pay for drug costs under the Medicare prescription drug coverage. People who qualify will receive help paying for monthly premiums and/or cost sharing. The amount of extra help depends upon the amount of income and assets.

## Who Qualifies for Extra Help?

People with Medicare who also receive full Medicaid benefits, SSI recipients and individuals enrolled in QMB, SLMB, and QI will automatically receive extra help to pay for prescription drug costs through the Medicare prescription drug coverage.

An individual with annual income below \$10,830 (100% FPL) and married couples with income below \$14,570 (100% FPL) have reduced costs:

- No premium if the individual selects a plan at or below the national benchmark (\$31.94 in 2010). If a more expensive plan is chosen, the beneficiary pays the difference.
- No deductible
- \$1.10 for generics or \$3.30 for brand name drugs until total out-of-pocket costs reach \$3,850
- After reaching \$4,550 out-of-pocket, drugs are free

An individual with income between \$10,831 – \$14,621 (135% FPL) and married couples with income between \$14,571 - \$19,670 (135% FPL) have reduced costs:

Individual assets under \$6,600 or assets under \$9,910 for couple	Individual assets of \$6,600 – \$12,510 or assets of \$9,910 - \$25,010 for couple
<ul style="list-style-type: none"><li>• No premium if the individual selects a plan at or below the national benchmark</li><li>• No deductible</li><li>• \$2.50 for generics or \$6.30 for brand names until reach \$3,850 in out-of-pocket costs</li><li>• After reaching \$4,550 out-of-pocket, drugs are free</li></ul>	<ul style="list-style-type: none"><li>• No premium if the individual selects a plan at or below the national benchmark</li><li>• \$60 deductible</li><li>• 15% of drug costs until total out-of-pocket costs reach \$4,550</li><li>• After reaching \$3,600 out-of-pocket, \$2.50 for generics or \$6.30 for brand names</li></ul>

An individual with annual income between \$14,621 – \$16,245 (150% FPL) with assets less than \$10,000 and married couples with income between \$19,670 - \$21,855 (150% FPL) with assets less than \$20,000 have reduced costs:

- Sliding scale premium – based on resources
- \$62 deductible
- 15% of drug costs until total out-of-pocket costs reach \$4,550
- After reaching \$4,550 out-of-pocket, \$2.50 for generics or \$6.30 for brand names

## For more information, contact SHIP:

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