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April 15, 2004

10 THINGS YOU SHOULD KNOW ABOUT THE MEDICARE ENDORSED PRESCRIPTION DRUG DISCOUNT CARD

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Starting next month, eligible Medicare beneficiaries may enroll in a discount drug card, endorsed by Medicare, to get discounted prices on some prescription drugs. Individuals with incomes below 135% of poverty (currently \$12,569/year; \$1,048/month) may be entitled to an additional \$600 credit from Medicare known as “transitional assistance” that can be used toward the cost of their prescriptions. People with Medicare should have already received a letter about the benefit, and they may start receiving mailings from the Medicare-endorsed card sponsors in early May.

When evaluating whether to enroll in a Medicare-endorsed prescription drug card, or which card to choose, older people and people with disabilities should consider the following:

1. Enrollment in a Medicare-endorsed prescription drug discount card entitles someone to access discounted prices for certain drugs as negotiated by the prescription drug card plan. Enrollees, with some exceptions, pay the full cost of the negotiated rate of the prescriptions they purchase.
2. People with full Medicaid benefits that cover prescription drug costs, including those who are in a Medicaid “waiver” program, may not enroll in a discount drug card.
3. The Medicare Agency will send beneficiaries information in May 2004 about the discount cards available to them. However, the information will not include comparative information about the prices of prescriptions negotiated by various card sponsors. Beneficiaries without internet access may have to go to each discount card sponsor to get information about how much their drugs will cost. While the government may provide some assistance through its toll-free number, 1-800-MEDICARE, it is difficult to predict how extensive that assistance will be. Beneficiaries with internet access may compare prices at www.medicare.gov.
4. Discount card sponsors do not have to negotiate discount prices on all drugs, though they must offer discounted prices on at least one drug in each larger category of prescriptions.

5. The same prescription may vary depending on the pharmacy. The price of the prescription includes a dispensing fee. Card sponsors may negotiate different rates with different pharmacies.
6. Even when a discount card sponsor negotiates a discounted price for a drug, the sponsor does not have to pass the full rebate on to those who enroll in the card. So, for example, if a sponsor negotiates a 10% discount, the sponsor may choose to offer a rebate of 5% to its enrollees.
7. An individual who enrolls in a Medicare-endorsed prescription card will be locked in to that card until the next enrollment period. However, card sponsors can change the price of the prescriptions at any time, except for the week of November 15th, when the open enrollment period begins.
8. In order to participate in the prescription drug discount card program, an individual has to pay an annual enrollment fee of up to \$30. Beneficiaries who are permitted to change discount drug cards (because, for example, they move to a different area) during the year must once again pay the full enrollment fee to the new card sponsor.
9. An individual may enroll in only one Medicare-endorsed prescription drug discount card. However, the individual may maintain or enroll in several cards that are not endorsed by Medicare, and may want to do so to achieve the best savings on prescription drug costs.
10. In determining whether an individual qualifies for the \$600 transitional assistance, the Medicare agency will look to adjusted gross income as determined by the Internal Revenue Service. Medicare will also include social security and other retirement income when calculating adjusted gross income.

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