



## The new Medicare prescription drug benefit:

It's good news for those facing cancer or cancer survivors.

It's true – the new Medicare drug benefit can be a big help to its beneficiaries. But the details can seem overwhelming and confusing, particularly to those with special needs like people with cancer. This article is an overview. However, you can go to [this page](#) on our Web site and find a considerable number of places where you can also go for help, including *individualized* help.

### The New Plan in a Nutshell.

The new Medicare prescription drug benefit or Part D was created to provide prescription drug coverage to Medicare beneficiaries who do not have "as good or better coverage" from another source, such as a retiree health benefit. In general, Part D covers those medicines prescribed by your doctor that you take to your local pharmacy to be filled.

Unlike Parts A and B of Medicare which provide coverage directly from the government on a fee-for-service basis, Part D coverage is provided through Part D drug plans administered by private insurance companies. These drug plans are called Prescription Drug Plans or PDPs.

Each of the sponsoring insurance companies must, by law, provide a *standard benefit*.

The *standard benefit* is as follows:

After a \$250 deductible, the Medicare Part D drug benefit covers 75 percent of all drug costs up until a patient's drug spending reaches \$2,250. Between \$2,250 and \$5,100 in total drug spending, Medicare beneficiaries must pay 100 percent of their own costs, with no government assistance. This is referred to as the "coverage gap" or "donut hole."

Once a patient reaches \$5,100 in drug expenses, the Medicare Part D drug benefit will resume, covering 95 percent of all costs for the rest of the year. *However, each Medicare drug plan is allowed to devise an alternative cost-sharing arrangement and many plans being offered will vary from this standard benefit.* This is perfectly legal as long as the total *value* of the drug coverage is about the same as for the standard benefit.

Also by law, all Medicare Part D drug plans (PDPs) must accept *all* eligible applicants living in their service areas, regardless of age or health status, including cancer. In fact, for cancer patients, the new Medicare Prescription Drug benefit greatly expands coverage for drugs that have not previously been covered by Medicare. However, as you can see from the above "standard benefit" description, the coverage under this new drug benefit does have some gaps that require out-of-pocket spending. Also, not every drug on the market will be covered by every Medicare-approved drug plan, so careful review of the PDPs available to you is very important.

PDPs are also required by law to ensure that their Medicare enrollees have convenient access to a pharmacy where the plan's insurance is accepted. Some drug plans may also offer a mail service option under which you can get the medications you take for an extended period of time sent directly to your home.

## Decisions, decisions.

### First, should you enroll in a PDP?

Whether a Medicare Part D plan is right for you depends upon your individual circumstances. Your first step should be to review what, if any, drug coverage you currently have. For example, you may already have prescription drug coverage through one of the following:

**Employer or union:** If you or your spouse currently have health benefits from a former employer or union that cover prescription drugs, you may already have received information from the sponsor of your coverage that *compares* your coverage to what is available under Part D of Medicare.

If your current drug coverage is as good as or better than the Part D coverage, you can and you should keep those benefits and not enroll in a Medicare plan. Should those employer or union benefits be reduced or eliminated in the future, you can then enroll in a Medicare Part D plan.

If your employer or union plan drug coverage is *not* at least as good as the Part D coverage, then you may wish to enroll in a Medicare Part D plan. A word of caution, however. In some cases, you may not be able to drop *just* the drug portion from your retiree coverage. Instead, the sponsor may require you to drop *all* coverage, including health benefits, and you may not be able to get them back.

If you are uncertain about the consequences of keeping your current plan versus joining a Medicare Part D plan, you should seek additional information. The sponsor of your current retirement plan should be able to help you. Or you could contact your State Health Insurance Assistance Program (SHIP) for one-on-one help. Click on the SHIP link here to find a SHIP counselor in your area. (<http://www.shiptalk.org>)

**TRICARE, VA, FEHBP:** If your current drug coverage is through TRICARE (military dependent or retiree health care), the US Veteran's Administration (VA) or the Federal Employees Health Benefits Program (FEHB) administered by the US Office of Personnel Management (OPM), you'll be pleased to know that their drug benefits have been deemed "as good as or better than" coverage under Medicare Part D. This means that you should keep your current coverage.

**Medicaid:** If you have full Medicaid benefits, you will either have to *choose* a Medicare Part D plan or you will be automatically enrolled in one. This is because Medicaid no longer covers most prescription drugs. Medicare will now provide your drug coverage. If you were automatically enrolled and decide you do not like the plan, you will have a chance to switch each month.

**Medigap:** If you have or are about to buy a Medigap or Supplemental policy that includes prescription drug coverage (i.e., Plan H, I or J), you can keep your Medigap plan with the drug coverage component or you can enroll in a Medicare Part D plan – but you cannot have both. If you *do* enroll in a Medicare Part D plan, you can still keep your Plan H, I or J, but the drug coverage component of the Medigap plan will be removed and the premium will be lowered to reflect the removal of the drug coverage.

Note that it is highly unlikely that a Medigap Plan H, I or J will provide drug coverage that is “as good as or better than” coverage under a Medicare Part D plan, so you may well wish to choose the latter.

### Second, which type of Medicare do you want?

Essentially, there are two types of Medicare plans:

One is the original Medicare, which the government administers. It covers your physician, hospital and some other services, but not prescription drugs. This is the plan that seniors often supplement with a Medigap policy. If you choose this original type of Medicare, you will likely want to also enroll in a Part D Prescription Drug Plan (PDP).

The other type of Medicare is a plan that is administered through a private health insurance company that has contracted with Medicare. This second type of Medicare is known as a Medicare Advantage Plan. It may be a health maintenance organization (HMO), a preferred provider organization (PPO), or a private, fee-for-service plan. It provides the full range of Medicare-covered healthcare – physician, hospital, etc. – and now prescription drugs, too. The Part D drug benefit offered with a Medicare Advantage plan is known as a Medicare Advantage Prescription Drug plan or MA-PD.

You can learn more about the characteristics of Medicare Advantage plans by consulting *Medicare & You 2006*, which may have already been mailed to you. If not, [click here to download the PDF](#).

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## The big decision: which PDP is right for you?

Regardless of where you live in the United States (including Puerto Rico), you have a wide range of choices.

### Begin by finding plans that cover the drugs you take now.

PDPs are required by law to cover a wide range of generic and brand-name drugs, however, plans still have a lot of flexibility with respect to the *specific* drugs that they cover.

Most plans will have what is called a *formulary*, which is a list of drugs covered by the plan. As a general rule, most plans' formularies will cover most of the commonly prescribed drugs used by Medicare beneficiaries, but very few formularies will include *all* drugs. It is very important to check each plan that you are considering to make sure your drugs are on the plan's formulary.

As a person with cancer, you should know that PDPs are required to cover all or substantially all cancer drugs.

Before beginning your search for the right PDP, make a list of all your prescription drugs, the dosage, and the quantity per day or week that your doctor usually prescribes. Then you'll be ready to check your list against the formularies of the PDPs in your area.

You can find personalized information on PDP's and their formularies by doing one of the following options.

- Visit [www.medicare.gov](http://www.medicare.gov) and click on the "formulary finder."
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. Have ready your Medicare card, your drug list and the name of the pharmacy you use.
- Get a free copy of the booklet *Your Guide to Medicare Prescription Drug Coverage*, (CMS Pub. No. 11109), on [www.medicare.gov](http://www.medicare.gov), or by calling 1-800-MEDICARE (1-800-633-4227).
- Call your State Health Insurance Assistance Program (SHIP). [Click here](#) to find a SHIP counselor in your area.
- Check for local events for help enrolling. Contact your local office on aging. For the telephone number, visit [www.eldercare.gov](http://www.eldercare.gov).

### Next time, you'll want to see which tier your drugs are on.

A formulary *tier* determines how much, if any, co-pay or coinsurance you will have to pay for a particular drug. Plans differ in the number of tiers they use and in which drugs are on which tier. Generic drugs are usually tier one drugs and generally cost you the *least* out-of-pocket. On the other hand, non-preferred brand name drugs, usually on tier three, will generally cost you *more* out-of-pocket than drugs on tiers one or two.

Some formularies have a tier four which is usually reserved for specialty drugs. These drugs tend not to have generic alternatives and so, can be very expensive. Unfortunately, many cancer drugs fall into this category and even with a Medicare Part D Prescription Drug Plan, your out-of-pocket costs can be significant. That's why it's important to look carefully at the tiers.

### Next, you'll want to check for other possible limits that may be on the plans.

PDPs can use a number of tools to manage prescription drug costs. These tools are designed to encourage the most appropriate and cost effective use of prescriptions by the Medicare beneficiaries enrolled in their plans. From the perspective of a Medicare beneficiary and his or her physician, these tools may be seen as restricting their access to a needed drug. On the other hand, if these tools were not in place, the plan might have to charge higher premiums.

These cost management tools may include:

- Prior physician authorization requirements: These are common for certain drugs used to treat cancer and control nausea.
- Limits on the quantity of drugs available in any given period (typically one month). You may encounter quantity limits for some drugs used in cancer treatment, such as Gleevec.
- Step therapy or "fail-first" requirements: These may deny payment for a drug unless certain other drugs have been tried first and failed to help. Step therapy requirements are unusual for drugs used to treat cancer.

Medicare requires Part D drug plans to cover all (or substantially all) anti-cancer drugs in use today and if you are already on a specific anti-cancer drug, the above requirements generally do not apply. However, if you do encounter one of the above cost management tools, you and your physician have the right to ask the PDP to make an exception

from these requirements. Each plan will have its own exceptions process.

### And finally, you'll want to check the monthly premiums.

All of the stand alone Prescription Drug Plans (PDPs) and most of the drug plans sold in connection with Medicare Advantage plans (MA-PDs) will charge a premium for the drug benefit. The premium amount will depend on where you live and the plan you choose.

In some states, you may find plans charging as little as about \$2.00 per month. Other plans may charge considerably more, some more than \$100. The higher premium plans may have a lower deductible or no deductible at all and may provide for lower co-payments or coinsurance. However, premiums vary for a number of reasons and it is not always the case that the higher the premium, the lower the beneficiary cost sharing or more comprehensive formulary.

### Special considerations for people with cancer.

#### Is it Part B or Part D?

In considering whether to elect Medicare Part D and, if so, which PDP to join, people with cancer face some special considerations. You may already be accustomed to certain of your cancer drugs being covered by Medicare Part B.

The category of drugs currently covered under Medicare Part B, about 500 in all, includes drugs provided and administered in a physician's office or hospital outpatient department. These are medicines that are infused or injected in a doctor's office or treatment center. Since many chemotherapy drugs and anti-nausea medications are administered through an intravenous (IV) infusion in a physician's office, they will still be covered under Part B.

However, some anti-cancer and anti-nausea drugs may be reimbursed under Part B *or* Part D. The rule of thumb is this:

- If an *oral* anti-cancer or anti-nausea drug is an alternative to an *IV-infused* drug, then that *oral* drug will continue to be covered under Part B.
- If an *oral* anti-cancer or anti-nausea drug has no equivalent *IV-infused* drug, then *that* oral drug will now be covered under Part D and not Part B.

It's important to understand the distinction between drug coverage under Part B and coverage under Part D, because your out-of-pocket costs will vary depending on the coverage. For services provided under Medicare Part B, the government covers 80 percent of all costs after patients meet a \$124 deductible (\$124 in 2006) and the beneficiary is responsible for 20 percent of the cost. There is no catastrophic coverage above a threshold for Part B costs, so patients are responsible for 20 percent of the drug's cost regardless of how high their total medical bills run.

Medicare Part D plans, on the other hand, do guarantee that after \$5100 of drug expenses in a year, the beneficiary pays only five percent of all additional drug costs for the remainder of the year.

You should also keep in mind that some cancer drugs are clearly covered under Part B, so you may not even find some of these drugs on a PDP's formulary. If you don't see a drug you know you need, call the plan and ask about its coverage rules.

#### What about off-label drugs and Part D?

In many cases, physicians – based on their knowledge and on available current information – may prescribe a drug for a use that is not indicated in the FDA-approved labeling if it seems reasonable or appropriate. This is called "non-approved" or "off-label" use of the drug and it is entirely legal. It is also very common in cancer care.

However, drugs used for off-label indications are not covered under Part D unless the use is cited in one of the commonly used reference standards for prescription drugs – called a compendium – named in the new Medicare law. If the drug's use *is* cited, then the use of that drug will be covered under Medicare Part D plans. It may be covered with a higher out-of-pocket co-payment than other drugs, but it will be covered.

### As things change, you may wish to change also.

Each year, you will be able to choose a new drug plan during the annual "open enrollment" period. The open enrollment period will take place each year between November 15 and December 31, with enrollment becoming effective on January 1st of the following year. Once enrollment becomes effective on January 1<sup>st</sup>, you will generally not be able to switch plans until the next open enrollment period.

There are many reasons you might want to switch plans – a change in the plan itself, a change in drugs you take, a change in your income, and more. Even if you are satisfied with your current drug plan, it's always good to take a look at others during the yearly open enrollment period.

**For more cancer information, call 1-800-ACS-2345  
or visit [www.cancer.org](http://www.cancer.org), anytime, day or night.**

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