NAVIGATING THE MEDICARE PART D OPTIONS

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Housekeeping

- **Session will not be recorded**; however, a PDF of the slides is available on the Road to Retirement website at [hr.iu.edu/benefits/road-to-retire.html](http://hr.iu.edu/benefits/road-to-retire.html).

- All attendees have been placed on mute. If you have technical issues, please message an IUHR representative in the chat for assistance.

- Watch the chat for helpful links to additional information.

- **Please put all questions in the Q&A box.** Do not put any questions related to a personal situation in the Q&A.

- At the end of today’s session, you will be asked to complete a brief survey.
Minimum Coverage
Once Eligible*

*Must have:

Original Medicare
  -Part A
  -Part B
  -Part D or other creditable drug insurance.

*Medicare enrollment can be delayed if covered under you (or your spouse’s) employer group health from a company larger than 20 employees (100 employees if on Medicare due to disability).

Option 1

Original Medicare
  -Part A
  -Part B
  -Part D

Optional, but recommended:

Medicare Supplement (Medigap)
OR other secondary insurance coverage - such as IU Retiree Blue Plan

Option 2

Medicare Advantage Plan (MA)

Must be enrolled into Medicare Part A and B (benefits provided by Advantage plan)

Most plans will include a Part D plan built-in.

*If you choose a plan without Part D, you will need to have creditable drug insurance from outside of Medicare.
Part D Medicare Prescription Drug Coverage

**Medicare drug plans:**
- Approved by Medicare
- Run by private companies
- Available to everyone with Medicare

**Two ways to get coverage:**
- Medicare Prescription Drug Plans (PDP)-Works with Original Medicare
- Medicare Advantage Plans with prescription Part D drug coverage included (MAPD)

*NOTE:* Part D enrollment can be delayed if enrolled into other creditable drug coverage (IU employer plan)
Part D Eligibility Requirements

You must have Medicare Part A and/or Part B to join a Medicare Prescription Drug Plan (PDP).

You must have BOTH Medicare Part A and Part B to join a Medicare Advantage Plan.

Just like Medicare Advantage plans, must live in the plan’s service area.

You must proactively apply to join a plan. Only individuals with Medicaid assistance may be auto-enrolled into a Part D plan.
How Medicare Part D Works

As of 2006, all Medicare beneficiaries are required to have Part D (PDP or MAPD) or other creditable drug insurance from an alternate source (VA Drug plan, employer or retiree drug plan etc).

For Part D, beneficiary is responsible for:

• Paying the plan a monthly premium
  – Part D in Advantage plans could be $0 on a zero-premium Advantage plan or will be a portion of the total Advantage plan premium
• Paying any deductibles and copayments at the pharmacy

Part D built into advantage plans tend to have lower deductibles and overall drug costs.
Part D Late Enrollment Penalty

**Penalty** if you delay or go without coverage

Can’t go longer than **63 days** without Part D or creditable coverage once eligible for Medicare

If you do, pay a penalty for as long as you have coverage

- 1% of base beneficiary premium ($32.74 in 2023)
  - For each full month eligible for Medicare but do not have a Part D plan or creditable drug insurance.
  - 1 month past 63 days= 1% (~$.33); 2 months=2%; 3 months=3%.....etc
  - Penalty calculators available online
  - PDP/MAPD is responsible for collecting the penalty once enrolled
<table>
<thead>
<tr>
<th>If your yearly income in 2021 was:</th>
<th>File individual tax return</th>
<th>File joint tax return</th>
<th>File married &amp; separate tax return</th>
<th>You pay (in 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$97,000 or less</td>
<td>$97,000 or less</td>
<td>$97,000 or less</td>
<td>Regular plan premium</td>
<td></td>
</tr>
<tr>
<td>above $97,000 up to $123,000</td>
<td>above $194,000 up to $246,000</td>
<td>N/A</td>
<td>$12.20 + your plan premium</td>
<td></td>
</tr>
<tr>
<td>above $123,000 up to $153,000</td>
<td>above $246,000 up to $306,000</td>
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<td>$31.50 + your plan premium</td>
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<tr>
<td>above $153,000 up to $183,000</td>
<td>above $306,000 up to $366,000</td>
<td>N/A</td>
<td>$50.70 + your plan premium</td>
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</tr>
<tr>
<td>above $183,000 and less than $500,000</td>
<td>above $366,000 and less than $750,000</td>
<td>above $97,000 and less than $403,000</td>
<td>$70.00 + your plan premium</td>
<td></td>
</tr>
<tr>
<td>$500,000 or above</td>
<td>$750,000 or above</td>
<td>$403,000 or above</td>
<td>$76.40 + your plan premium</td>
<td></td>
</tr>
</tbody>
</table>
Part D Medicare Prescription Drug Plans

• Can be flexible in benefit design
  – What drugs are covered, deductible amount, drug tiers etc
• Must offer at least a standard level of coverage
• Vary in costs and drugs covered
• Benefits and costs may change each year
• Plans must cover certain drugs in protected categories
Drugs Excluded By Law Under Part D

- Drugs for anorexia, weight loss, or weight gain
- Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
- Fertility drugs
- Drugs for cosmetic or lifestyle purposes
- Drugs for symptomatic relief of coughs and colds
- Prescription vitamin and mineral products
- Non-prescription drugs
Medicare Drug Plan Costs

Costs vary by plan.

In 2023, most people will pay:

- A monthly premium (could be $0/mo on some MA plans)
- A yearly deductible ($0-$505)

Copayments or coinsurance:

- 25% or LESS in “Initial Coverage Period”
- 25% for covered brand-name drugs in the coverage gap
- 25% for covered generic drugs in the coverage gap
- Reduced copays after meeting $7,400 TrOOP (catastrophic coverage)
<table>
<thead>
<tr>
<th>DEDUCTIBLE PHASE</th>
<th>INITIAL COVERAGE PHASE</th>
<th>COVERAGE GAP (Donut Hole)</th>
<th>CATASTROPHIC COVERAGE PHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>You will Pay…</td>
<td>You will Pay…</td>
<td>You will Pay…</td>
<td>You will Pay…</td>
</tr>
<tr>
<td>Up to $505/year</td>
<td>A copay ($) or a coinsurance (%) usually 25% or less of the retail cost of the drug.</td>
<td>25% of the retail cost for both Generic drugs and Brand Name drugs.</td>
<td>The greater of: 5% or $4.15/refill for generics AND 5% or $10.35/refill for brand name</td>
</tr>
</tbody>
</table>

$505 is the maximum deductible a plan can charge; some plans may have a lower deductible or even no deductible at all.

A deductible is an amount you owe before the insurance plan pays anything.

**Many plans will not make you pay towards the deductible for Tier 1 and Tier 2 prescriptions**

If the total retail cost of all your drugs after one or more refills in the year reaches $4,660 then you will move to the next phase, the coverage gap.

You will continue to pay a full 25% until you reach another limit of $7,400 True Out of Pocket Cost (TrOOP).

**Within this limit are costs shared by you, the plan, and the pharmaceutical manufacturers. Your share will average around $2,900 of this limit to leave the coverage gap.**

Once you reach Catastrophic Coverage you will pay the above costs the remainder of the calendar year.

All forms of insulin, covered by the Part D plan’s formulary, will be $35/refill through all phases and not subject to the deductible.
Figure 1

Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act

2023
Requires drug companies to pay rebates if drug prices rise faster than inflation

Limits insulin cost sharing to $35/month in Part B & D

Reduces costs and improves coverage for adult vaccines in Medicare Part D, Medicaid & CHIP

2024
Eliminates 5% coinsurance for Part D catastrophic coverage

2025
Adds $2,000 out-of-pocket cap in Part D and other drug benefit changes

Limits insulin cost sharing to $35/month in Part B & D

Expands eligibility for Part D Low-Income Subsidy full benefits up to 150% FPL

2026
Implements negotiated prices for certain high-cost drugs:

• 10 Medicare Part D drugs

Further delays implementation of the Trump Administration’s drug rebate rule to 2032

2027

• 15 Medicare Part D drugs

2028

• 15 Medicare Part B and Part D drugs

2029

• 20 Medicare Part B and Part D drugs

2024-2030: Limits Medicare Part D premium growth to no more than 6% per year
How To Save Money On Part D

• Locate pharmacies that are “preferred” on your plan

• Use coupons like GoodRx
  – Only drugs paid for by your part D plan are tracked and get you closer to the donut hole

• Research pharmaceutical manufacturers discount programs

• See if you qualify for “Extra Help” for your Part D costs through Social Security

• Ask you doctor to change you to cheaper alternatives or options that are on your plan’s formulary
Drug Coverage Through Other Parts of Medicare

Part D does not cover all prescriptions ALL the time.

Whether Medicare Part A, Part B, or Part D covers a drug depends on:

- Medical necessity
- Health care setting
- How the drug is administered
- Medical indication (why you need it, like for cancer)
- Any special drug coverage requirements
  - Such as immunosuppressive drugs following a transplant
Part A Prescription Drug Coverage

Part A generally pays for:

– All drugs during a covered inpatient stay received as part of treatment in a hospital or skilled nursing facility

– Drugs used in hospice care for symptom control and pain relief only
Part B Prescription Drug Coverage

Part B covers limited outpatient drugs:

- Most injectable and infusible drugs given as part of a doctor’s service
- Drugs used at home with some types of Part B covered durable medical equipment
- Insulin pumps/nebulizers
- Some oral drugs with special coverage requirements like
- Certain oral anti-cancer and antiemetic drugs
- Immunosuppressive drugs, under certain circumstances
Part B Prescription Drug Coverage

Part B covers certain immunizations as part of Medicare-covered preventive services:

- Flu shot
- Pneumococcal shot (to prevent pneumonia)
- Hepatitis B shot

Part B may cover certain vaccines after injury or exposure to a disease:

- Tetanus shot
- Rabies
When You Can Join or Switch Part D Plans

• Initial Enrollment Period
• SEP when losing current creditable coverage
• Medicare’s Open Enrollment Period is October 15–December 7 each year, coverage starts January 1
• Additional special enrollment periods
When You Can Join or Switch Part D Plans

Special Enrollment Periods (SEP):

– You move out of your plan’s service area
– You have Medicaid and Medicare
– You have a quarterly SEP if you qualify for Extra Help
– Your plan leaves the Medicare Program or reduces its service area
– You leave or lose employer or union coverage
– You enter, live at, or leave a long-term care facility (like a nursing home)
– Other exceptional circumstances

Note: Each SEP has different allow timeframes to make changes. Please see the link below or search online for document to see all SEPs

Understanding Medicare Part C and Part D Enrollment Periods
Choosing A Part D Plan

To compare plans by computer or phone:

• Use the Medicare Plan Finder at: Explore your Medicare coverage options
• Mymedicare.gov
• Call 1-800-MEDICARE (1-800-633-4227)
• Contact your State Health Insurance Assistance Program (SHIP) for help comparing plans

To join a Part D Plan:

• Enroll at Medicare.gov
• Call 1-800-MEDICARE (1-800-633-4227)
• Enroll on the plan’s website or call the plan
• Complete a paper enrollment form
SilverScript SmartSaver (PDP)
Aetna Medicare | Plan ID: S5601-190-0

MONTHLY PREMIUM
$4.80 Includes: Only drug coverage

TOTAL DRUG & PREMIUM COST (for the rest of 2023)
$14.40 Only includes premiums for the months left in this year when you don’t enter any drugs

DEDUCTIBLE
$505.00 Drug deductible
For More Information

• SHIP telephone: 1-800-452-4800
  — TTY users should call 1-800-846-0139
• SHIP website: www.medicare.in.gov
• 1-800-MEDICARE (1-800-633-4227)
  — TTY users should call 1-877-486-2048
• Medicare & You 2023 handbook
• www.medicare.gov

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Upcoming Road to Retirement Sessions

Register at: hr.iu.edu/benefits/road-to-retire.html

- **September 15** – Medicare Basics: The ABC’s and D’s
- **September 21** – IU Retiree Status & Benefits
- **October 4 & 5** – PERF—Understand the Two Parts of the Plan
- **October 6** – Fundamentals of Retirement Income Planning
- **October 17** – Prepare for the Reality of Healthcare in Retirement
- **November 9** – PERF—Understand the Two Parts of the Plan
- **December 6** – Social Security Overview
- **December 8** – Fundamentals of Retirement Income Planning
- **December 14** – Preserving Your Savings for Future Generations
Thank You!

QUESTIONS?