

Q: Can I still join the Medicare Drug plan?

A: Yes, but after May 15, 2006, there will be a penalty for joining late.

The U.S. Treasury Department says that Medicare spent \$5.1 billion in claims for the new Medicare drug benefit in January and February of 2006, the first two months of the new plan. To date, 26 million seniors have joined the plan, and Medicare is paying for more than a million prescriptions a day. If you use an average amount of prescription drugs, Medicare claims the new drug coverage will pay over half of your drug costs next year. If you have very high drug costs, Medicare will pay up to 95% of these costs—but only after you spend \$3,600 out of your own pocket.

If you don't sign up for Medicare D by May 15th, you will not be able to get into the plan again until open enrollment from November 15 to December 31, 2006. The late fee means your premium will go up at least 1% per month for every month that you wait to join. You will have to pay this penalty as long as you have Medicare drug coverage. If you bought a plan with a premium of \$31.49 per month, but bought it eight months late, your premium would be \$34, which is about \$30 more per year in penalty fees.

If you have not bought a plan yet, be sure to look at the relationship between the premium, the deductible, and the "extra coverage" offered by each plan. Some plans may offer more coverage and additional drugs for a higher monthly premium. The major advantage of some plans is that they continue to cover your drugs once you are inside the "donut hole," which occurs once your costs (plus the Medicare D costs) reach \$2,250.

The next \$2,850 in bills are yours to pay—unless your drug plan offers "extra coverage" in the gap. If your drugs' total cost are more than \$187.50 per month, you are going to fall into the donut hole, and extra coverage for generic and brand name drugs may be worth the higher premium cost.

Medicare drug plans are offered by county, and the premiums for these plans in Massachusetts range from \$7.32 per month, to \$65.58 per month. The most expensive plan costs 9 times more than the cheapest. But premium price is not the whole story. The cheapest plan on the market, for example, has a \$250 deductible, and provides no coverage in the donut hole. The same company has a plan with a premium nearly 8 times more expensive—but it covers both brand name drugs and generic drugs in the gap, and thus would be a better buy for elders with high drug costs. A \$250 deductible is equal to nearly a \$21 dollar per month added to your premium. The plan with a \$7.32 monthly premium and a \$250 deductible, is really a \$28.15 a month plan if you have drug costs that total \$200 a year. The deductibles for all these drug plans are either \$0 or \$250.

Despite all these confusing plans, you can get help in selecting the Medicare drug plan that's right for you, by calling the SHINE program toll-free at 1-800-AGE INFO and pressing "2".