

Q: When are Medicare drugs starting?

A: January 1, 2006. Seniors will start to get information about the new program this spring. Enrollment in the "Part D" prescription plan will start on November 15th. In May, the Social Security Administration will begin notifying seniors who may be eligible for a subsidy. People on Medicaid will now have their drugs paid for by Medicare instead. People on both Medicaid and Medicare will automatically be assigned by the federal government to a prescription drug plan (PDP), which is a stand-alone drug plan.

Part D will be voluntary. It will only be available through private plans. It is estimated that these plans will cost \$35 a month in 2006. Most prescription drugs will be covered.

One of the major problems with the new Medicare drug plan is the cost to the consumer. When you enroll in Medicare D, the first \$250 in drug costs is your deductible to pay. The next \$2,000 in costs will be 25% yours to pay, or \$500. Your plan will cover the other 75% of that amount, or \$1,500. But after you have reached \$2,250 in expenses, the plan drops out for the next \$2,850 in costs---all of which you have to pay yourself. This is called the "donut hole." If you have \$5,100 in drug costs annually, the Medicare plan will cover only \$1,500, leaving you with \$3,600 in out of pocket costs. You will pay another \$420 in premiums. Stated another way, if your drug bills are around \$425 per month, you will pay \$335 of that monthly cost, or 79% of the tab. Medicare D plan is best for people with "catastrophic" drug costs, because once you reach \$5,100 in annual costs, Medicare will pay 95% of the balance.

The Part D subsidy is a sliding fee scale based on income and assets. If you have income of \$9,630 or less, you will not have to pay a monthly premium or the deductible. There will be no donut hole coverage gap for you, only a small co-payment for your drugs. A person with \$13,000 a year in income, and assets below \$6,000, will also have no premium or deductible, and no donut hole. A person with \$14,450 in income will pay a small premium, a \$50 deductible, some co-payments, but no donut hole. Your house is not counted as an asset, but bank accounts and savings are counted. These income figures will change every year, because they are based on the federal poverty limit.

You must enroll in a Medicare Part D plan within 6 months of becoming eligible, or pay a late penalty. You can enroll in a Prescription Drug Plan, or stay in a Medicare Choice plan--which will now be known as a "Medicare Advantage" plan. Medicare supplemental plans now providing drugs, like Medex Gold, will no longer be open for new enrollees after January 1, 2006. The existing Prescription Advantage state plan will likely be changed to fill some of the Part D holes.

To sort through options call 1-800-Age-Info and push "2" to speak with a free SHINE Counselor in your area.