



Module 9 explains Medicare prescription drug coverage. This training module was developed and approved by the Centers for Medicare & Medicaid Services (CMS), the federal agency that administers Medicare, Medicaid, the Children’s Health Insurance Program (CHIP), and the Federally-facilitated Health Insurance Marketplace.

The information in this module was correct as of February 2018. It was updated by SHIBA July 2018. To check for an updated version, visit [CMS.gov/outreach-and-education/training/cmsnationaltrainingprogram/index.html](https://www.cms.gov/outreach-and-education/training/cmsnationaltrainingprogram/index.html).

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The lessons in this module, “Medicare Part D Prescription Drug Coverage,” explain Medicare prescription drug.

The materials are designed for information givers/trainers familiar with the Medicare Program, and who would like to have prepared information for their presentations.

The original module contains 81 PowerPoint slides (The SHIBA edited version has 72 slides) with corresponding speaker’s notes and check-your-knowledge questions. It can be presented in about 50 minutes. Allow approximately 10-15 more minutes for discussion, questions, and answers. Additional time may be added for add-on activities.

Session Objectives

This session should help you

- Differentiate Medicare Part A, Part B, and Part D drug coverage
- Summarize Part D eligibility and enrollment requirements
- Compare and choose drug plans
- Describe Extra Help with drug plan costs
- Explain coverage determinations and the appeals process

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Lesson 1—The Basics

- The 4 parts of Medicare
- Prescription drug coverage under
 - Medicare Part A (Hospital Insurance)
 - Medicare Part B (Medical Insurance)

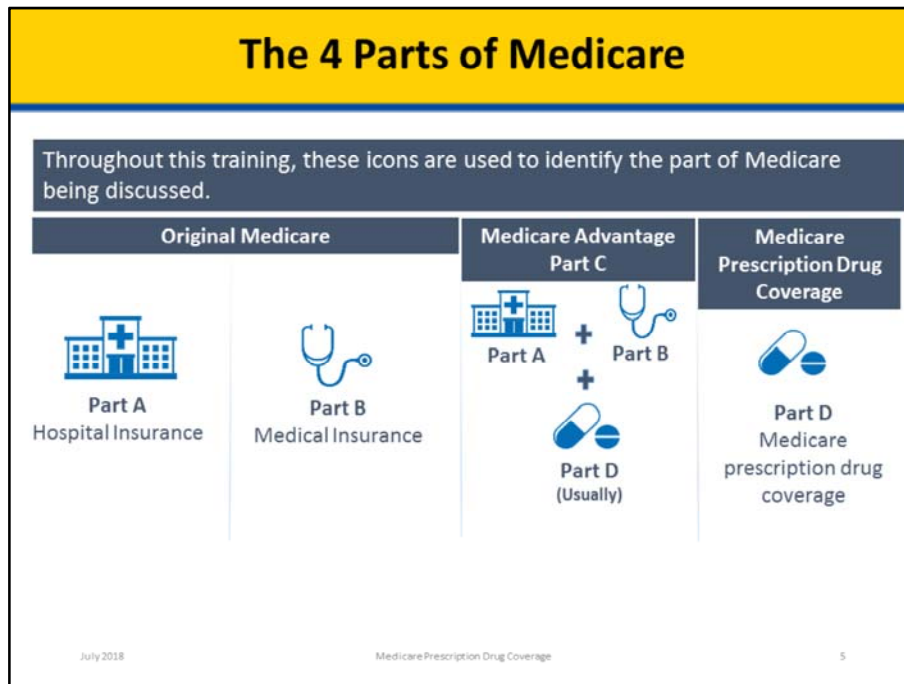
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Lesson 1, “The Basics,” explains

- The 4 parts of Medicare
- When prescription drugs are covered under
 - Medicare Part A (Hospital Insurance)
 - Medicare Part B (Medical Insurance)



Medicare covers many types of services and you have options for how you get your Medicare coverage. Medicare has 4 parts:

- **Part A (Hospital Insurance)** helps pay for inpatient hospital stays, skilled nursing facility care, home health care, and hospice care.
- **Part B (Medical Insurance)** helps cover medically necessary services like doctor visits and outpatient care. Part B also covers many preventive services (including screening tests and certain shots), diagnostic tests, some therapies, and durable medical equipment like wheelchairs and walkers.

Together, Part A and/or Part B are referred to as “Original Medicare.”

- **Part C (Medicare Advantage (MA))** is another way to get your Medicare benefits. It combines Part A and Part B, and sometimes Part D (prescription drug coverage). MA Plans are managed by private insurance companies approved by Medicare. These plans must cover medically necessary services. However, plans can charge different copayments, coinsurance, or deductibles for these services than Original Medicare (Part A and Part B).
- **Part D (prescription drug coverage)** helps pay for outpatient prescription drugs and may help lower your prescription drug costs and protect against higher costs in the future.

Medicare Prescription Drug Coverage

- Prescription drug coverage under Original Medicare Part A, Part B, or Part D depends on
 - Medical necessity
 - Health care setting
 - Medical indication (why you need it, like for cancer)
 - Any special drug coverage requirements
 - Such as immunosuppressive drugs following a transplant

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Whether prescription drugs are covered under Medicare Part A, Part B, or Part D depends on several factors:

- Medical necessity
- The health care setting (for example, home, hospital (as inpatient or outpatient), or surgery center) where the health care is given
- The medical indication or reason why you need medication (for example, for cancer treatment)
- Any special coverage requirements, like those for immunosuppressive drugs that would be used following an organ transplant

This information applies if you have Original Medicare, fee-for-service coverage under which the government pays your health care providers directly for your Part A and/or Part B benefits.

If you have a Medicare Advantage (MA) Plan (Part C) (like an HMO or a PPO) with prescription drug coverage, you get all of your Medicare-covered health care from the plan, including covered prescription drugs. Most MA Plans offer prescription drug coverage.

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

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You may get drugs as part of your treatment during a covered inpatient hospital or skilled nursing facility (SNF) stay. Medicare Part A payments made to hospitals and SNFs generally cover all drugs you get during an inpatient stay.

You may get drugs for symptom control or pain relief while receiving Part A-covered hospice care. You may be charged up to \$5 for each outpatient prescription drug or other similar products for pain relief and symptom control.

Hospices must give virtually all care that terminally ill individuals need. Because hospice care is a Part A benefit, Part D doesn't pay for drugs covered under the Medicare Part A per diem payment to the hospice.

NOTE: If you don't have Part A coverage, Medicare Part B can pay hospitals and SNFs for certain categories of Part B covered drugs. If you do have Part A, Part B may pay if the Part A coverage for your stay has run out, or if your stay isn't covered by Part A.

Also, when receiving Part A covered SNF care, the SNF's bundled per diem payment excludes certain costly and intensive chemotherapy drugs. They're billed separately under Part B.

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 and biologicals
 - Used for the treatment of End-Stage Renal Disease
 - Drugs used at home with some types of Part B covered durable medical equipment
 - Such as nebulizers and infusion pumps
 - Some oral drugs with special coverage requirements like
 - Certain oral anti-cancer and antiemetic drugs
 - Immunosuppressive drugs, under certain circumstances

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Medicare Part B gives limited prescription drug coverage. It doesn't cover most drugs you get at the pharmacy. Nearly all Part B covered drugs fall into the following categories:

- Most injectable and infusible drugs that aren't usually self-administered and that are given in a doctor's office (for example, an injectable drug used to treat anemia that's administered at the same time as chemotherapy). However, if an injection is usually self-administered (like Imitrex® for migraines) or isn't given as part of a doctor's service, it isn't covered by Part B.
- Drugs and biologicals used for the treatment of End-Stage Renal Disease (ESRD) are furnished by the ESRD facility responsible for the person's care. For example, any drug and biological used for anemia management is covered under Part B when furnished by an ESRD facility.
- Drugs administered through Part B covered durable medical equipment (DME) in your home (like a nebulizer or infusion pump). To get drugs covered by Medicare Part B, choose a pharmacy or supplier that's a participating DME provider. You may have to use a contract provider in certain areas and for certain DME products. For more information or to find contract providers in your area, visit the Medicare Supplier Directory at [Medicare.gov/supplierDirectory](https://www.medicare.gov/supplierDirectory).
- Three categories of oral drugs with special coverage requirements: certain oral anti-cancer, oral antiemetic (to treat nausea), and immunosuppressive drugs (under certain circumstances).
- A limited number of other types of outpatient drugs. There may be regional differences in local Part B drug coverage policies in cases where there isn't a national coverage decision.

NOTE: For more details about covered drugs with special coverage requirements, visit the Medicare Claims Processing Manual Chapter 17—Drugs and Biologicals at [CMS.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf).

Part B Immunization 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 exposure to a disease or after an injury
 - Tetanus shot

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Medicare Part B covers certain immunizations as part of Medicare-covered preventive services. If you meet the criteria, Part B covers the influenza virus vaccine (flu shot), a pneumococcal shot (to prevent certain types of pneumonia), a Hepatitis B shot (for individuals at high or intermediate risk), and other vaccines (like a tetanus shot) when you get it to treat an injury or if you've been exposed directly to a disease or condition.

Generally, Medicare drug plans (Part D) cover other vaccines (like the shingles vaccine) needed to prevent illness.

Self-administered Drugs in Hospital Outpatient Settings

- Part B doesn't cover self-administered drugs in a hospital outpatient setting
 - Unless needed for hospital services
- If enrolled in Part D, drugs may be covered
 - If not admitted to hospital
 - May have to pay and submit for reimbursement

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There may be a need for self-administered drugs (drugs you'd normally take on your own) in hospital outpatient settings, like the emergency department, observation units, surgery centers, or pain clinics. For example, you may need daily blood pressure medication while in the emergency room for a sprained ankle. Medicare Part A and Part B wouldn't cover the medication because it's not related to the outpatient services you're getting to treat your ankle. If you get self-administered drugs that aren't covered by Medicare Part A or Part B while in a hospital outpatient setting, the hospital may bill you for the drug.

However, if you're enrolled in a Medicare drug plan, these drugs may be covered. You'll likely need to pay out of pocket for the drugs and send in a claim to your drug plan for a refund.

- Generally, your Medicare drug plan won't pay for over-the-counter drugs, like Tylenol®
- The drug you need must be on your drug plan's formulary (list of covered drugs)
- You can't get your self-administered drugs in an outpatient or emergency department setting on a regular basis
- Your Medicare drug plan will check to see if you could've gotten these self-administered drugs from an in-network pharmacy
- If the hospital pharmacy doesn't participate in Medicare, you may need to pay out of pocket for these drugs and submit the claim to your Medicare drug plan for reimbursement

NOTE: Visit [Medicare.gov/Pubs/pdf/11333.pdf](https://www.Medicare.gov/Pubs/pdf/11333.pdf) to download the tip sheet "How Medicare Covers Self-administered Drugs Given in Hospital Outpatient Settings" (CMS Product No. 11333).

Check Your Knowledge—Question 1

Which part of Medicare pays for drugs used in hospice care for symptom control and pain relief only?

- a. Part A
- b. Part B
- c. Part D
- d. None of the above

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Check Your Knowledge—Question 1

Which part of Medicare pays for drugs used in hospice care for symptom control and pain relief only?

- a. Part A
- b. Part B
- c. Part D
- d. None of the above

ANSWER: a. Part A

You may get drugs for symptom control or pain relief while receiving Part A-covered hospice care. You may be charged up to \$5 for each outpatient prescription drug or other similar products for pain relief and symptom control.

Hospices must give virtually all care that terminally ill individuals need. Because hospice care is a Part A benefit, Part D doesn't pay for drugs covered under the Medicare Part A per diem payment to the hospice.

Check Your Knowledge—Question 2

Medicare Part D doesn't cover the cost of the flu shot, a preventive service immunization.

- a. True
- b. False

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Check Your Knowledge—Question 2

Medicare Part D doesn't cover the cost of the flu shot, a preventive service immunization.

- a. True
- b. False

ANSWER: a. True

Medicare Part B covers certain immunizations as part of Medicare-covered preventive services. If you meet the criteria, Part B covers the influenza virus vaccine (flu shot), a pneumococcal shot (to prevent certain types of pneumonia), a Hepatitis B shot (for individuals at high or intermediate risk), and other vaccines (like a tetanus shot) when you get it to treat an injury or if you've been exposed directly to a disease or condition.

Lesson 2—Medicare Part D Benefits and Costs

- Medicare prescription drug coverage
- Medicare drug plan benefits and costs

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Lesson 2, “Medicare Part D Benefits and Costs,” provides information on Medicare prescription drug coverage, benefits, and costs under Part D.

Part D Medicare Prescription Drug Coverage

- Medicare drug plans
 - Approved by Medicare
 - Run by private companies
 - Available to everyone with Medicare
- In most cases, you must join a plan to get coverage
- There are **2 ways** to get coverage
 - Medicare Prescription Drug Plans
 - Medicare Health Plans with prescription drug coverage

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Medicare prescription drug coverage adds to your Medicare health care coverage. It helps you pay for medically necessary brand-name and generic prescription drugs. Medicare drug plans are offered by insurance companies and other private companies approved by Medicare. All people with Medicare are eligible to enroll in a Medicare drug plan. To get coverage, you must join a plan (enrollment isn't automatic for most people).

There are 2 main ways to get Medicare prescription drug coverage:

1. Join a Medicare Prescription Drug Plan (PDP). These plans add coverage to Original Medicare, and may be **added** to some other types of Medicare health plans (but not Medicare Advantage (MA) Plans).
2. Join an MA Plan with prescription drug coverage (MA-PD) (like an HMO or PPO) or another Medicare health plan that **includes** Medicare prescription drug coverage. **You'll get all your Medicare coverage (Part A and Part B), including prescription drug coverage through these plans.**

The term "Medicare drug plan" is used throughout this presentation to mean both PDPs and MA-PDs or other Medicare health plans with prescription drug coverage.

NOTE: Some Medicare Supplement Insurance (Medigap) policies offered prescription drug coverage before January 1, 2006. This isn't Medicare prescription drug coverage.

Part D Medicare Prescription Drug Plans

- Can be flexible in benefit design
- Must offer at least a standard level of coverage
- Vary in costs and drugs covered
 - Different tier and/or copayment/coinsurance levels
 - Enhanced (“extra”) coverage for drugs not typically covered by Part D
- Benefits and costs may change each year

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Medicare drug plans may be different from each other in terms of which prescription drugs they cover, how much you have to pay, and which pharmacies you can use. All Medicare drug plans must give at least a standard level of coverage set by Medicare. However, plans offer different combinations of coverage and cost sharing. Plans may offer more coverage and additional drugs, generally for a higher monthly premium.

Most plans continue to offer different benefit structures, including “tiers” of copayments (pay a set amount for all drugs on a tier) or coinsurance (pay a percentage of the cost of the drug), with different costs for different types of drugs. Enhanced plans may offer additional benefits, like coverage in the coverage gap or coverage for drugs that Medicare Part D doesn’t traditionally cover.

Plan benefits and costs may change each year, so it’s important to look at and compare your plan options each year.

Medicare Drug Plan Costs

- Costs vary by plan
- In 2019, most people will pay
 - A monthly premium
 - A yearly deductible (if applicable)
 - Copayments or coinsurance
 - 25% for covered brand-name drugs in the coverage gap
 - 37% for covered generic drugs in the coverage gap
 - Very little after spending \$5,100 out of pocket

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Your costs for prescription drug coverage will depend on the plan you choose and some other factors, like which drugs you use, whether you go to a pharmacy in your plan's network, and whether you get Extra Help paying for your drug costs. Extra Help is discussed in more detail in Lesson 5.

Most people will pay a monthly premium for Medicare prescription drug coverage. You'll also pay a share of your prescription costs, including a deductible (if applicable), copayments, and/or coinsurance.

Contact your drug plan (not Social Security) if you want your premium deducted from your monthly Social Security payment. Your first deduction will usually take 3 months to start, and 3 months of premiums will likely be deducted at once.

After that, only one premium will be deducted each month. You may also see a delay in premiums being withheld if you switch plans. If you want to stop premium deductions and get billed directly, contact your drug plan.

When you are in the coverage gap, in 2019, you pay no more than 25% for covered brand-name drugs, and 37% for covered generic drugs.

With every plan, once you've paid \$5,100 out-of-pocket for drug costs in 2019 (including payments from other sources, like the discount paid for by the drug company in the coverage gap), you leave the coverage gap and pay a small copayment for each drug for the rest of the year. (Catastrophic Period)

Standard Structure in 2019

Ms. Smith joins a prescription drug plan. Her coverage begins on January 1. She doesn't get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions. She pays a monthly premium throughout the year.

1. Yearly deductible	2. Copayment or coinsurance (what you pay at the pharmacy)	3. Coverage gap	4. Catastrophic coverage
Ms. Smith pays the first \$415 of her drug costs before her plan starts to pay its share.	Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their combined amount (plus the deductible) reaches \$3,820.	Once Ms. Smith and her plan have spent \$3,820 for covered drugs, she's in the coverage gap. In 2019, she gets a 70% discount from the drug manufacturer on covered brand-name prescription drugs that counts as out-of-pocket spending, and helps her get out of the coverage gap. For 2019, she gets an additional 5% coverage from her plan on covered brand-name drugs and 63% coverage on covered generic drugs while in the coverage gap.	Once Ms. Smith has spent \$5,100 out-of-pocket for the year, her coverage gap ends. Now she only pays a small coinsurance or copayment for each covered drug until the end of the year.

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Here's an example showing what you'd pay each year in a standard Medicare drug plan. Not all plans follow this design. Your drug plan costs will vary.

- **Monthly premium** – Most drug plans charge a monthly fee that differs from plan to plan. You pay this in addition to the Part B premium (if you have Part B). If you belong to a Medicare Advantage Plan that includes drug coverage (MA-PD), the monthly plan premium may include an amount for prescription drug coverage.
- **Yearly deductible (you pay up to \$415 in 2019)** – This is the amount you pay each year for your prescriptions before your plan begins to pay. No Medicare drug plan may have a deductible more than \$415 in 2019. Some drug plans don't have a deductible.
- **Copayments or coinsurance (you pay approximately 25%)** – These are the amounts you pay for your covered prescriptions after you pay the deductible (if the plan has one). You pay your share and the drug plan pays its share for covered drugs.
- **Coverage gap** – The coverage gap begins after you and your drug plan have spent a certain amount of money for covered drugs (\$3,820 in 2019). In 2019, once you enter the coverage gap, you pay 25% of the plan's cost for your covered brand-name drugs and 37% of the plan's cost for covered generic drugs (may include a dispensing fee) until you reach the end of the coverage gap. Certain costs count toward getting out of the coverage gap, including your yearly deductible, coinsurance, and copayments, the discount you get on covered brand-name drugs in the gap, and what you pay in the gap. However, the drug plan premium, what you pay for drugs that aren't covered, the discount for covered generic drugs in the coverage gap, and the dispensing fee don't count toward getting you out of the coverage gap.
- **Catastrophic coverage** – Once you reach your out-of-pocket limit (\$5,100 in 2019), you leave the coverage gap, and automatically get catastrophic coverage, where you only pay a small coinsurance or copayment for covered drugs for the rest of the year.

NOTE: If you get Extra Help, you won't have some of these costs.

You can visit the Medicare Plan Finder at [Medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan) to compare the cost of plans in your area. For help comparing plan costs, contact your State Health Insurance Assistance Program (SHIP) at [shiptacenter.org/](https://www.shiptacenter.org/).

Improved Coverage in the Coverage Gap

Year	What You Pay for Covered Brand-Name Drugs in the Coverage Gap	What You Pay for Covered Generic Drugs in the Coverage Gap
2018	35%	44%
2019	25%	37%
2020	25%	25%

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Once you reach the coverage gap in 2019, you'll pay 25% of the plan's cost for covered brand-name prescription drugs. You get these savings if you buy your prescriptions at a pharmacy or order them through the mail. The discount will come off of the price that your plan has set with the pharmacy for that specific drug. You will pay 37% of the plan's cost for covered generic prescription drugs.

Visit [Medicare.gov/part-d/costs/coverage-gap/part-d-coverage-gap.html](https://www.Medicare.gov/part-d/costs/coverage-gap/part-d-coverage-gap.html) for examples of what you pay for generic or brand-name drugs.

True Out-of-Pocket (TrOOP) Costs

- Expenses that count toward your out-of-pocket threshold (\$5,100 in 2019)
- After threshold you get catastrophic coverage
 - You pay only small copayment or coinsurance for covered drugs
- Explanation of Benefits (EOB) shows TrOOP costs to date
- TrOOP transfers if you switch plans mid-year

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True out-of-pocket (TrOOP) costs are the amounts you pay for covered Part D drugs that count towards your drug plan's out-of-pocket threshold of \$5,100 (for 2019). Your yearly deductible, coinsurance or copayments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit doesn't include the drug plan's premium. TrOOP costs determine when your catastrophic coverage begins. Your drug plan will keep track of your TrOOP costs. Each month that you buy prescriptions covered by your plan, your drug plan will mail you an Explanation of Benefits (EOB) showing your TrOOP costs to date.

For payments to count toward your TrOOP costs, they must be made by you or on your behalf, not be covered by other insurance, and be for certain types of costs according to your plan rules (for example, drugs that are on the plan's formulary or filled at a pharmacy in the plan's network).

If you switch plans during the year, your TrOOP balance transfers to the new Medicare drug plan. Medicare has put processes in place for transferring the TrOOP balance. The transfer begins when you disenroll and join a new plan. If you think there's a mistake in the TrOOP balance that's transferred, you may need to give a copy of your most recent EOB to the new plan to show the current TrOOP balance.

What Payments Count Toward TrOOP?

▪ Payments made by

- You (including payments from your Medical Savings Account (MSA), Health Savings Account (HSA), or Flexible Spending Account (FSA) (if applicable))
- Family members or friends
- Qualified State Pharmacy Assistance Programs (SPAPs)
- Medicare's Extra Help (low-income subsidy)
- Indian Health Service (IHS)
- Most charities (unless they're established, run, or controlled by the person's current or former employer or union or by a drug manufacturer's Patient Assistance Program operating outside Part D)
- Drug manufacturer discounts on brand name/generic drugs under the Medicare Coverage Gap Program
- AIDS Drug Assistance Programs (ADAPs)

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Payments that count toward your True out-of-pocket costs include those made for covered prescriptions:

- Before your drug plan begins to pay (annual deductible, if there is one)
- After your drug plan begins to pay (copayments or coinsurance during your initial coverage period)
- During your coverage gap, if the plan has a coverage gap

Payments count toward TrOOP if they're made by any of these:

- You (including payments from your Medical Savings Account [MSA], Health Savings Account (HAS), or Flexible Spending Account (FSA)(if applicable))
- Family members or friends
- Qualified State Pharmacy Assistance Programs (SPAPs) NOTE: WASHINGTON STATE DOES NOT HAVE ONE OF THESE
- Medicare's Extra Help (low-income subsidy)
- Indian Health Service (IHS)
- Most charities (unless they're established, run, or controlled by the person's current or former employer, or union or by a drug manufacturer's Patient Assistance Program operating outside Part D)
- Drug manufacturers providing discounts under the Medicare coverage gap discount program
- AIDS Drug Assistance Programs (ADAPs)

Certain conditions must be met for a payment to count toward TrOOP. Payments must be for drugs that are on the plan's formulary or those drugs treated as being on the formulary because of a coverage determination, exceptions process, or an appeal. The drugs must be purchased in a network pharmacy or the drugs must be purchased at an out-of-network pharmacy in accordance with the plan's out-of-network policy.

Source:

- Title 42: Public Health; Part 423—Voluntary Medicare Prescription Drug Benefit; Subpart C—Benefits and Beneficiary Protections ([ecfr.gov/cgi-bin/text-idx?SID=69b9803f5e5373236924daa0bc6f4c5f&mc=true&node=se42.3.423_1100&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?SID=69b9803f5e5373236924daa0bc6f4c5f&mc=true&node=se42.3.423_1100&rgn=div8)).

What Payments Don't Count Toward TrOOP?

- The amount paid by a Medicare drug plan
- The monthly drug plan premium
- Drugs purchased outside the U.S. and its territories
- Drugs not covered by the plan
- Drugs excluded from the definition of Part D drug, even in cases where the plan chooses to cover them as a supplemental benefit (like drugs for hair growth)
- Payments made by, or reimbursed to you by
 - Group health or retiree coverage
 - Government-funded programs
 - Other third-party groups
 - Patient Assistance Programs operating outside the Part D benefit
 - Other types of insurance
- Over-the-counter drugs or most vitamins (even if they're required by the plan as part of step therapy)

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These payments **don't** count toward your True Out-of-Pocket (TrOOP) costs:

- The share of the drug cost paid by a Medicare drug plan
- Monthly drug plan premium
- Drugs purchased outside the United States and its territories
- Drugs not covered by the plan
- Drugs that are excluded from the definition of a Part D drug, even in cases where the plan chooses to cover them as a supplemental benefit (like drugs for hair growth)
- Over-the-counter drugs or most vitamins (even if they're required by the plan as part of step therapy)

Payments **don't** count toward your TrOOP costs if they're made by (or reimbursed to you by) any of these:

- Group health plans like the Federal Employees Health Benefit Program or employer or union retiree coverage
- Government-funded health programs like Medicaid, TRICARE, Workers' Compensation, the Department of Veterans Affairs (VA), Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), the Children's Health Insurance Program (CHIP), and black lung benefits
- Other third-party groups with a legal obligation to pay for the person's drug costs
- Patient Assistance Programs (PAPs) operating outside the Part D benefit
- Other types of insurance

Part D Monthly Premium and Income-Related Monthly Adjustment Amounts (IRMAA)

- Based on income above a certain limit
 - Fewer than 5% pay a higher premium
 - Uses same thresholds used to compute IRMAA for the Part B premium
 - Income as reported on your IRS tax return from 2 years ago
- Required to pay if you have Part D coverage
 - Failure to pay will result in disenrollment

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A small group—less than 5% of all people with Medicare—may pay a higher monthly premium based on their income (as reported on their IRS tax return from 2 years ago). If your income is above a certain limit, you'll pay an extra amount in addition to your plan premium. Social Security uses income data from the Internal Revenue Service to figure out whether or not you have to pay a higher premium. The income limits are the same as those for the Part B Income-Related Monthly Adjustment Amount (IRMAA).

Usually, the extra amount will be taken out of your Social Security check. If you don't have enough money in your Social Security check, or don't get a Social Security check, you'll be billed for the extra amount each month by either Medicare or the Railroad Retirement Board (RRB). This means that you'll pay your plan each month for your monthly premium and pay Medicare or RRB each month for your IRMAA amount. (In other words, you'd pay the Part D–IRMAA amount directly to the government and not to your plan.) This also applies if you get Part D coverage through your employer (but not through a retiree drug subsidy or other creditable coverage).

If you don't pay, you'll be disenrolled from your Medicare drug plan, even if you get your Part D coverage through a Medicare Advantage Plan or through an employer.

You must pay both the extra amount (the Part B IRMAA) and your plan's premium each month to keep Medicare prescription drug coverage.

If you have to pay an extra amount and you disagree (for example, if you have a life event that lowers your income), call Social Security at 1-800-772-1213. TTY: 1-800-325-0778. For more information, visit [socialsecurity.gov/](https://www.socialsecurity.gov/).

Source: SSA Publication No. 05-10536, "Medicare Premiums: Rules for Higher-Income Beneficiaries" at [SSA.gov/pubs/EN-05-10536.pdf](https://www.ssa.gov/pubs/EN-05-10536.pdf).

Income-Related Monthly Adjustment Amount (IRMAA)			
Chart is based on your yearly income <i>in 2016</i> (for what you pay in 2018)			
Filing an Individual Tax Return	Filing a Joint Tax Return	File Married & Separate Tax Return	In 2018 You Pay Monthly
\$85,000 or less	\$170,000 or less	\$85,000 or less	Your Plan Premium (YPP)
Above \$85,000 Up to \$107,000	Above \$170,000 Up to \$214,000	Not applicable	YPP + \$13.00*
Above \$107,000 Up to \$133,500	Above \$214,000 Up to \$267,000	Not applicable	YPP + \$33.60*
Above \$133,500 Up to \$160,000	Above \$267,000 Up to \$320,000	Not applicable	YPP + \$54.20*
Above \$160,000	Above \$320,000	Above \$85,000	YPP + \$74.80*
*IRMAA is adjusted each year, as it's calculated from the annual beneficiary base premium.			
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You pay only your plan premium if your yearly income in 2016 was \$85,000 or less for an individual, or \$170,000 or less for a couple.

If you reported a modified adjusted gross income of more than \$85,000 (individuals and married individuals filing separately) or \$170,000 (married individuals filing jointly) on your Internal Revenue Service (IRS) tax return 2 years ago (the most recent tax return information provided to Social Security by the IRS), you'll have to pay an extra amount for your Medicare prescription drug coverage, called the income-related monthly adjustment amount (IRMAA). You pay this extra amount in addition to your monthly Medicare drug plan premium.

If your income has gone down due to any of the following situations, and the change makes a difference in the income level Social Security considers, contact them to explain that you have new information and may need a new decision about your IRMAA:

- You married, divorced, or became widowed
- You or your spouse stopped working or reduced your work hours
- You or your spouse lost income-producing property due to a disaster or other event beyond your control
- You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan
- You or your spouse got a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization

Visit ssa.gov/forms/ssa-44.pdf to view and print a copy of the Medicare Income-Related Monthly Adjustment Amount – Life-Changing Event form.

Check Your Knowledge—Question 3

Which of the following counts toward your True out-of-pocket (TrOOP) costs?

- a. The amount paid by you for your drugs covered under the plan
- b. Your monthly drug plan premium
- c. Over-the-counter drugs and most vitamins
- d. The amount paid by your Medicare drug plan

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Check Your Knowledge—Question 3

Which of the following counts toward your True out-of-pocket (TrOOP) costs?

- a. The amount paid by you for your drugs covered under the plan
- b. Your monthly drug plan premium
- c. Over-the-counter drugs and most vitamins
- d. The amount paid by your Medicare drug plan

ANSWER: a. The amount paid by you for your drugs covered under the plan

For payments to count toward your TrOOP costs, payments must be made by you or on your behalf, not be covered by other insurance, and be for certain types of costs according to your plan rules (for example, drugs that are on the plan's formulary or filled at a pharmacy in the plan's network).

Check Your Knowledge—Question 4

A small group of people will pay a higher monthly drug plan premium based on their income (as reported on their Internal Revenue Service tax return from 2 years ago).

- a. True
- b. False

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Check Your Knowledge—Question 4

A small group of people will pay a higher monthly drug plan premium based on their income (as reported on their Internal Revenue Service (IRS) tax return from 2 years ago).

- a. True
- b. False

ANSWER: a. True

A small group—less than 5% of all people with Medicare—will pay a higher monthly premium based on their income (as reported on their IRS tax return from 2 years ago). If your income is above a certain limit, you'll pay an extra amount in addition to your plan premium. Social Security uses income data from the IRS to figure out whether or not you have to pay a higher premium. The income limits are the same as those for the Part B Income-Related Monthly Adjustment Amount (IRMAA).

Lesson 3—Medicare Part D Drug Coverage

- Covered and non-covered drugs
- Access to covered drugs

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Lesson 3, “Medicare Part D Drug Coverage,” covers the following:

- Covered and non-covered drugs
- Access to covered drugs

Part D Covered Drugs

- Prescription brand-name and generic drugs
 - Approved by the U.S. Food and Drug Administration
 - Used and sold in United States
 - Used for medically-accepted indications
- Includes drugs, biological products, and insulin
 - And supplies associated with injection of insulin
- Plans must cover a range of drugs in each category
- Coverage and rules vary by plan

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Medicare Prescription Drug Coverage

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Medicare drug plans cover generic and brand-name drugs. To be covered by Medicare, a drug must be available only by prescription, approved by the U.S. Food and Drug Administration (FDA), used and sold in the United States, and used for a medically-accepted indication.

Medicare covers prescription drugs, insulin, and biological products (e.g., antibodies, proteins, cells, etc.). Medicare also covers medical supplies associated with the injection of insulin, like syringes, needles, alcohol swabs, and gauze.

To make sure people with different medical conditions can get the prescriptions they need, drug lists (formulary) for each plan must include a range of drugs in each prescribed category. All Medicare drug plans generally must cover at least 2 drugs per drug category, but the plans may choose which specific drugs they cover. Coverage and rules vary by plan, which can affect what you pay.

Even if a plan's prescription drug list doesn't include your specific drug, in most cases, a similar drug should be available. If you or your prescriber (your doctor or other health care provider who's legally allowed to write prescriptions) believes none of the drugs on your plan's drug list will work for your condition, you may ask for an exception.

Required Coverage

- All drugs in 6 protected categories
 - Cancer medications
 - HIV/AIDS treatments
 - Antidepressants
 - Antipsychotic medications
 - Anticonvulsive treatments
 - Immunosuppressants
- All commercially available vaccines
 - Except those covered under Part B (e.g., flu shot)

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Medicare drug plans must cover all drugs in 6 protected categories to treat certain conditions:

1. Cancer medications
2. HIV/AIDS treatments
3. Antidepressants
4. Antipsychotic medications
5. Anticonvulsive treatments for epilepsy and other conditions
6. Immunosuppressants

Also, Medicare drug plans must cover all commercially available vaccines, including the shingles shot (but not vaccines covered under Part B, like the flu and pneumococcal shots), and most compounded medications (as defined in the Code of Federal Regulations' Access to covered Part D drugs, §423.120(d)), [ecfr.gov/cgi-bin/text-idx?SID=7805cfe316ca233ff673e2e02b0e6b74&mc=true&node=se42.3.423_1120&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?SID=7805cfe316ca233ff673e2e02b0e6b74&mc=true&node=se42.3.423_1120&rgn=div8). You or your provider can contact your Medicare drug plan for more information about vaccine coverage and any additional information the plan may need.

For more information, visit [CMS.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf).

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

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By law, Medicare doesn't cover the following drugs:

- Drugs for anorexia, weight loss, or weight gain (even if used for a non-cosmetic purpose, like morbid obesity).
- Erectile dysfunction drugs when used to treat sexual or erectile dysfunction, unless such drugs are used to treat a condition, other than sexual or erectile dysfunction, for which use the U.S. Food and Drug Administration approved the drugs. For example, a Medicare drug plan may cover an erectile dysfunction drug when used to treat an enlarged prostate (also known as benign prostatic hyperplasia, or BPH).
- Fertility drugs.
- Drugs for cosmetic or lifestyle purposes (for example, hair growth).
- Drugs for symptomatic relief of coughs and colds.
- Prescription vitamin and mineral products (except prenatal vitamins and fluoride preparations).
- Non-prescription drugs.

Plans may choose to cover excluded drugs at their own cost or share the cost with you.

Visit [CMS.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf) (42 CFR 423.100) for more information on excluded drugs.

Formulary

- A list of prescription drugs covered by the plan
- May have tiers that cost different amounts

Tier Structure Example

Tier	You Pay	Prescription Drugs Covered
1	Lowest copayment	Most generics
2	Medium copayment	Preferred, brand name
3	High copayment	Non-preferred, brand name
4 or Specialty	Highest copayment or coinsurance	Unique, very high cost

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Medicare Prescription Drug Coverage

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Each Medicare drug plan has a formulary, which is a list of prescription drugs that it covers. Each formulary must include a range of drugs in the prescribed categories and classes. To offer lower costs, many plans place drugs into different tiers, which cost different amounts. Each plan can form its tiers in different ways.

Here's an example of how a plan might form its tiers:

- **Tier 1—Generic drugs** (the least expensive)—Tier 1 drugs are generic drugs and are the same as their brand-name counterparts in safety, strength, quality, the way they work, how they're taken, and the way they should be used. They use the same active ingredients as brand-name drugs. Generic drug makers must prove that their product performs the same way as the corresponding brand-name drug. They're less expensive because of market competition. Generic drugs are thoroughly tested and must be approved by the U.S. Food and Drug Administration. Today, almost half of all prescriptions in the United States are filled with generic drugs. In some cases, there may not be a generic drug available for the brand-name drug you take. Talk to your prescriber.
- **Tier 2—Preferred brand-name drugs**—Tier 2 drugs cost more than Tier 1 drugs.
- **Tier 3—Non-preferred brand-name drug**—Tier 3 drugs cost more than Tier 2 drugs.
- **Tier 4—(or Specialty Tier)**—These drugs are unique and have a high cost.

NOTE: In some cases, if your drug is in a higher (more expensive) tier and your prescriber thinks you need that drug instead of a similar drug on a lower tier, you can request an exception and ask your plan for a lower copayment.

Formulary Changes

- Plans may only change categories and classes at the beginning of each plan year
 - May make maintenance changes during year
 - Such as replacing brand-name drug with new generic
 - May make price changes during year
- Plans usually notify you 60 days before changes
 - You may be able to continue to have your drug covered until end of calendar year
 - You may ask for exception if other drugs don't work
- Plans may remove drugs withdrawn from the market by the FDA or the manufacturer without a 60-day notification

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A formulary is a list of prescription drugs covered by a prescription drug plan or another insurance plan offering prescription drug benefits. It's also called a drug list. Medicare drug plans may only change their therapeutic categories and classes in a formulary at the beginning of each plan year, or to account for new therapeutic uses and newly approved Part D-covered drugs. A plan year is a calendar year, January through December.

Medicare drug plans can make maintenance changes to their formularies, like replacing brand-name drugs with new generic drugs, or changing their formularies as a result of new information on drug safety or effectiveness. Those changes must be made according to the prescribed approval procedures, and plans must give 60 days' notice to CMS, State Pharmacy Assistance Programs, prescribing doctors, network pharmacies, pharmacists, and people covered under the plan. You may be able to continue to have your drug covered until the end of the calendar year. You may ask for an exception if other drugs don't work.

Under Part D, no plan members should have their drug coverage discontinued or reduced for the rest of the plan year. However, this isn't the case when a drug is removed from the formulary due to a U.S. Food and Drug Administration (FDA) decision or when the manufacturer takes the drug off the market. In those cases, Medicare drug plans aren't required to get CMS approval or give 60 days' notice.

How Plans Manage Access to Drugs

Prior Authorization	<ul style="list-style-type: none"> ▪ Doctor must contact plan for prior approval and show medical necessity before drug will be covered
Step Therapy	<ul style="list-style-type: none"> ▪ Must first try similar, less expensive drug ▪ Doctor may request an exception if <ul style="list-style-type: none"> • Similar, less expensive drug didn't work, or • Step therapy drug is medically necessary
Quantity Limits	<ul style="list-style-type: none"> ▪ Plan may limit drug quantities over a period of time for safety and/or cost ▪ Doctor may request an exception if additional amount is medically necessary

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Medicare drug plans manage access to covered drugs in several ways. These include prior authorization, step therapy, and quantity limits.

You may need drugs that require prior authorization. This means before the plan will cover a particular drug, your doctor or other prescriber must first show the plan you have a medically necessary need for that particular drug. Plans also do this to be sure you're using these drugs correctly. Contact your plan about its prior authorization requirements, and talk with your prescriber.

Step therapy is a type of coverage rule. In most cases, you must first try a certain less expensive drug on the plan's drug list that has been proven effective for most people with your condition before you can move up a step to a more expensive drug. For instance, some plans may require you first try a generic drug (if available), then a less expensive brand-name drug on their drug list before you can get a similar, more expensive brand-name drug covered.

However, if you've already tried a similar, less expensive drug that didn't work, or if the doctor believes that because of your medical condition it's medically necessary to take a step-therapy drug (the drug the doctor originally prescribed), with your doctor's help, you can contact the plan to request an exception. If the request is approved, the plan will cover the originally prescribed step-therapy drug.

For safety and cost reasons, plans may limit the quantity of drugs they cover over a certain period of time. If your prescriber believes that, because of your medical condition, a quantity limit isn't medically appropriate, you or your prescriber can contact the plan to ask for an exception. If the plan approves your request, the quantity limit won't apply to your prescription.

For more information, visit [CMS.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter6.pdf) (see Section 30.2.2).

If Your Prescription Changes

- Get up-to-date formulary information from your plan's
 - Website
 - Customer service center
- Give your doctor a copy of plan's formulary if it isn't prescribed electronically
- If the new drug isn't on the plan's formulary
 - You can request an exemption from the plan
 - You may have to pay full price if plan still won't cover
 - You may consider changing your Part D plan when permissible to one that does cover

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Plans can change their drug list and prices for drugs. Call your plan's customer service center, or look on your plan's website to find the most up-to-date Medicare drug list and prices.

Your doctor or other prescriber may need to change your prescription or prescribe a new drug. If your doctor prescribes electronically, they can check which drugs your drug plan covers through their electronic prescribing system. If your doctor doesn't prescribe electronically, give them a copy of your Medicare drug plan's current drug list (formulary).

If your doctor needs to prescribe a drug that's not on your Medicare drug plan's drug list and you don't have any other health insurance that covers outpatient prescription drugs, you or your doctor can ask the plan for an exception.

If your plan still won't cover a specific drug you need, you can appeal. If you want to get the drug before your appeal is decided, you may have to pay out of pocket for the prescription. You may consider changing your Part D plan when permissible to one that does cover the specific prescription drug. Keep the receipt and give a copy of it to the person deciding your appeal. If you win the appeal, the plan will pay you back.

Check Your Knowledge—Question 5

Part D covers syringes and needles for the injection of insulin.

- a. True
- b. False

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Check Your Knowledge—Question 5

ANSWER: a. True

Medicare also medical supplies associated with the injection of insulin, like syringes, needles, alcohol swabs, and gauze.

Lesson 4—Part D Eligibility and Enrollment

- Eligibility requirements
- When you can join or switch plans
- Creditable coverage
- Late enrollment penalty

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Lesson 4, “Part D Eligibility and Enrollment,” covers:

- Eligibility requirements
- When you can join or switch plans
- Creditable coverage
- Late enrollment penalty

Part D Eligibility Requirements

- You must have Medicare Part A and/or Part B to join a Medicare Prescription Drug Plan
- You must have Medicare Part A and Part B to join a Medicare Advantage Plan with drug coverage
- You must live in the plan's service area
 - You can't be incarcerated
 - You can't be unlawfully present in the U.S.
 - You can't live outside the United States
- You must join a plan to get drug coverage (in most cases)

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To join a Medicare Prescription Drug Plan (PDP), you must have Medicare Part A and/or Part B. To join a Medicare Advantage Plan with prescription drug coverage (MA-PD), you must have both Medicare Part A and Part B. To join a Medicare Cost Plan with prescription drug coverage, you must have Medicare Part A and Part B, or have Medicare Part B only. WASHINGTON STATE DOES NOT HAVE ANY MEDICARE COST PLANS.

Each plan has its own service area, which you must live in to enroll. People in the United States territories, including Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa can enroll. If you live outside the United States and its territories, or if you're incarcerated, you're not eligible to enroll in a plan. This means you can't get Part D coverage. You must be lawfully present in the U.S. to be eligible to enroll in a plan.

Medicare drug coverage isn't automatic. Most people must join a Medicare drug plan to get coverage. So while all people with Medicare can have this coverage, you need to take action to get it. If you qualify for Extra Help to pay for your prescription drugs, Medicare will enroll you in a Medicare drug plan unless you decline coverage or join a plan yourself. You can only be a member of one Medicare drug plan at a time.

Creditable Drug Coverage

- Current or past prescription drug coverage
 - For example, employer group health plans, retiree plans, Veterans Affairs, TRICARE, the Indian Health Service, and the Federal Employee Health Benefits Program
- Creditable if it pays, on average, as much as Medicare's standard drug coverage
- Plans inform yearly about whether creditable
- With creditable coverage you may not have to pay a late enrollment penalty

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Creditable prescription drug coverage could include drug coverage from a former employer or union, TRICARE, Veterans Affairs, the Federal Employee Health Benefits Program, or the Indian Health Service. If you have other prescription drug coverage, you'll get information each year from your plan that tells you if the plan is expected to pay, on average, at least as much as Medicare's standard prescription drug coverage. We call this "creditable coverage." Your plan may send you this information in a letter or include it in its newsletter. Keep this information because you may need it if you join a Medicare drug plan later.

If you have this kind of coverage when you become eligible for Medicare, you can generally keep that coverage and won't have to pay a penalty if you decide to enroll in a Medicare drug plan later, as long as you join within 63 days after your other drug coverage ends.

NOTE: Most Medicare Supplement Insurance (Medigap) policies that have drug coverage (were sold prior to January 1, 2006) don't meet Medicare's minimum standards (it's not creditable coverage). If you have a Medigap policy that covers drugs, you can keep your policy, but you may have to pay a penalty if you wait to join a Medicare drug plan. If you decide to join a Medicare drug plan, you'll need to tell your Medigap insurer when your coverage starts, so your insurer can remove prescription drug coverage from your Medigap policy.

Initial Enrollment Period (IEP)	
<ul style="list-style-type: none"> When you first become eligible to get Medicare <ul style="list-style-type: none"> 7-month IEP for Part D 	
If You Join	Coverage Begins
During the 3 months before you turn 65	Date eligible for Medicare
During the month you turn 65	First day of the following month
During the 3 months after you turn 65	First day of the month after month you apply
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When you first become eligible to get Medicare, you have a 7-month Initial Enrollment Period (IEP) for Part D:

- You can apply as early as 3 months before your month of Medicare eligibility. Coverage will start on the date you become eligible for Medicare.
- If you apply during your month of eligibility, then your Medicare drug coverage begins the first day of the following month.
- You can apply during the 3 months after your month of eligibility, with coverage beginning the first day of the month after the month you apply.

Some groups of people who become eligible to get Medicare will be enrolled in a Medicare drug plan by CMS (because they qualify for Extra Help) unless they join a plan on their own. We'll discuss these groups in Lesson 5.

NOTE: If you get Social Security or Railroad Retirement benefits when you turn 65, you'll be enrolled automatically in Medicare Part A and Part B. However, you'll still need to choose and enroll in Part D during your IEP if you'd like to have Medicare drug coverage. If you enroll later, you may pay a penalty.

When You Can Join or Switch Plans

- Medicare's Open Enrollment Period is October 15–December 7 each year, coverage starts January 1

- If you don't have Medicare Part A coverage, and enroll in Part B during the General Enrollment Period (January 1–March 31), you can sign up for a Medicare Prescription Drug Plan or a Medicare Advantage plan from April 1–June 30.
 - Coverage for B, D and/or C will start July 1

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- Medicare's Open Enrollment Period runs from October 15–December 7 each year, with changes going into effect on January 1.
- April 1–June 30 (limited)
 - If you don't have Medicare Part A coverage, and enroll in Medicare Part B during the Part B General Enrollment Period (January 1–March 31), you can sign up for a Medicare Prescription Drug Plan from April 1–June 30. Your coverage begins July 1.

When You Can Join or Switch Plans continued

- **NEW in 2019!** Medicare Advantage Open Enrollment Period
 - January 1 – March 31 each year
 - Replaces Medicare Advantage Disenrollment Period
- One- time option to change:
 - MAPD to MAPD
 - MAPD to Original Medicare and a Part D plan
 - Original Medicare and a Part D plan to MAPD
 - MA Only plan to MA Only plan
 - MA Only plan to Original Medicare
 - Original Medicare to MA Only plan

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New in 2019

The new MA OEP starts in 2019. It's from January 1 – March 31 each year. Your coverage begins the first day of the month after you enroll in the plan. You must be in an MA Plan already on January 1 to use this enrollment period.

During the MA OEP you can

- Switch MA Plans
- Leave MA to Join Original Medicare
 - There is a coordinating Part D SEP
- Can add or drop Part D when switching plans
- Getting Part D isn't guaranteed unless you were in an MA Plan on January 1
- Can't switch from one standalone PDP to another standalone PDP

You can only make one change during the MA OEP.

People new to Medicare who enroll in an MA Plan during their IEP have 3 months of Medicare eligibility to use the MA OEP to make a change if they so choose.

Medicare Savings Accounts (MSAs) and Cost Plans are not included in the MA OEP.

NOTE: If you go from an MA-PD to an MA-only Plan, you can't add a Part D plan.

This change was made through Regulation CMS-4182.

2019 Changes to Special Enrollment Period (SEP)

- Continuous SEP for people with Extra Help is changing in 2019!
 - No longer every month
 - Change plans once per calendar quarter in first 3 quarters of the year
 - To change plans in 4th quarter, would use Annual Open Enrollment Period
 - Will provide more detailed information once it is available

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SEP Changes for people with LIS

- In 2018, you have a continuous SEP, meaning you can enroll in or switch your plan at any time, if you qualify for Extra Help (a program that helps people with limited income and resources). Starting on January 1, 2019, you can only change plans one time per calendar quarter in the first 3 quarters of the year. If you want to change plans in the 4th quarter, you would use the Annual Open Enrollment Period (OEP). Also, dual eligible individuals will have 2 other SEPs available to them:
 - The individual is making an election within 3 months after a gain, loss, or change to Medicaid or LIS eligibility, or notification of such a change, whichever is later.
 - The individual is making an election within 3 months after notification of a CMS or State-initiated enrollment action or that enrollment action's effective date, whichever is later.

And, finally, those duals/LIS eligible who are determined to be “potentially at-risk” or “at-risk” for misuse of frequently abused drugs will not be able to use the duals/LIS SEP (1x per calendar quarter SEP) to change plans. This “duals” SEP is the only SEP that the at-risk individuals will be precluded from using. These individuals can use the SEPs outlined in above to changes plans, and they can also use the AEP or any other SEP for which they meet the criteria, like if they move out of the service area.

NOTE: In the case of retroactive entitlement, there are special rules that allow for enrollment in an MA Plan or Original Medicare and a Medigap policy. More information about conditions that allow an exception can be found in Chapter 2 of the “Medicare Managed Care Manual,” Section 30.4, at [CMS.gov/Medicare/Eligibility-and-Enrollment/MedicareManagedCareEligEnrol/Downloads/CY_2017_MA_Enrollment_and_Disenrollment_Guidance_8-25-2016.pdf](https://www.cms.gov/Medicare/Eligibility-and-Enrollment/MedicareManagedCareEligEnrol/Downloads/CY_2017_MA_Enrollment_and_Disenrollment_Guidance_8-25-2016.pdf).

Other Special Enrollment Periods (SEP)

- Life events that allow an SEP include
 - You permanently move out of your plan's service area
 - You lose other creditable prescription coverage
 - You weren't properly told that your other coverage wasn't creditable, or your other coverage was reduced and is no longer creditable
 - You enter, live at, or leave a long-term care facility
 - You belong to a State Pharmaceutical Assistance Program
 - You join or switch to a plan that has a 5-star rating
 - Other exceptional circumstances

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You can make changes to your Medicare prescription drug coverage when certain events happen in your life. These chances to make changes are called Special Enrollment Periods (SEPs). Each SEP has different rules about when you can make changes and the type of changes you can make. These chances to make changes are in addition to the regular enrollment periods that happen each year. The SEPs listed below are examples. The list doesn't include every situation:

- If you permanently move out of your plan's service area
- If you lose your other creditable prescription drug coverage
- If you weren't properly told that your other coverage wasn't creditable, or that the other coverage was reduced so that it's no longer creditable
- If you enter, live at, or leave a long-term care facility like a nursing home
- If you belong to a State Pharmaceutical Assistance Program WASHINGTON STATE DOES NOT HAVE A STATE PHARMACEUTICAL ASSISTANCE PROGRAM.
- If you join or switch to a plan that has a 5-star rating
- Other exceptional circumstances, like if you no longer qualify for Extra Help

NOTE: It's important to remember that the SEPs for Part B and Part D have different time frames for when you need to sign up for coverage. You may be eligible for a Medicare Part B SEP if you're over 65 and you (or your spouse) are still working and have health insurance through active employment. Your Part B SEP lasts for 8 months and begins the month after your employment ends. However, your Part D SEP lasts for only 2 full months after the month your coverage ends.

SEP options will display for you if you enroll through the Medicare Plan Finder on [Medicare.gov](https://www.medicare.gov). By checking any of the listed SEPs, you're certifying that, to the best of your knowledge, you're eligible for an enrollment period. If at a later time it's determined that this information was incorrect, you may be disenrolled from the plan.

5-Star Special Enrollment Period (SEP)

- Use Medicare Plan Finder tool at [Medicare.gov](https://www.medicare.gov) to see quality and performance ratings 
- Star ratings are given once a year in October for the past year
- Use 5-star SEP to switch to any 5-star plan one time
 - December 8–November 30 of following year
 - Coverage starts first day of month after enrolled
- Be careful not to switch from a Medicare Advantage (MA) Plan with drug coverage to an MA Plan with no Part D coverage



Estimated Annual Drug Costs (1)	Monthly Premium (1)	Individual (1) and Family (2) Deductibles (1)	Annual Drug Deductible (1)	Drug Copay/Coinsurance (1)	Drug Restrictions (1)	Overall Star Rating (1)
Retail Annual: \$1,334 Mail Order Annual: N/A	\$31.95	Annual Drug Deductible: \$300 Drug Copay/Coinsurance: 80% (20% - 80%)	\$300	All Most Drugs are Formulary: No Drug Restrictions: No	Lower Your Drug Costs: N/A N/A Program (1): Yes	5 Stars The star you get indicates a highest rating (5 stars)

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Plans are assigned their star rating once a year, in October, for the upcoming year. To find star rating information, visit the Medicare Plan Finder at [Medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan). Look for the Overall Plan Rating to identify 5-star plans that you can change to during this Special Enrollment Period (SEP). The “Medicare & You” handbook doesn’t have the full, updated ratings for this SEP.

Medicare uses information from member satisfaction surveys, plans, and health care providers to give overall star ratings to plans. Plans get rated from 1 to 5 stars with a 5-star rating considered excellent.

At any time during the year, you can use the 5-star SEP to enroll in a 5-star Medicare Advantage (MA)–only plan, a 5-star MA Plan with prescription drug coverage (MA-PD), a 5-star Medicare Prescription Drug Plan (PDP), or a 5-star Cost Plan, as long as you meet the plan’s enrollment requirements (for example, living within the service area). If you’re currently enrolled in a plan with a 5-star overall rating, you may use this SEP to switch to a different plan with a 5-star overall rating.

CMS also created a coordinating SEP for Medicare Prescription Drug Plans. This SEP lets people who enroll in certain types of 5-star plans without drug coverage choose a PDP, if that combination is allowed under CMS rules. You may use the 5-star SEP to change plans one time between December 8 and November 30 of the following year. Once you enroll in a 5-star plan, your SEP ends for that year and you’re allowed to make changes only during other appropriate enrollment periods. Your enrollment will start the first day of the month following the month in which the plan gets your enrollment request.

NOTE: You may lose prescription drug coverage if you use this SEP to move from a plan that has drug coverage to a plan that has no drug coverage. You’ll have to wait until the next applicable enrollment period to get drug coverage and may have to pay a penalty.

Part D Late Enrollment Penalty

- Higher premium if you wait to enroll
 - Exceptions if you have
 - Creditable coverage
 - Extra Help
- Pay penalty for as long as you have coverage
 - 1% of base beneficiary premium (\$35.02 in 2018)
 - For each full month eligible and not enrolled
 - Amount changes every year

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If you choose not to join a Medicare drug plan at your first opportunity, you may have to pay a higher monthly premium (penalty) if you enroll later. If you have creditable coverage when you first become eligible for Medicare, you can generally keep that coverage and won't have to pay a penalty if you choose to enroll in a Medicare drug plan later, as long as you join within 63 days after your other drug coverage ends. Also, you won't have to pay a higher premium if you get Extra Help paying for your prescription drugs. We'll talk about Extra Help in Lesson 5, starting on page 48.

The late enrollment penalty is calculated by multiplying the 1% penalty rate times the national base beneficiary premium (\$35.02 in 2018) times the number of full, uncovered months you were eligible to join a Medicare drug plan but didn't and went without other creditable prescription drug coverage. The penalty calculation isn't based on the premium of the plan in which you are enrolled. The final amount is rounded to the nearest \$.10 and added to your monthly premium. The national base beneficiary premium may go up each year, so the penalty amount may also go up each year. You may have to pay this penalty for as long as you have a Medicare drug plan.

After you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. If you don't agree with your late enrollment penalty, you may be able to ask Medicare for a review or reconsideration. You'll need to fill out a reconsideration request form (that your plan will send you), and you'll have the chance to provide proof that supports your case.

For more information see pages 89 -90 of Medicare & You 2018 or go to this publication:
<https://www.cms.gov/Outreach-and-Education/Outreach/Partnerships/downloads/11222-P.pdf>

Check Your Knowledge—Question 6

Life events that allow a Special Enrollment Period (SEP) don't include

- a. You permanently move out of your plan's service area
- b. You weren't properly told that your other coverage wasn't creditable, or your other coverage was reduced and is no longer creditable
- c. You lose other creditable prescription coverage
- d. You begin hospice care

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Check Your Knowledge—Question 6

Life events that allow a Special Enrollment Period (SEP) **don't** include

- a. You permanently move out of your plan's service area
- b. You weren't properly told that your other coverage wasn't creditable, or your other coverage was reduced and is no longer creditable
- c. You lose other creditable prescription coverage
- d. You begin hospice care

ANSWER: d. You begin hospice care

A person with Medicare beginning or ending hospice care isn't a qualifying event, for the purposes of an SEP. Life events that allow a SEPs are:

- If you permanently move out of your plan's service area
- If you lose your other creditable prescription drug coverage
- If you weren't properly told that your other coverage wasn't creditable, or that the other coverage was reduced so that it's no longer creditable
- If you enter, live at, or leave a long-term care facility like a nursing home
- If you qualify for Extra Help, you have a continuous SEP, and can change your Medicare drug plan once every 30 days throughout the year-
- If you belong to a State Pharmaceutical Assistance Program
- If you join or switch to a plan that has a 5-star rating
- Other exceptional circumstances, like if you no longer qualify for Extra Help

Lesson 5—Extra Help With Part D Drug Costs

- What's Extra Help?
- How to qualify
- Enrollment
- Continuing eligibility

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Lesson 5, “Extra Help With Part D Drug Costs,” covers:

- What's Extra Help?
- How to qualify (income and resource limits)
- Enrollment
- Continuing eligibility

What Is Extra Help?

- Program to help people pay for Medicare prescription drug costs
 - Also called the Low-income Subsidy
- For people with limited income and resources
 - Lowest income and resources
 - Pay no premiums or deductible and small or no copayments
 - Slightly higher income and resources
 - Pay a reduced deductible and a little more out of pocket
- No coverage gap or late enrollment penalty if you qualify

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Getting “Extra Help” means Medicare helps pay your Medicare prescription drug coverage monthly premium, any yearly deductible, coinsurance, and copayments. If you have limited income and resources, you may get Extra Help paying for your Medicare prescription drug costs. Extra Help is also called the Low-income Subsidy (LIS).

If you have the lowest income and resources, you’ll pay no premiums or deductible, and have small or no copayments. If you have slightly higher income and resources, you’ll have a reduced deductible and pay a little more out-of-pocket.

If you qualify for Extra Help, you won’t have a coverage gap or late enrollment penalty. To find your level of Extra Help, visit [Medicare.gov/your-medicare-costs/help-paying-costs/extra-help/level-of-extra-help.html](https://www.medicare.gov/your-medicare-costs/help-paying-costs/extra-help/level-of-extra-help.html).

NOTE: Residents of U.S. territories aren’t eligible for Extra Help. Each of the territories helps its own residents with Medicare drug costs. This help is generally for residents who qualify for and are enrolled in Medicaid. This assistance isn’t the same as Extra Help.

**2018* Extra Help
Income and Resource Limits**

- **Income limits**
 - Below 150% of the federal poverty level
 - \$18,456 per year for an individual, or \$24,936 per year for a married couple
 - Based on family size
- **Resources limits**
 - Up to \$14,100 for an individual, or \$28,150 for a married couple
 - Doesn't include \$1,500/person for funeral or burial expenses
 - Counts savings and investments
 - Real estate (except your home)

*2019 Limits not yet available

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You may get Extra Help if you have Medicare, income below 150% of the federal poverty level (FPL), and limited resources. You may qualify for Extra Help if your income and resources are below the limits shown on the slide for 2018. If you're married and live with your spouse, both of your incomes and resources count, even if only one of you applies for Extra Help. If you're married and don't live with your spouse when you apply, only your income and resources count. The income is compared to the FPL for a single person or a married person, as appropriate. Whether you and/or your spouse have dependent relatives who live with you and who rely on you for at least half of their support is also taken into consideration. This means that a grandparent raising grandchildren may qualify, but the same person might not have qualified as an individual living alone.

Only 2 types of resources are used to see if you're eligible for Extra Help:

- Liquid resources (like savings accounts, stocks, bonds, and other assets that can be changed into cash within 20 days)
- Real estate, not including your home or the land on which your home is located

Items like wedding rings and family heirlooms aren't counted when seeing if you qualify for Extra Help.

NOTE: The income and resource levels listed are for 2018 and can go up each year. Income levels are higher if you live in Alaska or Hawaii, or you or your spouse pays at least half of the living expenses of dependent family members who live with you, or if you work. Updated resource limits are usually released each fall for the next calendar year. Updated income limits are usually released each February for the same calendar year.

Resource: HHS POVERTY GUIDELINES FOR 2018: aspe.hhs.gov/poverty-guidelines

Qualifying for Extra Help

- You automatically qualify for Extra Help if you get
 - Full Medicaid coverage
 - Supplemental Security Income
 - Help from Medicaid paying your Part B premium (Medicare Savings Program)
- All others must apply
 - Online at ssa.gov/medicare/prescriptionhelp/
 - Call Social Security (SSA) at 1-800-772-1213
 - TTY: 1-800-325-0778
 - Ask for “Application for Help With Medicare Prescription Drug Plan Costs” (SSA-1020)
 - Contact your state Medicaid agency

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You automatically qualify for Extra Help (and don't need to apply) if you have Medicare and get full Medicaid coverage, Supplemental Security Income benefits, or help from Medicaid paying your Medicare Part B premiums (Medicare Savings Program (MSP)).

If you don't meet one of these conditions, you may still qualify for Extra Help, but you'll need to apply for it. If you think you qualify but aren't sure, you should still apply. You can apply for Extra Help at any time, and if you're denied, you can reapply if your circumstances change. Eligibility for Extra Help may be determined by either Social Security or your state Medicaid agency.

You can apply for Extra Help by

- Applying online at ssa.gov/medicare/prescriptionhelp/.
- Completing a paper application you can get by calling Social Security at 1-800-772-1213. TTY: 1-800-325-0778.
- Applying through your state Medicaid agency.
- Working with a local organization, like a State Health Insurance Assistance Program.

You can apply on your own behalf, or someone with the authority to act on your behalf can file your application (like with Power of Attorney), or you can ask someone else to help you apply.

If you apply for Extra Help, Social Security will transmit the data from your application to your state Medicaid agency to also initiate an application for MSP, which can help you pay for your Medicare premiums.

2019 Extra Help Copayments	
Extra Help Copayments	2018 Generic/Brand-name
Institutionalized (Level 3)	\$0
Receiving Home and Community-Based Services (under waiver only) (Level 3)	\$0
Up to or at 100% Federal Poverty Level (Level 2)	\$1.25/\$3.80
Full Extra Help (Level 1)	\$3.40/\$8.50
Partial Extra Help (Deductible/Cost-Sharing) (Level 4)	\$85.00/15%

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Copayment amounts vary if you qualify for Extra Help depending on the following:

- If you're living in an institution (like a nursing home) you don't pay a copayment
- If you're receiving Home and Community-Based Services you don't pay a copayment
- 2019: If your income is up to or at 100% of the Federal Poverty Level (FPL) you pay \$1.25 for a generic drug (or brand-name drug treated as a generic), or \$3.80 for brand-name covered prescriptions
- 2019: If your income is between 100% and 135% of the FPL, you pay either \$3.40 for a generic drug (or brand-name drug treated as a generic), or \$8.50 for brand-name covered prescriptions
- If you get Partial Extra Help, you pay a \$85 deductible in 2019 and you pay 15% for each covered drug

Medicare's Limited Income Newly Eligible Transition (NET) Program

- Designed to remove gaps in coverage for low-income individuals moving to Part D coverage
- Gives temporary drug coverage if you have Extra Help and no Medicare drug plan
- Coverage may be immediate, current, and/or retroactive
- Medicare's Limited Income NET Program
 - Has an open formulary
 - Doesn't require prior authorization
 - Has no network pharmacy restrictions
- Run by Humana- Pharmacy can call Help Desk 1-800-783-1307

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Medicare's Limited Income Newly Eligible Transition (NET) program is designed to remove gaps in coverage for low-income individuals moving to Medicare prescription drug coverage.

Enrollment in Medicare's Limited Income NET program is temporary and ends once a low-income person with Medicare gets coverage through a Medicare drug plan. The program gives point-of-sale coverage to people with Extra Help who don't yet have a Medicare drug plan. It also gives retroactive coverage to people who have full Medicaid coverage or get Supplemental Security Income benefits.

The Limited Income NET program has an open formulary (Part D covered drugs), doesn't require prior authorization, includes standard safety and abuse edits (like "refill too soon, or "therapy duplication"), and has no network pharmacy restrictions. However, CMS can't require a pharmacy to use this program.

To be eligible to use Medicare's Limited Income NET program, you must meet certain criteria:

- Have a valid Health Insurance Claim Number, which is on your Medicare card
- Be eligible for Medicare Part D
- Not be enrolled in a Part D plan
- Not be enrolled in a retiree drug subsidy plan
- Not be enrolled in a Part C plan that doesn't allow associated enrollment in a Part D plan
- Haven't opted out of auto-enrollment
- Have a permanent address in the 50 states or the District of Columbia

The Limited Income Newly Eligible Transition (NET) Outreach Team is run by Humana, Inc. It provides live webinar training to State Health Insurance Assistance Program counselors and pharmacy providers. To schedule a webinar or for more information, email linetoutreach@humana.com. Visit [Humana.com/pharmacy/pharmacists/linet](https://www.humana.com/pharmacy/pharmacists/linet) for more information and supporting documents like the Limited Income NET brochure and 4 Steps for Pharmacists.

Reassignment Notices

- People reassigned notified by CMS early November (BLUE paper)
 - People whose plans are leaving the Medicare Program
 - People whose premiums are increasing
- See *Guide to consumer mailings from CMS, Social Security, & plans in 2018/2019-*
<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/Consumer-Mailings.pdf>

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In the fall, the Centers for Medicare & Medicaid Services (CMS) will reassign certain people who qualify for Extra Help into new Medicare Prescription Drug Plans to make sure they continue to pay \$0 premium for their drug coverage. CMS will reassign people who get Extra Help if their Medicare drug plan or Medicare health plan is leaving the Medicare Program as of December 31, 2017. These people will be reassigned into a new Medicare Prescription Drug Plan regardless of whether they joined their current plan on their own, or Medicare enrolled them in a plan. People affected by reassignment will get a notice on BLUE paper in the mail from CMS by early November. There are 3 versions of the notice. Two versions are for people whose plans are leaving the Medicare Program.

- CMS Product No. 11208—informs people who qualify for Extra Help and whose Medicare Prescription Drug Plan (PDP) is leaving the Medicare Program that they'll be reassigned to a new PDP if they don't join a plan on their own by December 31, 2017.
- CMS Product No. 11443—informs people who qualify for Extra Help and whose Medicare Advantage Plan is leaving the Medicare Program that they'll be enrolled in a Medicare PDP if they don't join a new plan on their own by December 31, 2017.

A third version is for people whose premiums are increasing above the regional low-income premium subsidy amount (CMS Product No. 11209). The notice tells people which plan they'll be reassigned to, explains how to stay in their current Medicare drug plan if available, and lets them know how to join a new plan. The notice also includes a list of plans in the region available for \$0 premium and their phone numbers. If people who get a notice don't tell their current plan that they want to stay or join a new plan on their own by December 31, 2017, Medicare will reassign them into a new plan with coverage effective January 1, 2018.

NOTE: Visit [CMS.gov/Outreach-and-Education/Outreach/Partnerships/Downloads/11221-P.pdf](https://www.cms.gov/Outreach-and-Education/Outreach/Partnerships/Downloads/11221-P.pdf) to download the tip sheet, "Information Partners Can Use on: Reassignment" (CMS Product No. 11221-P) and [CMS.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/Consumer-Mailings.pdf](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/Consumer-Mailings.pdf) to download the "Guide to Consumer Mailings."

Changes in Qualifying for Extra Help

Medicare reestablishes eligibility each fall for next year

- If you no longer automatically qualify
 - Medicare sends “Loss-of-Deemed-Status” notice in September (GRAY paper)
 - Includes Social Security application to reapply
- If your status changes and you again automatically qualify
 - Medicare sends “Deemed Status” notice (PURPLE paper)
- If you automatically qualify, but your copayment changed
 - Medicare sends “Change in Extra Help Co-payment” notice in early October (ORANGE paper)

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Every August, Medicare reestablishes Extra Help eligibility for the next calendar year if you automatically qualify. Your Extra Help continues or changes depending on whether you're still eligible for full Medicaid coverage, get help from Medicaid paying Medicare premiums, or get Supplemental Security Income (SSI). Any changes go into effect the following January.

If you were automatically eligible in a year, then you continue to qualify for Extra Help through December of that year. If you become no longer eligible, your automatic status ends on December 31 of that year. If you no longer automatically qualify for Extra Help, you'll get a letter from Medicare on gray paper with an Extra Help application from Social Security.

When people who no longer automatically qualify regain their eligibility for full Medicaid coverage, a Medicare Savings Program, or SSI, Medicare mails them a new letter on purple paper informing them that they now automatically qualify for Extra Help.

Also, you may continue to qualify automatically for Extra Help, but your copayment level may change due to a change from one of the following categories to another: you're institutionalized with Medicare and Medicaid, you have Medicare and full Medicaid coverage, you get help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program), or you get SSI benefits but not Medicaid. In those cases, you'll get a letter from Medicare on orange paper telling you about the change in your copayment level for the next year.

Check Your Knowledge—Question 7

You automatically qualify for Extra Help if you get

- a. Help from Medicaid paying your Part B premium (Medicare Savings Program)
- b. Full Medicaid coverage
- c. Supplemental Security Income
- d. All of the above

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Check Your Knowledge—Question 7

You automatically qualify for Extra Help if you get

- a. Help from Medicaid paying your Part B premium (Medicare Savings Program)
- b. Full Medicaid coverage
- c. Supplemental Security Income
- d. All of the above

ANSWER: d. All of the above

You automatically qualify for Extra Help (and don't need to apply) if you have Medicare and get full Medicaid coverage, Supplemental Security Income benefits, or help from Medicaid paying your Medicare Part B premiums (Medicare Savings Program).

Lesson 6—Comparing and Choosing Plans

- Things to consider
- Steps to choosing a Medicare drug plan
- What to expect

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Lesson 6, “Comparing and Choosing Plans,” covers:

- Things to consider
- Steps to choosing a Medicare drug plan
- What to expect

Things to Consider Before Joining a Plan

- Important questions to ask
 - Do you have other current health insurance?
 - Is any prescription drug coverage you might have as good as (creditable) Medicare drug coverage?
 - How does your current coverage work with Medicare?
 - Could joining a plan affect your current coverage or family member's coverage?

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There are several things to consider before joining a Medicare drug plan. When deciding if Medicare drug coverage is right for you, look at the type of health insurance you have currently and how that affects your choices.

If you have prescription drug coverage, you need to find out whether it's creditable prescription drug coverage. Your current insurer or plan provider must notify you each year whether your coverage is creditable prescription drug coverage. If you haven't heard from them, call them or your benefits administrator to find out. Also, you may want to consider keeping your creditable prescription drug coverage rather than choosing a Medicare drug plan. It's important to find out how Medicare coverage affects your current health insurance plan to be sure you don't lose doctor or hospital coverage for yourself or your family members.

If you have employer or union coverage, call your benefits administrator before you make any changes, or sign up for any other coverage. If you drop your employer or union coverage, you may not be able to get it back. Also, you may not be able to drop your employer or union drug coverage without also dropping your employer or union health (doctor and hospital) coverage. If you drop coverage for yourself, you may also have to drop coverage for your spouse and dependents.

You can get information on how different types of current coverage work with Medicare prescription drug coverage by visiting [Medicare.gov](https://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227). TTY: 1-877-486-2048.

Steps to Choosing a Medicare Drug Plan

1. Prepare
2. Compare plans on the Medicare Plan Finder
3. Decide and enroll

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On the next pages we'll show you 3 steps to choosing a Medicare drug plan:

1. Prepare
2. Compare plans on the Medicare Plan Finder
3. Decide and enroll

Step 1: Prepare

- Prepare by getting your information together
 - Current prescription drug coverage
 - Prescription drugs, dosages, and quantities
 - Preferred pharmacies
 - Medicare card
 - ZIP code

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Step 1: Before choosing a Medicare drug plan, you may want to get your information together. You need information about any prescription drug coverage you may currently have, as well as a list of the prescription drugs and doses you currently take. You'll also need the names of any pharmacies you prefer to use, your Medicare card, and your ZIP code. Finally, gather any notices you get from Medicare, Social Security, or your current Medicare drug plan about changes to your plan.

NOTE: For a helpful Medicare Plan Finder worksheet, visit [CMS.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/Downloads/Medicare-Plan-Finder-Worksheet.pdf](https://www.cms.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/Downloads/Medicare-Plan-Finder-Worksheet.pdf).

Step 2: Compare Plans on Medicare Plan Finder

- Search for drug and health plans
- Personalize your search to find plans that meet your needs
- Compare plans based on star ratings, benefits, costs, and more



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Step 2: Visit [Medicare.gov/find-a-plan](https://www.Medicare.gov/find-a-plan) and use the Medicare Plan Finder to:

- Search for drug and health plans
- Personalize your search to find plans that meet your needs
- Compare plans based on quality ratings, benefits covered, costs, and more

You should compare Medicare drug plans based on what's most important to your situation and your drug needs. You may want to ask yourself these questions:

- Which plan(s) covers the prescriptions I take?
- Which plan(s) gives me the best overall price on all of my prescriptions?
- What's the monthly premium, yearly deductible, and the coinsurance or copayment(s)?
- Which plan(s) allows me to use the pharmacy I want or get prescriptions through the mail?
- Which plan(s) gives me coverage in multiple states, if I need it?
- What star ratings did the plan(s) get?
- Can my coverage start when I want it to?
- Is it likely that I'll need protection against unexpected drug costs in the future?

Step 3: Decide and Join

- Decide which plan is best for you and enroll
 - Online enrollment
 - [Medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan)
 - Plan's website
 - Enroll by phone
 - Call 1-800-MEDICARE (1-800-633-4227)
 - TTY: 1-877-486-2048
 - Call the plan
 - Mail or fax paper application to plan

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Step 3: After you pick a plan that meets your needs, call the company offering it, and ask how to join. You may be able to join online, by phone, or by paper application. You'll have to give the number on your Medicare card when you join.

You can join with the plan directly. All plans must offer paper enrollment applications. Also, plans may let you enroll through their website or over the phone. Most plans also participate and offer enrollment through Medicare's website, [Medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan). You can also call Medicare to enroll at 1-800-MEDICARE (1-800-633-4227). TTY: 1-877-486-2048.

Plans must process applications in a timely manner, and after you apply, the plan must notify you that it has accepted or denied your application.

It's a good idea to keep a copy of your application, confirmation number, any other papers you sign, and letters or materials you get.

You can find these steps and worksheets to help with this process in "Your Guide to Medicare Prescription Drug Coverage," CMS Product No. 11109, which you can find at [Medicare.gov/Pubs/pdf/11109-Your-Guide-to-Medicare-Prescrip-Drug-Cov.pdf](https://www.medicare.gov/Pubs/pdf/11109-Your-Guide-to-Medicare-Prescrip-Drug-Cov.pdf).

NOTE: There are a small number of plans that may have more limited enrollment options, including some Special Needs Plans, Cost Plans, and consistently poor performing plans that have gotten less than a 3-star rating for 3 consecutive years. In these cases, you may not be able to enroll online. You can still call the plan directly to enroll.

What New Members Can Expect

- Your plan will send you
 - An enrollment letter
 - Membership materials, including card
 - Customer service contact information
- If your current drug isn't covered by plan
 - You can get a transition supply (generally 30 days)
 - Work with prescriber to find a drug that's covered
 - Request an exception if no acceptable alternative drug is on the list

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When you join a plan, or when Medicare enrolls you in a plan, the plan will send you an enrollment letter and membership materials, including an identification card and customer service information with a toll-free phone number and website address.

Plans will also have a transition process in place for you if you're new to the plan and taking a drug that isn't on the plan's formulary. The plan must let you get a 30-day temporary supply of the prescription (a 90-day supply if you're a resident of a long-term care facility). This gives you time to work with your prescribing doctor to find a different drug that's on the plan's formulary. If an acceptable alternative drug isn't available, you or your doctor can request an exception from the plan, and you can appeal denied requests.

Annual Notice of Change (ANOC)

- All Medicare drug plans must send an ANOC to members by September 30
 - May be sent with Evidence of Coverage (EOC)
- Will include information for upcoming year
 - Summary of Benefits
 - Formulary
 - Changes to monthly premium and/or cost sharing
- Read ANOC carefully and compare your plan with other plan options

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Every year, Medicare drug plans are required to send an Annual Notice of Change (ANOC) to all plan members by September 30, along with a summary of benefits and a copy of the formulary for the upcoming year.

Read the ANOC carefully. The letter will explain any changes to your current plan, including changes to the monthly premium and changes to cost-sharing information like copayments or coinsurance.

Plans must send an Evidence of Coverage (EOC) to all members no later than January 31 each year. Beginning with plan year 2019, plans are allowed to send information about how to access this document electronically, instead of mailing a paper copy. It gives details about the plan's service area, benefits, and formulary; how to get information, benefits, and Extra Help; and how to file an appeal. The plan may choose to send the EOC or the link to the EOC with the ANOC.

Lesson 7—Coverage Determinations and Appeals

- Coverage determinations
- Exception requests
- Appeals

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Lesson 7, “Coverage Determinations and Appeals,” covers Medicare Part D coverage determinations, exception requests, and appeals.

Coverage Determination Request

- Initial decision by plan
 - Which benefits you're entitled to get
 - How much you have to pay for a benefit
 - You, your prescriber, or your appointed representative can request it
- Time frames for coverage determination request
 - May be standard (decision within 72 hours)
 - May be expedited (decision within 24 hours) if life or health may be seriously jeopardized

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A coverage determination is the first decision made by your Medicare drug plan (not the pharmacy) about a prescription drug that you request. This includes whether a certain drug is covered, whether you have met all the requirements for getting a requested drug, and how much you must pay for it. You or your prescriber must contact your plan to ask for a coverage determination.

You, your prescriber, or your appointed representative can ask for a coverage determination by calling your plan or writing a letter. If you write to the plan, you can write a letter or use the "Model Coverage Determination Request" form found at [CMS.gov/medicare/appeals-and-grievances/medprescriptdrugapplgriev/forms.html](https://www.cms.gov/medicare/appeals-and-grievances/medprescriptdrugapplgriev/forms.html).

There are 2 types of coverage determinations: standard and expedited. Your request will be faster (expedited) if the plan determines, or if your doctor tells the plan that your life or health may be seriously jeopardized by waiting for a standard request.

A plan must give you its coverage determination decision as quickly as your health condition requires. After receiving your request, the plan must give you its decision no later than 72 hours for a standard determination, or 24 hours for an expedited determination. If your coverage determination request involves an exception (see next slide), the time clock starts when the plan gets your doctor's supporting statement.

If a plan fails to meet these time frames, it must automatically forward the request and case file to the Independent Review Entity (IRE) for review, and the request will skip over the first level of appeal (redetermination by the plan). The IRE is MAXIMUS. You can find its contact information at [MedicarePartDAppeals.com](https://www.MedicarePartDAppeals.com).

Exception Requests

- Two types of exceptions
 - Formulary exceptions
 - Drug not on plan's formulary, or
 - Access requirements (for example, step therapy)
 - Tier exceptions
 - For example, getting a tier 4 drug at tier 3 cost
- Need supporting statement from prescriber
 - You, your prescriber, or your appointed representative can request it
- Exception may be valid for rest of year

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An exception is a type of coverage determination. There are 2 types of exceptions: tier exceptions (like getting a tier 4 drug at the tier 3 cost) and formulary exceptions (either coverage for a drug that's not on the plan's formulary, or relaxed access requirements).

If you want to make an exception request, you'll need a supporting statement from the prescriber. In general, the statement must point out the medical reason for the exception. The prescriber may give the statement verbally or in writing to the plan. **NOTE:** An enrollee may request an exception for a Tier 3 drug to be covered at the Tier 2 cost-sharing level so long as there's a drug on Tier 2 approved for treating the same condition as the Tier 3 drug.

If your exception request is approved, the exception is valid for refills for the remainder of the plan year, so long as you remain enrolled in the plan, your doctor continues to prescribe the drug, and the drug remains safe for treating your condition. For more information about tiering exceptions and approvals, visit [CMS.gov/Medicare/Appeals-and-Grievances/MedPrescriptDrugApplGriev/index.html](https://www.cms.gov/Medicare/Appeals-and-Grievances/MedPrescriptDrugApplGriev/index.html), Chapter 18, section 30.2.1.4.

A plan may choose to extend coverage into a new plan year. If it doesn't, it must say so in writing either at the time the exception is approved, or at least 60 days before the plan year ends. If your plan doesn't extend your exception coverage, you should think about switching to a drug on the plan's formulary, asking for another exception, or changing to a plan that covers that drug during Medicare's Open Enrollment Period, which is from October 15 through December 7 each year.

NOTE: If you want to choose a representative to help you with a coverage determination or appeal, you and the person you want to help you must fill out the Appointment of Representative form (Form CMS-1696). You can get a copy of the form at [CMS.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-Items/CMS012207.html](https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-Items/CMS012207.html). You can also appoint a representative with a letter signed and dated by you and the person helping you, but the letter must have all the information that's required on the Appointment of Representative form. You must send the form or letter in with your coverage determination or appeal request.

Requesting Appeals

- If your coverage determination or exception is denied, you can appeal the plan's decision
- Request must generally be in writing
 - Plans must accept oral (spoken) expedited requests
 - You, your prescriber, or your appointed representative can request it
- There are 5 levels of appeals
 - Read notices carefully to find next steps and time limits

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If you disagree with your Medicare drug plan's coverage determination or exception decision, you have the right to appeal the decision. Your plan's written decision will explain how you may file an appeal. Read this decision carefully, and call your plan if you have questions.

In general, you must make your appeal requests in writing. However, plans must accept oral (spoken) expedited redetermination requests. In addition, plans may choose to accept oral standard redetermination requests. Check your plan materials or contact your plan to see if you can make spoken standard redetermination requests.

You or your appointed representative may ask for any level of appeal. Your doctor or other prescriber can ask for an expedited redetermination on your behalf.

To view a chart showing the process for Medicare appeals, refer to Appendix A.

Key Points to Remember

- Medicare Part D provides your Medicare prescription drug coverage
- You must take action to join a plan
- A delay in joining may result in a late enrollment penalty
- You have choices in how you get your coverage
- Extra Help is available to people with low income and resources

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Medicare Prescription Drug Coverage Resource Guide

Resources	Products
<p>Centers for Medicare & Medicaid Services (CMS)</p> <ul style="list-style-type: none"> • Call 1-800-MEDICARE (1-800-633-4227) TTY: 1-877-486-2048. • Medicare.gov • CMS.gov <p>Social Security</p> <ul style="list-style-type: none"> • Call 1-800-772-1213. TTY: 1-800-325-0778. • ssa.gov <p>State Health Insurance Assistance Programs and State Insurance Departments</p>  <ul style="list-style-type: none"> • shiptacenter.org/ <p>Limited Income NET Program (Humana)</p> <ul style="list-style-type: none"> • Call 1-877-783-1307 or 711 (TRS) • Humana.com/pharmacy/pharmacists/linet 	<p>Prescription Drug Benefit Manual</p> <ul style="list-style-type: none"> • CMS.gov/Medicare/prescription-drug-coverage/prescriptiondrugcovcontra/partdmanuals.html <p>PD Enrollment and Disenrollment Guidance</p> <ul style="list-style-type: none"> • CMS.gov/Medicare/eligibility-and-enrollment/medicarepresdrugeligenrol/index.html <p>Medicare Premiums: Rules for Higher-Income Beneficiaries</p> <ul style="list-style-type: none"> • SSA.gov/pubs/EN-05-10536.pdf <p>2017/2018 Guide to Mailings From CMS, Social Security, and Plans</p> <ul style="list-style-type: none"> • CMS.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/Consumer-Mailings.pdf <p>National Training Program – Partner Job Aids</p> <ul style="list-style-type: none"> • CMS.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/National-Training-Program-Resources.html
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Medicare Prescription Drug Coverage Resource Guide (continued)

Products (continued)	
<ol style="list-style-type: none"> 1. “Your Guide to Medicare Prescription Drug Coverage” (CMS Product No. 11109) 2. “Things to Think About When You Compare Medicare Drug Coverage” (CMS Product No. 11163) 3. “4 Ways to Help Lower Your Medicare Prescription Drug Costs” (CMS Product No. 11417) 4. “How Medicare Drug Plans Use Pharmacies, Formularies, and Common Coverage Rules” (CMS Product No. 11136) 5. “Medicare Drug Coverage Under Medicare Part A, B, & D” (CMS Product No. 11315-P) 6. “Handling Medicare Part D Complaints” (CMS Product No. 11259-P) 7. “How Retiree Coverage Works With Medicare Prescription Drug Coverage” (CMS Product No. 11403-P) 	<ol style="list-style-type: none"> 8. “LI NET for People at Pharmacy Counter” (CMS Product No. 11328-P) 9. “LI NET for People With Retroactive Medicaid & SSI Eligibility” (CMS Product No. 11401-P) 10. “How Medicare Plans Drug Coverage Work With a Medicare Advantage Plan or Medicare Cost Plan” (CMS Product No. 11135) <p>To access these products:</p> <ul style="list-style-type: none"> • View and order single copies at Medicare.gov/publications. • Order multiple copies (partners only) at Productordering.cms.hhs.gov. <i>You must register your organization.</i>
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Acronyms

AIC Amount in Controversy	FDA U.S. Food and Drug Administration
ALJ Administrative Law Judge	FPL Federal Poverty Level
ANOC Annual Notice of Change	IEP Initial Enrollment Period
BPH Benign Prostatic Hyperplasia	IRE Independent Review Entity
CHIP Children's Health Insurance Program	IRMAA Income-Related Monthly Adjustment Amount
CMS Centers for Medicare & Medicaid Services	IRS Internal Revenue Service
DME Durable Medical Equipment	LPI Low Performance Icon
EOB Explanation of Benefits	MA Medicare Advantage
EOC Evidence of Coverage	
ESRD End-Stage Renal Disease	

Acronyms (continued)

MAC Medicare Administrative Contractor	RRB Railroad Retirement Board
MA-PD Medicare Advantage Plans With Prescription Coverage	SCE Subsidy-Changing Event
MSP Medicare Savings Program	SEP Special Enrollment Period
MTM Medication Therapy Management	SNF Skilled Nursing Facility
NET Newly Eligible Transition	SSA Social Security
NTP National Training Program	SSI Supplemental Security Income
PDP Prescription Drug Plan	TrOOP True Out-of-Pocket
POS Point-of-Sale	TTY Teletypewriter

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