



## Do You Have a Medigap Policy with Prescription Drug Coverage?

If you have a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage, **you will need to make some decisions about how you want to get your prescription drug coverage in the future.** Under a new Federal law, new Medicare prescription drug coverage will be available to all people with Medicare, starting in 2006. The new law also requires certain changes to Medigap policies with prescription drug coverage.

### Here's What You Need To Know

#### What are Medicare prescription drug plans?

Medicare prescription drug plans are a new type of insurance to help people with Medicare pay for their prescription drugs. Medicare is working with insurance companies and other private companies to offer these new plans. While plans will vary, you will have at least two plans you can choose from in the area where you live. Medicare will pay approximately 75% of the premiums for the plan you choose.

#### Do I have to join a Medicare prescription drug plan?

No, it's your choice whether to enroll in a Medicare prescription drug plan. If you decide to enroll in one of the new plans, you should sign up sometime between November 15, 2005 and May 15, 2006. This is when you will be guaranteed your lowest premium for the Medicare prescription drug plan you choose.

#### If I'm happy with the Medigap prescription drug coverage that I have now, why should I switch to a Medicare prescription drug plan?

There are two important reasons to think about switching to a Medicare prescription drug plan. First, in almost every case, enrolling in a Medicare prescription drug plan will save you money. Today you pay 100% of the premiums for your Medigap policy. If you sign up with a Medicare prescription drug plan, Medicare will pay the plan approximately 75% of your premium—that's about \$1,300 a year that Medicare will pay for your prescription drug coverage, which Medicare won't pay for your Medigap policy. Second, your overall coverage for prescription drugs will probably be better. This is because, on average, most Medigap prescription drug benefits don't cover at least as much as a standard Medicare prescription drug plan will cover.

## Here's What You Need To Know (continued)

Sometime between September 15 and November 15, 2005, your Medigap insurance company will mail you a notice to tell you if your Medigap policy's prescription drug benefit will or will not, on average, pay out in benefits at least as much as a standard Medicare prescription drug plan will pay out. **If it won't, and you have no other coverage that does, you will have to pay a penalty for a Medicare prescription drug plan if you decide to enroll at any time after May 15, 2006.** Your premium will go up at least 1% per month for each month that you could have enrolled, but didn't.

### **Can I keep the Medigap policy that I have now?**

Yes, you can keep the Medigap policy that you have now, including the prescription drug coverage, if you decide not to enroll in a Medicare prescription drug plan. Your insurance company can't cancel it. However, starting January 1, 2006, Federal law won't allow insurance companies to sell new Medigap policies with prescription drug coverage. In some cases, this could cause the premium for your Medigap policy to increase faster than it would otherwise. If you would like to know more about how these changes will affect your future premiums, please contact your Medigap insurance company.

### **What are my choices for getting prescription drug coverage?**

Below and on the next page you will find a brief overview of your options. **It is important to know that you can't have prescription drug coverage under both a Medigap policy and a Medicare prescription drug plan at the same time.** Also, you should know that if you wait until **after May 15, 2006** to enroll in a Medicare prescription drug plan, you will probably only be able to enroll once a year (between November 15–December 31). Your coverage will start January 1 of the following year. In addition, as explained above, if you later decide to enroll in a Medicare prescription drug plan, you will probably have to pay a higher premium for it than you would have paid if you had enrolled before May 15, 2006.

## **An Overview of Your Options for Getting Prescription Drug Coverage**

### **OPTION 1: Enroll in a Medicare prescription drug plan and keep the Medigap policy you have now, but without the prescription drug coverage.**

If you choose to enroll in a Medicare prescription drug plan, you can keep the Medigap policy you have now without the prescription drug coverage. You will need to tell your insurance company when your new Medicare prescription drug coverage starts, so they can remove the prescription drug coverage from your Medigap policy and adjust your premium.

## An Overview of Your Options for Getting Prescription Drug Coverage (continued)

### **OPTION 2: Enroll in a Medicare prescription drug plan and switch to a different Medigap policy that doesn't include prescription drug coverage.**

If you enroll in a Medicare prescription drug plan by May 15, 2006, you can switch from the Medigap policy that you have now to a Medigap policy that doesn't include prescription drug coverage. The premiums for Medigap policies that never included prescription drug coverage could increase more slowly than a policy that has the drug coverage removed. You can choose from any Medigap Plan A, B, C, F, K, or L that your current insurance company sells. Plans K and L are new Medigap policies that can be made available starting in 2005.

You can choose this option even if you already told your Medigap insurance company that you want to keep your existing Medigap policy with the drug coverage removed. If you are still within 63 days from the start of your Medicare prescription drug coverage, you can make the choice to switch to one of these other Medigap policies. However, in most cases this choice isn't available if you enroll in a Medicare Advantage Plan (see Option 3).

**Note:** Some companies and some states may provide you with even more choices. Check with your state insurance department to find out what other choices you may have.

### **OPTION 3: Enroll in a Medicare Advantage Plan that includes prescription drug coverage.**

If you enroll in a Medicare Advantage Plan (such as a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), or Private Fee-for-Service (PFFS) Plan) that offers prescription drug coverage, you will get all your health care coverage including prescription drug coverage from that plan. If you join a Medicare Advantage Plan, you won't need your Medigap policy because it can't pay any copayments or deductibles under your health plan. For more information about Medicare Advantage Plans, look in your "Medicare & You" handbook.

### **OPTION 4: Keep the Medigap policy you have now with the prescription drug coverage included.**

If you choose this option, you don't need to do anything. However, as explained above, you should find out how your Medigap premium might be affected, and keep in mind that if you don't enroll in a Medicare prescription drug plan by May 15, 2006, you will probably have to pay higher premiums for the Medicare prescription plan if you decide to enroll in one later.

## What should I do now?

You can get more information from the sources listed below to help you decide which option meets your needs.

- **To learn more about Medicare prescription drug plans and Medicare Advantage Plans, including which plans are available in your area**
  - Read “Medicare & You 2006,” which will be mailed to you during October 2005.
  - Visit [www.medicare.gov](http://www.medicare.gov) on the web, to find information on the plans available in your area.
  - Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. This toll-free number is available 24 hours a day, 7 days a week. Tell them that you have a Medigap policy that has prescription drug coverage and that you would like to talk to someone about your options.
- **To learn more about your current Medigap policy and the other Medigap policies they may offer**, contact your current Medigap insurance company.
- **To get free health insurance counseling and information about the options available in your state**, contact your State Health Insurance Assistance Program (SHIP). You can get their telephone number by calling 1-800-MEDICARE (1-800-633-4227). The SHIP has counselors who know about Medigap coverage and about the new Medicare prescription drug plans that are offered in your area.