



**The National Asian Pacific  
Center on Aging (NAPCA)  
Presents:**

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# **What Is Medicare?**

The National Asian Pacific Center on Aging's mission is to serve as the nation's leading advocacy organization committed to the dignity, well-being, and quality of life of Asian Pacific Americans (APA) in their senior years.



Medicare is health insurance for the following:

- People 65 or older
- People under 65 with certain disabilities
- People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

## **The Different Parts of Medicare**

The different parts of Medicare help cover specific services:

### **Medicare Part A (Hospital Insurance)**

- Helps cover inpatient care in hospitals
- Helps cover skilled nursing facility, hospice, and home health care

### **Medicare Part B (Medical Insurance)**

- Helps cover doctors' services, hospital outpatient care, and home health care
- Helps cover some preventive services to help maintain your health and to keep certain illnesses from getting worse

### **Medicare Part D (Medicare Prescription Drug Coverage)**

- A prescription drug option run by Medicare-approved private insurance companies
- Helps cover the cost of prescription drugs
- May help lower your prescription drug costs and help protect against higher costs in the future

Medicare Advantage Plans (like an HMO or PPO) are health plans run by Medicare-approved private insurance companies. Medicare Advantage Plans (also called “Part C”) include Part A, Part B, and usually other coverage like Medicare prescription drug coverage (Part D), sometimes for an extra cost.

## **Signing Up for Medicare Part A and Part B**

This section explains how and when to sign up and why you might decide to wait to get Part B.

### **Some People Get Part A and Part B Automatically**

- In most cases, if you’re already getting benefits from Social Security or the Railroad Retirement Board (RRB), you will automatically get Part A and Part B starting the first day of the month you turn 65. If your birthday is on the first day of the month, Part A and Part B will start the first day of the prior month.
- If you’re under 65 and disabled, you automatically get Part A and Part B after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months.

You will get your red, white, and blue Medicare card in the mail 3 months before your 65th birthday or your 25th month of disability. If you don’t want Part B, follow the instructions that come with the card, and send the card back. If you keep the card, you keep Part B and will pay Part B premiums.

If you live in Puerto Rico and you get benefits from Social

Security or the RRB, you will automatically get Part A. If you want Part B, you will need to sign up for it. Contact your local Social Security office or RRB for more information.

If you have ALS (Amyotrophic Lateral Sclerosis, also called Lou Gehrig's disease), you automatically get Part A and Part B the month your disability benefits begin.

## **Some People Need to Sign Up for Part A and Part B**

If you aren't getting Social Security or RRB benefits (for instance, because you're still working) and you want Part A or Part B, you will need to sign up (even if you're eligible to get Part A premium-free). If you're not eligible for premium-free Part A, you can buy Part A and Part B. You should contact Social Security 3 months before you turn 65. If you worked for a railroad, contact the RRB to sign up.

If you have End-Stage Renal Disease (ESRD), you should visit your local Social Security office, or call Social Security at 1-800-772-1213 (interpreters are available upon request) to sign up for Part A and Part B. TTY users should call 1-800-325-0778. For more information, visit <http://go.usa.gov/lov> to

Call Social Security at 1-800-772-1213 (interpreters are available upon request) for more information about your Medicare eligibility, and to sign up for Part A and/or Part B. If you're 65 or older, you can also apply for premium-

free Part A and free Part B online at [www.socialsecurity.gov/retirement](http://www.socialsecurity.gov/retirement). The whole process can take less than 10 minutes.

If you get RRB benefits, call the RRB at 1-877-772-5772. For general information about enrolling, visit [www.medicare.gov/MedicareEligibility](http://www.medicare.gov/MedicareEligibility). For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

## When Can You Sign Up?

### Initial Enrollment Period

You can sign up when you're first eligible for Part B. (For example, if you're eligible for Part B when you turn 65, this is a 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65.)

- If you wait until the last four months of your Initial Enrollment Period to sign up for Part B, your start date for coverage will be delayed. Sign up early to avoid a delay in getting coverage for Part B services. To get Part B coverage the month you turn 65, you must sign up during the first three months before the month you turn 65.
- If you enroll in Part B during the first three months of your Initial Enrollment Period, your coverage start date will depend on your birthday:
- If your birthday **IS NOT** on the first day of the month, your Part B coverage starts the first day of your birthday month. For example, Mr. Green's 65th birthday is July 20, 2011. If he enrolls in April, May, or June, his coverage will start on July 1.

- If your birthday **IS** on the first day of the month, your coverage will start the first day of the prior month. For example, Mr. Kim's 65th birthday is July 1. If he enrolls in March, April, or May, his coverage will start on June 1.
- If you enroll in Part B the month you turn 65 or during the last 3 months of your Initial Enrollment Period, your Part B start date will be delayed. For example, Mrs. Simpson turns 65 in July. When her coverage starts depends on the month she enrolls. If she signs up in July, her coverage will begin on August 1st. If she signs up in August, it will begin on October 1<sup>st</sup>. If she signs up in September or October, her coverage will begin on December 1<sup>st</sup> or January 1<sup>st</sup>, respectively.

### **General Enrollment Period**

If you didn't sign up for Part A and/or Part B (for which you pay monthly premiums) when you were first eligible, you can sign up between January 1–March 31 each year. Your coverage will begin July 1. You may have to pay a higher premium for late enrollment.

### **Special Enrollment Period**

If you didn't sign up for Part A and/or Part B (for which you pay monthly premiums) when you were first eligible because you were covered under a group health plan based on current employment, you can sign up for Part A and/or Part B as follows: **any time that you or your spouse (or family member, if you're disabled) are working, and you're covered by a group health plan**

**through the employer or union based on that work during the 8-month period that begins the month after the employment ends or the group health plan coverage ends, whichever happens first.** Usually, you don't pay a late enrollment penalty if you sign up during a Special Enrollment Period. This Special Enrollment Period doesn't apply to people with End-Stage Renal Disease (ESRD). You may also qualify for a Special Enrollment Period if you're a volunteer serving in a foreign country.

**Note:** If you have COBRA coverage or a retiree health plan, you don't have coverage based on current employment. You're not eligible for a special enrollment period when that coverage ends.

### **Medigap Open Enrollment Period**

You have a six month Medigap (Medicare Supplement Insurance) policy open enrollment period which starts the first month you're both 65 and enrolled in Part B. This period gives you a guaranteed right to buy any Medigap policy sold in your state. Once this period starts, it can't be delayed or replaced.

### **Should You Get Part B?**

The following information can help you decide if you want to sign up for Part B.

**Employer or Union Coverage**—If you or your spouse (or family member if you're disabled) **is still working** and you have coverage through an employer (including the Federal Employee Health Benefits Program) or union, contact

your employer or union benefits administrator to find out how your insurance works with Medicare.

It may be to your advantage to delay Part B enrollment.

When the employment ends, three things happen:

1. You may get to elect COBRA coverage, which continues your health coverage through the employer's plan (in most cases for only 18 months) and probably at a higher cost to you.
2. You have 8 months to sign up for Part B without a penalty. This period will run whether or not you elect COBRA. If you elect COBRA, don't wait until your COBRA ends to enroll in Part B. If you enroll in Part B after the 8 months, you may have to pay a penalty.
3. When you sign up for Part B, your Medigap open enrollment period begins.

**TRICARE**—If you have Part A and TRICARE (coverage for active-duty military or retirees and their families), **you must have Part B to keep your TRICARE coverage.**

However, if you're an active-duty service member, or are the spouse or dependent child of an active-duty service member, the following applies to you:

- You don't have to enroll in Part B to keep your TRICARE coverage while the service member is on active duty.
- Before the active-duty service member retires, you must enroll in Part B to keep TRICARE without a break in coverage.
- You can get Part B during a special enrollment period if you have Medicare because you're 65 or older, or you're disabled.

## How Much Does Part A Coverage Cost?

You usually don't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working.

If you aren't eligible for premium-free Part A, you may be able to buy Part A if you meet one of the following conditions:

- You're 65 or older, and you're entitled to (or enrolling in) Part B and meet the citizenship and residency requirements.
- You're under 65, disabled, and your premium-free Part A coverage ended because you returned to work. If you're under 65 and disabled, you can continue to get premium-free Part A for up to 8.5 years after you return to work.

In most cases, if you choose to **buy** Part A, you must also have Part B and pay monthly premiums for both. If you have limited income and resources, your state may help you pay for Part A and/or Part B. Call Social Security at 1-800-772-1213 (interpreters are available upon request) for more information about the Part A premium. TTY users should call 1-800-325-0778. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

### Part A Late Enrollment Penalty

If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, your monthly premium may go up 10%. You will have to pay the higher premium for twice the number of years you could have

had Part A, but didn't sign-up. For example, if you were eligible for Part A for 2 years but didn't sign-up, you will have to pay the higher premium for 4 years. Usually, you don't have to pay a penalty if you meet certain conditions that allow you to sign up for Part A during a Special Enrollment Period.

## **How Much Does Part B Coverage Cost?**

You pay the Part B premium each month. Most people will pay the standard premium amount. However, if your modified adjusted gross income as reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS) is above a certain amount, you may pay more.

Your modified adjusted gross income is your adjusted gross income plus your tax exempt interest income. Each year, Social Security will notify you if you have to pay more than the standard premium. Whether you pay the standard premium or a higher premium can change each year depending on your income. If you have to pay a higher amount for your Part B premium and you disagree (even if you get RRB benefits), call Social Security at 1-800-772-1213 (interpreters are available upon request). TTY users should call 1-800-325-0778.

If you don't sign up for Part B when you're first eligible, you may have to pay a late enrollment penalty for as long as you have Medicare. Your monthly premium for Part B may go up 10% for each full 12-month period that you could have had Part B, but didn't sign up for it. Usually,

you don't pay a late enrollment penalty if you meet certain conditions that allow you to sign up for Part B during a special enrollment period.

## **What Services Does Medicare Cover?**

Medicare covers certain medical services and supplies in hospitals, doctors' offices, and other health care settings. Services are either covered under Part A or Part B. If you have both Part A and Part B, you can get all of the Medicare-covered services listed in this section, whether you have Original Medicare or a Medicare health plan.

## **What Does Part A (Hospital Insurance) Cover?**

Part A helps cover the following:

- Inpatient care in hospitals
- Inpatient care in a skilled nursing facility (not custodial or long term care)
- Hospice care services
- Home health care services
- Inpatient care in a Religious Nonmedical Health Care Institution

You can find out if you have Part A by looking at your Medicare card. If you have Original Medicare, you will use this card to get your Medicare-covered services. If you join a Medicare health plan, you must use the card from the plan to get your Medicare-covered services.

If you join a Medicare Advantage Plan (like an HMO or

PPO) or have other insurance (like a Medigap policy, or employer or union coverage), your costs may be different. Contact the plans you're interested in, to find out about the cost, or visit [www.medicare.gov](http://www.medicare.gov).

## **What Part B (Medical Insurance) Covers**

Part B helps cover medically-necessary services like doctors' services and tests, outpatient care, home health services, durable medical equipment, and other medical services. Part B also covers some preventive services.

Look at your Medicare card to find out if you have Part B, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

## **What You Pay for Part B Covered Services**

The following is general information about what you pay if you have Original Medicare and see doctors or providers who accept assignment, that is, agree to charge no more than what Medicare allows for a service. You will pay more for doctors or providers who don't accept assignment. **If you're in a Medicare Advantage Plan (like an HMO or PPO) or have other insurance, your costs may be different. Contact your plan or benefits administrator directly to find out about the costs.**

Under Original Medicare, if the Part B deductible applies, you must pay all costs until you meet the yearly Part B deductible before Medicare begins to pay its share. Then, after your deductible is met, you typically pay 20% of the

Medicare-approved amount of the service. There is no yearly limit for what you pay out-of-pocket.

You pay nothing for most preventive services if you get the services from a doctor or other health care provider who accepts assignment. For some preventive services, you will pay nothing for the service, but you may have to pay coinsurance for the office visit when you get these services.

### **Durable Medical Equipment**

This includes items such as oxygen equipment and supplies, wheelchairs, walkers, and hospital beds ordered by a doctor or other health care provider enrolled in Medicare for use in the home. Some items must be rented. You pay 20% of the Medicare-approved amount, and the Part B deductible applies. **In all areas of the country, you must get your covered equipment or supplies and replacement or repair services from a Medicare-approved supplier for Medicare to pay.**

### **What's NOT Covered by Part A and Part B?**

Medicare doesn't cover everything. If you need certain services that Medicare doesn't cover, you will have to pay for them yourself unless you have other insurance to cover the costs. Even if Medicare covers a service or item, you generally have to pay deductibles, coinsurance, and copayments. Some of the items and services that Medicare doesn't cover include the following:

- Long-term care.
- Routine dental care.
- Dentures.

- Cosmetic surgery.
- Acupuncture.
- Hearing aids.

To find out if Medicare covers a service you need, visit [www.medicare.gov/coverage](http://www.medicare.gov/coverage), or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

## Medicare Prescription Drug Coverage (Part D)

Medicare offers prescription drug coverage to everyone with Medicare. Even if you don't take a lot of prescriptions now, you should still consider joining a Medicare drug plan. To get Medicare prescription drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drugs covered. If you decide not to join a Medicare drug plan when you're first eligible, and you don't have other creditable prescription drug coverage, you will likely pay a late enrollment penalty.

There are two ways to get Medicare prescription drug coverage:

1. **Medicare Prescription Drug Plans.** These plans (sometimes called "PDPs") add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans.
2. **Medicare Advantage Plans (like an HMO or PPO) or other Medicare health plans that offer Medicare**

**prescription drug coverage.** You get all of your Part A and Part B coverage, and prescription drug coverage (Part D), through these plans. Medicare Advantage Plans with prescription drug coverage are sometimes called “MA-PDs.”

**Both types of plans are called “Medicare drug plans” in this section.**

## **Who Can Get Medicare Drug Coverage?**

To join a Medicare Prescription Drug Plan, you must have either Medicare Part A, Part B or both. To join a Medicare Advantage Plan, you must have Part A **and** Part B. You must also live in the service area of the Medicare drug plan you want to join.

If you have employer or union coverage, call your benefits administrator before you make any changes, or before you sign up for any other coverage. If you drop your employer or union coverage, you may not be able to get it back. You also 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 dependants.

## **Join, Switch, or Drop a Medicare Drug Plan**

You can join, switch, or drop a Medicare drug plan at these times:

- When you're first eligible for Medicare (the 7-month period that begins 3 months before the month you turn

65, includes the month you turn 65, and ends 3 months after the month you turn 65).

- If you get Medicare due to a disability, you can join during the 3 months before to 3 months after your 25<sup>th</sup> month of disability. You will have another chance to join 3 months before the month you turn 65 to 3 months after the month you turn 65.
- Between October 15–December 7. Your coverage will begin on January 1, as long as the plan gets your enrollment request by December 7.
- Anytime, if you qualify for Extra Help.

In most cases, you must stay enrolled for that calendar year starting the date your coverage begins. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans at other times. Some of these situations include the following:

- If you move out of your plan's service area
- If you lose other creditable prescription drug coverage
- If you live in an institution (like a nursing home)

If you want to join a plan or switch plans, do so as soon as possible so you will have your membership card when your coverage begins, and you can get your prescriptions filled without delay. For assistance, you may call the NAPCA Helpline at 1-800-336-2722. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, you may qualify

for Extra Help to pay for Medicare prescription drug coverage. You may also be able to get help from your state.

Once you choose a Medicare drug plan, you may be able to join by completing a paper application, calling the plan, or enrolling on the plan's Web site or on [www.medicare.gov](http://www.medicare.gov). You can also enroll by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

When you join a Medicare drug plan, you will have to provide your Medicare number and the date your Part A and/or Part B coverage started. This information is on your Medicare card. **Note: Medicare drug plans aren't allowed to call you to enroll you in a plan. Call 1-800-MEDICARE to report a plan that does this.**

## How Do You Switch?

You can switch to a new Medicare drug plan simply by joining another drug plan, **you don't need to cancel your old Medicare drug plan or send them anything.** Your old Medicare drug plan coverage will end when your new drug plan begins. You should get a letter from your new Medicare drug plan telling you when your coverage begins.

If you want to drop your Medicare drug plan and don't want to join a new plan, you can do so during one of the appropriate enrollment periods mentioned earlier. You can disenroll by calling 1-800-MEDICARE. You can also

send a letter to the plan to tell them you want to disenroll. If you drop your plan and want to join another Medicare drug plan later, you have to wait for an enrollment period. You may have to pay a late enrollment penalty.

**If your Medicare Advantage Plan includes prescription drug coverage and you join a Medicare Prescription Drug Plan, you will be disenrolled from your Medicare Advantage Plan and returned to Original Medicare.**

For more information on joining, dropping, and switching plans, read the fact sheet “Understanding Medicare Enrollment Periods” by visiting <http://go.usa.gov/lsl>. You can also call 1-800-MEDICARE to see if a copy can be mailed to you. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

## **What You Pay**

Below are descriptions of the payments you make throughout the year in a Medicare drug plan. **Your actual drug plan costs will vary** depending on the prescriptions you use, the plan you choose, whether you go to a pharmacy in your plan’s network, whether your drugs are on your plan’s formulary (drug list), and whether you get Extra Help paying your Part D costs.

### **Monthly premium**

Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare

prescription drug coverage, the monthly premium you pay to your plan may include an amount for prescription drug coverage.

**Note:** 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.

Your Part D monthly premium could be higher based on your income. This includes Part D coverage you get from a Medicare Prescription Drug Plan, or a Medicare Advantage Plan or Medicare Cost Plan that includes Medicare prescription drug coverage. If your modified adjusted gross income as reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS) is above a certain amount, you will pay a higher monthly premium.

### **Yearly deductible**

The amount you must pay before your drug plan begins to pay its share of your covered drugs. Some drug plans don't have a deductible.

### **Copayments or coinsurance**

Amounts you pay at the pharmacy for your covered prescriptions after the deductible (if the plan has one).

You pay your share, and your drug plan pays its share for covered drugs.

### **Coverage gap**

Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit. Not everyone will reach the coverage gap. Your yearly deductible, your 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 premium you pay or what you pay for drugs that aren't covered.

There are plans that offer some coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the drug plan first to see if your drugs would be covered during the gap. For more information, visit <http://go.usa.gov/loF> to view the fact sheet “Bridging the Coverage Gap.” You can also call 1-800-MEDICARE (1-800-633-4227) to see if a copy can be mailed to you. TTY users should call 1-877-486-2048. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

If you reached the coverage gap in 2011, (and you weren't already getting Extra Help), you received a 50% discount on covered brand-name prescription drugs at the time you bought them. There will be additional savings for you in the coverage gap each year through 2020 when you will

have full coverage in the gap. Talk to your doctor or other health care provider to make sure that you're taking the lowest cost drug available that works for you.

### **Catastrophic coverage**

Once you reach your plan's out-of-pocket limit, you automatically get "catastrophic coverage." Catastrophic coverage assures that once you have spent up to your plan's out-of-pocket limit for covered drugs, you only pay a small coinsurance amount or copayment for the drug for the rest of the year.

**Note:** If you get Extra Help paying your drug costs, you won't have a coverage gap and will pay only a small or no copayment once you reach catastrophic coverage. The example below shows costs for covered drugs for a plan that has a coverage gap.

**Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2011. She doesn't get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.**

Ms. Smith pays the first \$310 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 \$2,840. Once Ms. Smith and her plan have spent \$2,840 for covered drugs, she is in the coverage gap. In 2011, she gets a 50% discount on covered brand-name prescription drugs that counts as out-of-pocket spending, and helps her get out of the coverage gap. Once Ms. Smith has spent

\$4,550 out-of-pocket for the year, her coverage gap ends. Now she only pays a small copayment for each drug until the end of the year.

Call the plans you're interested in to get more details. You can visit [www.medicare.gov/find-a-plan](http://www.medicare.gov/find-a-plan), or call 1-800-MEDICARE (1-800-633-4227) to compare the cost of plans in your area. TTY users should call 1-877-486-2048. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

The late enrollment penalty is an amount that is added to your Part D premium. You may owe a late enrollment penalty if one of the following is true:

- You didn't join a Medicare drug plan when you were first eligible for Medicare, and you didn't have other creditable prescription drug coverage.
- You didn't have Medicare prescription drug coverage or other creditable prescription drug coverage for 63 days or more in a row.

**Note:** If you get Extra Help, you don't pay a late enrollment penalty.

Here are a few ways to avoid paying a penalty:

- **Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty, even if you've never had prescription drug coverage before.
- **Don't go 63 days or more in a row without a Medicare drug plan or other creditable coverage.** Creditable prescription drug coverage could include drug coverage from a current or former

employer or union, TRICARE, Indian Health Service, Department of Veterans Affairs, or health insurance coverage. Your plan will tell you each year if your drug coverage is creditable coverage. This information may be sent to you in a letter or included in a newsletter from the plan. Keep this information, because you may need it if you join a Medicare drug plan later.

**Tell your plan about any drug coverage you had if they ask about it.** When you join a plan, and they believe you went at least 63 days in a row without other creditable prescription drug coverage, they will send you a letter. The letter will include a form asking about any drug coverage you had. Complete the form. If you don't tell the plan about your creditable coverage, you may have to pay a penalty. The cost of the late enrollment penalty depends on how long you didn't have creditable prescription drug coverage. Currently, the late enrollment penalty is calculated by multiplying 1% of the "national base beneficiary premium" (\$32.34 in 2011) times the number of full, uncovered months that you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium. Since the "national base beneficiary premium" may increase each year, the penalty amount may also increase every year. You may have to pay this penalty for as long as you have a Medicare drug plan.

**Example:** Mrs. Jones didn't join when she was first

eligible— by May 15, 2007. She joined a Medicare drug plan between November 15—December 31, 2010, for an effective date of January 1, 2011. Since Mrs. Jones didn't join when she was first eligible and went without other creditable drug coverage for 43 months (June 2007–December 2010), she will be charged a monthly penalty of \$13.90 in 2011 ( $\$32.34 \times .01 = \$.3234 \times 43 = \$13.90$ ) in addition to her plan's monthly premium. When 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 Penalty**

If you don't agree with your late enrollment penalty, you may be able to ask Medicare for a review or reconsideration. You will need to fill out a reconsideration request form (that your Medicare drug plan will send you), and you will have the chance to provide proof that supports your case such as information about previous prescription drug coverage. If you need help, call your Medicare drug plan.

## **Important Drug Coverage Rules**

The following information can help answer common questions as you begin to use your coverage.

### **To Fill a Prescription Before You Get Your Membership Card**

You should get a welcome package with your membership card within 5 weeks or sooner after the plan gets your completed application. If you need to go to the pharmacy before your membership card arrives, you can use any of

the following as proof of membership:

- A letter from the plan that includes your complete membership information.
- An enrollment confirmation number that you got from the plan, the plan name, and telephone number.
- A temporary card that you may be able to print from MyMedicare.gov.

If you don't have any of the items listed above, and your pharmacist can't get your drug plan information any other way, you may have to pay out-of-pocket for your prescriptions. **If you do, save the receipts and contact your plan to get your money back.**

### **What's Covered?**

Information about a plan's list of covered drugs (called a formulary) isn't included in this handbook because each plan has its own formulary. Many Medicare drug plans place drugs into different "tiers" on their formularies. Drugs in each tier have a different cost. For example, a drug in a lower tier will generally cost you less than a drug in a higher tier. In some cases, if your drug is on a higher tier and your prescriber thinks you need that drug instead of a similar drug on a lower tier, you can file an exception to ask your plan for a lower copayment.

Contact the plan for its current formulary, or visit the plan's Website. For assistance, you may call the NAPCA Helpline at 1-800-336-2722. Visit [www.medicare.gov/find-a-plan](http://www.medicare.gov/find-a-plan), or call 1-800-MEDICARE (1-800-633-4227)

to get telephone numbers for the plans in your area. TTY users should call 1-877-486-2048.

**Note:** Medicare drug plans must cover all commercially-available vaccines (like the shingles vaccine) when medically necessary to prevent illness except for vaccines covered under Part B.

Plans may have the following coverage rules:

- **Prior authorization**—you and/or your prescriber (your doctor or other health care provider who is legally allowed to write prescriptions) must contact the drug plan before you can fill certain prescriptions. Your prescriber may need to show that the drug is medically necessary for the plan to cover it.
- **Quantity limits**—Limits on how much medication you can get at a time.
- **Step therapy**—You must try one or more similar, lower cost drugs before the plan will cover the prescribed drug.

If you or your prescriber believes that one of these coverage rules should be waived, you can ask for an exception. In most cases, the prescription drugs (sometimes called “self administered drugs” or drugs you would normally take on your own) you get in an outpatient setting like an emergency department or during observation services aren’t covered by Part B. Your Medicare drug plan may cover these drugs under certain circumstances. You will likely need to pay out-of-pocket for these drugs

and submit a claim to your drug plan for a refund. Or, if you get a bill for self-administered drugs you got in a doctor's office, call your Medicare drug plan (Part D) for more information. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

### **Other Private Insurance**

The following provides information about how other insurance you have works with, or is affected by, Medicare prescription drug coverage (Part D).

**Employer or Union Health Coverage**—Health coverage from you or your spouses, or other family member's current or former employer or union. If you have prescription drug coverage based on your current or previous employment, your employer or union will notify you each year to let you know if your prescription drug coverage is creditable. **Keep the information you get.** Call your benefits administrator for more information before making any changes to your coverage.

**Note:** If you join a Medicare drug plan, you, your spouse, or your dependants may lose your employer or union health coverage.

**COBRA**—A Federal law that may allow you to temporarily keep employer or union health coverage after the employment ends or after you lose coverage as a dependant of the covered employee. As explained earlier, there may be reasons why you should take Part B instead of, or in addition to, COBRA. However, if you take COBRA and it includes creditable prescription drug coverage, you will have a special enrollment period to join a Medicare drug plan without paying a penalty when the COBRA coverage ends. Talk with your State Health Insurance Assistance Program (SHIP) to see if COBRA is a good choice for you.

**Medigap (Medicare Supplement Insurance) Policy with Prescription Drug Coverage**—Medigap policies can no longer be sold with prescription drug coverage, but if you have drug coverage under a current Medigap policy, you can keep it. However, it may be to your advantage to join a Medicare drug plan because most Medigap drug coverage isn't creditable. If you join a Medicare drug plan, your Medigap insurance company must remove the prescription drug coverage under your Medigap policy and adjust your premiums. Call your Medigap insurance company for more information.

**Note:** Keep any creditable prescription drug coverage information you get from your plan. You may need it if you decide to join a Medicare drug plan later. Don't send creditable coverage letters/certificates to Medicare.

## **Other Government Insurance**

The following types of insurance are all considered creditable prescription drug coverage: Federal Employee Health Benefits (FEHB) Program, Veteran's Benefits, TRICARE (Military Health Benefits), Indian Health Services. If you have one of these types of insurance, in most cases, it will be to your advantage to keep your current coverage.

## **How Other Insurance Works with Medicare**

When you have other insurance (like employer group health coverage), there are rules that decide whether Medicare or your other insurance pays first. The insurance that pays first is called the "primary payer" and pays up to the limits of its coverage. The one that pays second, called the "secondary payer," only pays if there are costs left uncovered by the primary coverage. The secondary payer may not pay all of the uncovered costs.

These rules apply for employer or union group health plan coverage:

- If you have **retiree** coverage, Medicare pays first.
- If your group health plan coverage is based on your or a family member's **current employment**, who pays first depends on your age, the size of the employer, and whether you have Medicare based on age, disability, or End-Stage Renal Disease (ESRD):
  - If you're under 65 and disabled and you are or your family member is still working, your plan pays first if the employer has 100 or more employees or at least one employer in a multiple employer plan has more than 100 employees.
  - If you're over 65 and you or your spouse is still working, the plan pays first if the employer has 20 or more employees or at least one employer in a multiple employer plan has more than 20 employees.
- If you have Medicare because of ESRD, your group health plan will pay first for the first 30 months after you become eligible for Medicare.

These types of coverage usually pay first for services related to each type: No-fault insurance (including automobile insurance)

- Liability (including automobile insurance)
- Black lung benefits
- Workers' compensation

**Medicaid and TRICARE never pay first for Medicare-covered services.** They only pay after Medicare, employer group health plans, and/or Medigap have paid.

If you have other insurance, tell your doctor, hospital, and pharmacy. If you have questions about who pays first, or you need to update your other insurance information, call Medicare's Coordination of Benefits Contractor at 1-800-999-1118. TTY users should call 1-800-318-8782. You may need to give

your Medicare number to your other insurers (once you have confirmed their identity) so your bills are paid correctly and on time. For assistance, you may call the NAPCA Helpline at 1-800-336-2722.

The information contained in this booklet was adapted from the Centers for Medicare & Medicaid Services' "Medicare and You" handbook 2011 and 2012

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