



10 Things to Know about Medicare Part D

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Medicare Part D, offered through private insurance companies, helps Medicare beneficiaries pay for their prescription medications.

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Part D coverage is available as a stand-alone plan. It can also be bundled into a Medicare Advantage plan.

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You must have Medicare Part A and/or Part B to be eligible for a Medicare Part D plan and live in the Part D plan's service area.

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Medicare Part D's enrollment periods are important to know:

The Initial Enrollment Period is a 7-month period (3 months before the month you turn 65, the month you turn 65, 3 months after the month you turn 65), and provides you with the opportunity to sign up for a Part D plan. It is important to enroll in a Medicare Part D plan within your Initial Enrollment Period to avoid penalties. (Important note: individuals with creditable coverage are not subject to late enrollment penalties.)

The Annual Enrollment Period occurs each year between October 15 and December 7 and allows Medicare beneficiaries to enroll for the first time or switch plans if desired.

Special Enrollment Periods will apply to certain circumstances and allow Medicare beneficiaries to enroll or switch plans. For example, if you lose group coverage, you will receive a special enrollment period and will have 63 days to enroll in a Medicare Part D plan.

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Premiums, copays, coinsurance, deductibles and covered prescriptions will vary depending on which plan you buy and which company you select. Check your Medicare Part D plan's outline of benefits and formulary to understand applicable copays, coinsurance and deductibles as well as the plan's exception process.

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The government designed the Medicare Part D program so that every company offers the same four coverage levels; Deductible, Initial Coverage Limit, Coverage Gap and Catastrophic Coverage.

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The Centers for Medicare and Medicaid Services (CMS) determines an initial coverage limit each year. This is the total cost of prescription drugs that you can buy before reaching the coverage gap.

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Once your costs are more than the initial coverage limit, you will be in the coverage gap. Medicare members pay different copayments or coinsurances for generic and brand drugs in the coverage gap, depending on their Part D plan.

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You get out of the coverage gap when your out-of-pocket costs for formulary drugs reach an amount that is determined by CMS each year. After this point, you will pay a small coinsurance or copayment for formulary drugs for the rest of the calendar year.

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Additional Tips:

- When choosing a Medicare Part D plan, it is important to make a list of your drugs and check to see if the prescribed drugs you take are on the plan's formulary.
- Get to know your plan's formulary so you can determine your costs and any special coverage rules. Covered prescriptions are placed in different cost-sharing tiers. Plans may also apply coverage rules such as prior authorization, quantity limits and step therapy for certain drugs on a formulary.
- Understand your plan's pharmacy network so you will know where you can get your prescriptions filled.
- During the annual enrollment period (October 15 – December 7 each year), you can switch your Medicare Part D plan, enroll for the first time, or keep what you have if you are happy with your current plan.
- When comparing plans, look at all costs such as premiums, deductibles, and out-of-pocket costs and compare total annual drug costs.
- Understand creditable coverage. If you miss your Initial Enrollment Period and go without prescription drug coverage that is at least as good as Medicare's, you will have to pay a penalty of 1% of the national base beneficiary premium for each month you delay enrollment.
- Extra Help is available for Medicare beneficiaries with limited incomes and can help pay for drug costs. Contact Medicare or Social Security to find out if you qualify.

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