



**BlueCross BlueShield
of Illinois**

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Producer News

Medicare Prescription Drug Coverage Update

Many Producers and Medicare beneficiaries have questions regarding the new drug benefit. One source of confusion is that private companies offering new prescription drug products cannot discuss details of their proposed plans until October 1, 2005. More comprehensive information on specific plans, including monthly premiums and names of covered drugs, will become available on or after October 1.

What we do know is that there will be plenty of plans, offered by many companies. Expect to see the basic CMS-designed plan and many variations of that plan. Companies can be flexible in benefit design, but all plans must offer the basic drug benefit or its actuarial equivalent as one of their options. Any additional plans must be equal to or better than the basic plan. Premiums, copays and coverage levels will vary from plan to plan.

While those who depend on prescription drugs will most likely find the new drug program beneficial, eligible individuals who do not currently need any prescription drugs may also want to consider enrolling in a plan. Like insurance for cars or homes, Medicare prescription drug plans could provide a safety net for unforeseen events. Also, the initial enrollment period (November 15, 2005 through May 15, 2006) offers the lowest premium cost. After May 15, 2006, a 1% penalty may be applied to future premiums for each month enrollment is delayed. For those currently eligible for Medicare, the next opportunity to enroll will be during the annual enrollment period of November 15, 2006 through December 31, 2006.

Features of the basic plan that apply to all plans in 2006 include:

- The “coverage gap” (no coverage between \$2,250 and \$5,100)
- A maximum deductible of \$250
- Total out-of-pocket costs of \$3,600
- Catastrophic coverage, meaning any prescription drug costs after you pay your total out-of-pocket costs of \$3,600, is covered at 95%.

Note that once a member pays \$3,600 of their prescription drug costs in 2006 (on \$5,100 in total drug costs), they are said to be receiving “catastrophic coverage.” With catastrophic coverage, the member pays 5 percent of drug costs, or \$2 on generic and \$5 on brand-name drugs, whichever is greater.

Look for further Medicare prescription drug coverage updates in the coming weeks.