



Medicare Part D: What you need to know for 2007

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The window to enroll in Medicare Part D prescription drug plans is open, and it's time to review your options. For those contemplating whether to jump on the Part D bandwagon, now is the time to act. From Nov. 15 through Dec. 31, you can switch your current plan or enroll for the first time.

But just because the drug plan has weathered its first coverage year doesn't mean the decision-making process has gotten any easier for consumers. With roughly 38 million current enrollees and hundreds of private plans to choose from, it's no wonder people are still struggling to understand plan specifics, avoid the dreaded "donut hole" coverage gap, and determine the most cost-effective medicines.

In the first 24 hours of open enrollment, 16,000 beneficiaries signed up online alone. The service is largely the same as last year, but a few things have been tweaked. To help you sort out the options before the window shuts, here are four things to consider about Part D in 2007:

Act now. Unless you qualify for low-income subsidy programs, the Nov. 15 to Dec. 31 opening is your only chance to change coverage or enroll in a Part D plan. Furthermore, the government recommends enrolling by Dec. 8 to ensure that your coverage is accessible by Jan. 1. In 2006, consumers had until May 15 to choose coverage.

Watch for shifting costs. If you're satisfied with your current Part D plan, you don't need to do anything--you will be automatically re-enrolled for the coming year. Before you sit back and relax, though, take a moment to verify that your plan hasn't changed. "What was best for you last year might not be best for you this year," says Ted Sarenski, a partner with the accounting firm Dermody, Burke & Brown in Syracuse, N.Y.

You should have been informed by mail of any plan changes by Oct. 31 with an "Annual Notice of Change." Otherwise call your insurer to verify that your costs and drug coverage won't change next year.

"Nationally, some insurers are pushing down premiums to compete," says Cathy Batteer, vice president of Medicare for UPMC Health Plan, a health insurance company in Western Pennsylvania owned by the University of Pittsburgh Medical Center. The monthly premium for UPMC's standard Part D plan, for example, will decrease from \$40.10 to \$23.50 in 2007. But many other plans have raised their premiums.

Beware of the expanding donut hole. Standard Medicare Part D plans have a coverage gap, known as the donut hole, that can be costly to beneficiaries. If you fall into the hole in 2007 you'll end up paying even more to escape. In 2006, Medicare paid for an individual's drug costs until \$2,250 in expenses had accrued. Coverage then ceased, resuming once the beneficiary had paid \$2,850 out of his or her own pocket. In 2007, the gap comes after you accrue \$2,400 in drug costs, and coverage won't resume until you spend about \$3,051 of your own money. That means you'll pay \$201 more to escape the donut hole should you fall in, a 7 percent increase from 2006.

While the donut hole is getting deeper, other costs should remain in check. Jeff Nelligan, a CMS spokesperson, says the average monthly premium should stay at \$24 in 2007, while 29 percent of all offered plans will have some form of donut-hole coverage. But you'll pay more for more comprehensive coverage. For example, the monthly premium for UPMC Health Plan's standard plan is \$23.50, while its enhanced plan, which includes donut-hole coverage for generics, costs \$37.50.

Consider generic drugs. If possible, substitute generics for expensive brand-name medications. Sarenski advises taking a list of your medications to your physician, who can check for comparable generics. "Each year certain drugs come off their patents and then generics are available," Sarenski says. "So a drug that wasn't available as a generic this year might be available next year."

You might still be able to keep costs down, though, even if generics aren't an option. Compare your drugs to those listed at *Consumer Reports Best Buy Drugs* (www.ConsumerReports.org/Health) to see if lower-cost alternatives are available in your plan.

Picking a plan. While shopping for a plan, make sure to verify deductibles, premiums, and co-pays. A plan with a low premium that seems too good to be true might carry a high deductible. Also, if you're afraid you might end up in the donut hole, look for plans that extend some form of coverage for the gap. For more on how to decide whether to upgrade your coverage, go to Medicare Rx on the *Consumer Reports Best Buy Drugs* site:

www.CRBestBuyDrugs.org/medicarerex.htm.

Use Medicare's "plan finder" Web tool to compare plans. The utility has been revamped to include a more user-friendly matrix that rates plans in areas such as pricing, telephone customer service, complaints, and information sharing with pharmacists. Look for plans that carry the maximum three-star rating for good performance. Go to www.medicare.gov to use the tool or for more information in general. Ask a family member or friend for help if you're unaccustomed to using computers or don't have Internet access, or you can call 1-800-Medicare.