

How to Enroll in a Medicare Drug Plan: A Step-by-Step Guide for New Beneficiaries

1. Find out if you need to enroll and/or if you want to enroll in a Medicare drug plan.

Some Medicare beneficiaries have other types of prescription drug coverage that may offer better, and possibly less expensive, coverage for their prescription drugs. This type of coverage is called “creditable coverage.” These individuals may not need to join a Medicare drug plan. Other beneficiaries who do not have creditable coverage and who are eligible to enroll in Part D but do not enroll will be assessed a penalty added to the premium if and when they choose to enroll in a Part D plan.

These questions may help beneficiaries decide if they need to enroll in a Medicare drug plan and/or if they want to enroll in a plan:

- Do you have Medicaid as well as Medicare (i.e., a full dual eligible)? Your Medicaid prescription drug coverage ends when you become a Medicare beneficiary and is replaced by Medicare prescription drug coverage.
 - As a full dual, you will be auto-enrolled into a Medicare drug plan if you do not enroll in a plan on my own.
 - As a full dual eligible, you will automatically get the low-income subsidy (or extra help) to pay most of the costs associated with being in a Medicare drug plan.
- Are you enrolled in a Medicare Savings Program (MSP), including QMB, SLMB, or QI?
 - As an MSP enrollee, you will be facilitated into a Medicare drug plan if you do not enroll in a plan on your own.
 - As an MSP enrollee, you will automatically get the low-income subsidy (or extra help) to pay for most of the costs associated with being in a Medicare drug plan.
- Are you enrolled in your state’s Prescription Assistance Program (SPAP)?
 - Some SPAPs are considered creditable coverage. Contact your SPAP to find out if your coverage is considered creditable.
 - Some beneficiaries in an SPAP may need to apply for the low-income subsidy (or extra help) to pay for most of the costs associated with being in a Medicare drug plan.
 - If you apply and are determined eligible for extra help you may select a Medicare drug plan that meets your needs.
 - If you do not enroll in a Part D plan on your own, you will be facilitated into a Medicare drug plan.
 - Some beneficiaries in an SPAP may NOT need to apply for the low-income subsidy (or extra help) to pay for most of the costs associated with being in a Medicare drug plan. Some SPAP programs work with the Social Security Administration to ensure that all SPAP enrollees apply automatically for the low-income subsidy.
- Do you have a Medigap policy that provides prescription drug coverage (H, I, or J)?

- Your Medigap policy (H, I or J) will NOT be creditable drug coverage. This means that if you are eligible to enroll in Part D but do not enroll in Part D, you will be assessed a penalty added to the premium of your Part D plan if and when you choose to enroll in Part D. You may also need to consider what type of Medigap insurance you would like to have.
- Do you have retiree health insurance that offers prescription drug coverage?
 - You should find out from your retiree plan if your coverage is creditable drug coverage. Your retiree plan must notify you about the creditable status of your coverage.
 - If it is creditable drug coverage, then you can decide to keep it and not enroll in a Medicare drug plan without facing a penalty if you later decide to enroll in Part D.
 - If it is not creditable drug coverage, then you will have to pay a penalty added to your monthly premium if you later decide to enroll in a Medicare drug plan.
- Do you have prescription drug coverage through TRICARE or through the Veterans Administration (VA)?
 - VA and TRICARE are considered creditable drug coverage. You should get a notice from the VA or TRICARE about the creditable status of this coverage. You may then decide whether to keep your current coverage and/or enroll in a Part D plan.
 - If you keep your current coverage and decide at a later date to enroll in a Medicare drug plan, you will not have to pay a penalty premium.

2. Decide what type of Medicare Part D plan in which to enroll.

If you decide to join a Medicare drug plan, there are many different types of plans to consider. These questions may help beneficiaries to decide what type of plan is best for them:

- Do you want to join a stand-alone prescription drug plan (called a PDP) and stay in Original Medicare for your Part A and/or Part B benefits?
 - If so, are you eligible to receive help paying Medicare's out-of-pocket costs through your state's Medicare Savings Programs (MSPs)?
 - If you are not eligible for an MSP, what kind of Medigap policy can you afford to help cover the out-of-pocket costs and coverage gaps in Original Medicare?
- Do you want to join a Medicare Advantage (MA) plan and get all of your Medicare benefits- including Parts A, B and D- and possibly extra benefits? (Medicare Advantage plans that offer the Medicare prescription drug benefit are called MA-PDs.)
 - Do you understand the managed care rules that you must follow as a MA plan enrollee?
 - Do you want to join a Regional PPO or a local MA plan? Do you understand the differences between these types of MA plans?
- Should you consider enrolling in an enhanced plan that offers supplemental coverage and can you afford the higher premiums for these plans?

3. Select one plan in which to enroll.

On October 1 of each year, private companies (also called plan sponsors) offering PDPs and MA-PDs may begin advertising and marketing their plans to beneficiaries. CMS also publishes information about all Part D plans on their website and through 1-800-Medicare.

These questions may help beneficiaries to decide what specific plan is best for them:

- Are the drugs that you take covered by the plan's formulary?
- Is the pharmacy you prefer to use in the plan's network? Do you understand how to use any mail order option the plan offers? Is there a pharmacy in the plan's network that is convenient for you?
- What is the process for getting a drug you need that is not covered by the Part D plan or is removed from the plan after you have enrolled?
- What is process if you cannot afford the cost-sharing requirements for a drug that your doctor says you need?
- What is the monthly premium and can you afford this amount?
- Do you understand the cost-sharing structure of drugs on the formulary?
- Can the plan explain how it will handle any special pharmaceutical needs such as:
 - What if you take specific psychotropic medications or HIV/AIDS drugs to maintain your medical stability?
 - What if you have already received prior authorization to take a specific drug? What if you already tried certain drugs but failed to respond to the less expensive drugs on the step therapy requirement? What if you need more than the normal amount of a medication?
 - Is "off-label use" an option that is covered by the plan?

4. Enroll in a plan during an enrollment period.

Continuous open enrollment is *not* available for Medicare Part D. Generally, beneficiaries may only join a Medicare drug plan during specific enrollment periods.

- If you are new to Medicare (nearing age 65 or the 25th month of disability), you have a Part D Initial Enrollment Period that begins three months before the month of eligibility and ends three months after the month of eligibility.
- If you are not new to Medicare because you have been a Medicare beneficiary, you can enroll in a Medicare Drug Plan during the Annual Election Period (AEP), each year from November 15th to December 31st.
 - If you enroll in a plan during the AEP, you will begin receiving drug coverage from your plan on January 1st of the following year.

- If you do not enroll in a plan during the AEP, you probably have to wait until the following AEP to enroll in a Medicare Drug Plan. It is likely you will be assessed a penalty upon enrollment into Part D.
- If you lose other creditable prescription drug coverage, you will have a Special Enrollment Period (SEP) to get into a Medicare drug plan. This SEP allows 60 days from when your previous coverage ends to enroll in a Part D plan. If you enroll in a plan during this SEP, you will have no penalty premium.
- If you move out of the service area of your Medicare drug plan, you will have a SEP to get into a Medicare drug plan.

If you are a low-income Medicare beneficiary and you qualify for the low-income subsidy, or extra help, there are several important rules about enrollment in a Part D plan that you should know.

- **Dual-Eligibles:** Those enrolled in both Medicare and Medicaid and those in a Medicare Savings Program have a continuous SEP, which allows them to switch to another Medicare drug plan at any time after they have enrolled in a plan.
- **Other Low-Income Beneficiaries:** Other low-income beneficiaries determined eligible for the extra help do not have this continuous SEP.

5. Disenrolling from a Medicare drug plan.

If you are not happy with the plan in which you have enrolled or if the plan is not meeting your prescription and other medical needs, you may be able to change plans, but only during certain enrollment periods. You have the following options:

- There is an Open Enrollment Period each year for those Medicare beneficiaries with both Part A and Part B that permits one specific switch—from an MA-PD to another MA-PD **OR** from an MA-PD to Original Medicare and a PDP **OR** from Original Medicare with a PDP to a MA-PD—at any time between January 1 and March 31st.
- Any Medicare beneficiary may switch plans during the Annual Election Period (AEP) or during any Special Enrollment Period (SEP) that applies to their situation.

You can disenroll from a Medicare drug plan, but you will not be able to join another Medicare drug plan until the next AEP or during a SEP, should you qualify for one. At that point, you may be assessed a penalty premium. If you do not pay your monthly Part D plan premium, the plan may disenroll you.