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Get Ready: Medicare Drug Plan's To-Do List

By [ROBERT PEAR](#)

WASHINGTON

MEDICARE will begin paying for prescription drugs on Jan. 1 next year. But between now and then, beneficiaries will have to cope with a flood of advertising, sort through a potentially confusing array of options and select a prescription drug plan before they can receive the benefit.

For older and disabled people who now pay the full price of their medicines without any insurance coverage, the new benefit will almost surely be worthwhile, experts say. The same is probably true for beneficiaries who purchase supplementary coverage to fill gaps in Medicare.

But for retirees who receive drug benefits as part of a health plan provided by former employers, the choices may be more difficult. Much will depend on what their former employers decide to do. Retirees can sign up for the new Medicare coverage, but if the employer-sponsored coverage is still available, it may provide a superior drug benefit.

The Medicare drug plans will be operated by private companies. The first annual enrollment period runs from Nov. 15 of this year to May 15, 2006. The drug benefit is voluntary. People do not have to sign up, but the government expects more than 29 million people to enroll. People may be subject to stiff penalties if they delay enrollment and decide to sign up at a later date. Premiums, expected to average \$35 a month in 2006, will be increased 1 percent for each month that a person delays enrolling.

More than 85 percent of Medicare beneficiaries are enrolled in the traditional fee-for-service program. The coverage is basically the same for all beneficiaries. By contrast, the new drug benefit may vary substantially, as different insurance companies offer different plans, covering different drugs and charging their own premiums and co-payments.

All the drug plans must be at least as generous as the "standard coverage" defined by Congress. In practice, beneficiaries will need to sift through the options to determine which offer the best value. Drug plans do not have to cover every drug, but are supposed to cover at least two in each therapeutic category and class.

The new drug benefit will be heavily subsidized by the government. About 14 million of the 41 million Medicare beneficiaries will be eligible for extra financial assistance because they have low incomes. In general, people will need to apply separately for the drug benefit and the low-income assistance.

Judith A. Stein, director of the Center for Medicare Advocacy, a nonprofit group that counsels beneficiaries, said, "In almost all cases, low-income people will be well served by the Medicare drug benefit, and they should be sure to enroll."

To prepare for the program, Ms. Stein said that beneficiaries should know their income and assets and write a list of the drugs they take, with the doses.

In late May, the government will begin mailing notices and applications to millions of people who might be eligible for low-income subsidies. And in June and July, federal officials will join dozens of community groups to publicize these subsidies.

In October, the government will mail revised handbooks to beneficiaries. The handbooks, titled "Medicare & You 2006," will provide information about the benefits and costs of different drug plans and managed care plans. The drug plans cover only drugs.

The managed care plans - health maintenance organizations and preferred provider organizations - cover doctors' services and hospital care, and generally offer drug coverage as well.

Insurers can begin marketing their plans on Oct. 1.

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