



# Senior Update

**Commission  
on  
Aging**

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## – ISSUES IN DEPTH –

### The Transitional Medicare-Approved Drug Discount Card

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On May 1, 2004 a number of Medicare Approved Drug Discount Cards became available. Information is available on line at [www.medicare.gov](http://www.medicare.gov) (Prescription Drug and Other Assistance Programs) or by phone at 1-800-Medicare (1-800-633-4227) – if you can get through! Locally you can contact HICAP (Health Insurance Counseling Assistance Program) at 800-434-0222 or go on line at [www.calmedicare.org](http://www.calmedicare.org) for a great deal of information. All in all this is a very complicated program and it is difficult to determine, individually, what card – if any – will be best for you.

Current Coverage – all participants must have Medicare Part A and/or Part B	Medicare-Approved Discount Card		Possible \$600 Credit if Income less than \$12,569 single; \$16,852 couple	
	Eligible	Not Eligible	Eligible to apply	Not Eligible
Medi-Cal (with NO share of cost)		X		X
Tricare for Life (military)	X			X
FEHBP (federal employees/retirees)	X			X
Any employer or retiree health plan with drug coverage	X			X
No drug coverage of any kind	X		X	
Medicare Advantage/Medicare Managed/Medicare+Choice (HMOs)	X		X	
Medigap policy	X		X	
State Pharmacy Assistance Program	X		X	

#### Eligibility Issues...

First you must determine if you are even eligible for a card. If you are also “income eligible,” Medicare may approve you to have a \$600 credit added to the card you choose.

If you have a Medicare Managed Care Plan (old Medicare+Choice) such as Kaiser Senior Advantage, HealthNet Seniority Plus, Secure Horizons, etc. that has a prescription drug card, you must use it – you *cannot* get any other card. This is the case in Alameda County. All three of these Medicare HMOs are offering an exclusive Drug Discount Card. Kaiser’s card is \$30 and the Health Net and Secure Horizons cards are no cost.

If part of your deductible and co-pay is paid by Medicare Savings Programs, that financial support will continue.

#### The Basic Process...

To get any drug card, you have to complete an application form available directly from the card sponsor companies or by calling Medicare, or go on-line to [www.medicare.gov](http://www.medicare.gov) to find out which card sponsors are available in your area. All cards that are Medicare-approved will have a black Medicare logo clearly visible. Annual fees can range from zero to a max of \$30. A new fee will be due for 2005 coverage.

If you feel you are eligible for the \$600 credit, you must complete a form specifically for that and submit it to the card sponsor. They will then forward it to Medicare who verifies eligibility. Once approved, that credit becomes available to you whenever you use your card. Medicare will also pay the Annual Fee if there is one.

### ***The \$600 credit rules and regulations...***

If you are approved for the \$600 credit anytime in 2004, you do not have to reapply for it in 2005. If you delay getting a card until some time in 2005, the \$600 credit will be pro-rated on a quarterly basis (\$150/quarter).

Each time you use your card there will be a deduction against the \$600 and the pharmacy will tell you how much of the \$600 is left. You will always have to pay either a 5% or 10% co-pay, determined by Medicare based on your income. You can also call Medicare and ask for your balance at any time.

Once the \$600 credit is used up, you will continue to get the discounted rate and must pay the co-pay for the balance of the calendar year. However, if you have a balance on December 31, you can roll it forward to 2005, if you keep the same card or you change between November 15 and December 31.

### ***What the cards offer...***

Each card sponsor will provide a “discount drug list” of their choice. You will only be able to receive a discounted price for those specific drugs. Medicare has said the discounts will average between 10-25% for brand name and up to 40% for generic drugs. **However....**the card sponsor can change its list of discounted drugs **as often as once a week**, as well as the **discounted prices** you were shown at the time you purchased the card. The company also has the right to specify selected pharmacies where the card will be valid.

If you live in other states during the year, you need to make sure the card you choose will also be accepted there as well.

You can only have one Medicare-approved discount card at a time and you cannot switch during this calendar year (i.e., from now until December 31, 2004). You can, however, apply for a different card for 2005 beginning November 15, 2004, which would go into effect January 1, 2005. In either case, you will need to pay a new Annual Fee.

You would be eligible for a new card during this year ONLY if you 1) move to a state where your current card is not valid; 2) you join or leave a Medicare Managed Care plan; 3) you enter or leave a long term care facility or 4) the company cancels the card.

### ***Non-Medicare Approved Cards...***

Evidently there are no restrictions on the purchase of additional *non-Medicare* approved cards. You would

be able to use whatever card would give you the greatest benefit, but you cannot use more than one at the same time for a bigger discount on the same drug.

### ***Choosing a card...***

Now comes the hard part. With multitudinous cards to choose from in California, how can one make a reasonable choice? There are some things you should have ready in order to begin the quest to compare your options.

1) Make a list of all your current medications, the dosage, quantity per day, manufacturer, and cost (noting any discounts you might have). AARP offers a good worksheet on their web site, [www.AARP.org](http://www.AARP.org).

2) All people on Medicare already have the right to receive all of their prescriptions at the Medi-Cal cost through the **California Prescription Drug Discount** program by *merely showing their Medicare card* at a pharmacy that accepts Medi-Cal. This program has not been widely advertised, and many are not taking advantage of this savings – which costs nothing! Be sure to check with your pharmacy and list these costs as well for comparison purposes.

3) You may be partial to a particular pharmacy (e.g., they deliver). But a recent news article pointed out that the same drug at the same pharmacy chain can vary in price at different locations – so call several!

4) Prioritize your medications, perhaps by sorting by most expensive, and ones that you know are for a chronic on-going condition, versus those you may be taking for a limited time for an acute illness. Check to see if mail service is available, and if that would offer a different price – it could be more or less!

5) Compare Costco prices which are generally very competitive and no membership is required.

**Recommended Resources:** [www.medicare.gov](http://www.medicare.gov); [www.lashicap.org](http://www.lashicap.org); Kaiser Family Foundation at [www.kff.org/medicare/rxdrugs.cfm](http://www.kff.org/medicare/rxdrugs.cfm); California Health Advocates at [www.calmedicare.org](http://www.calmedicare.org); National Council on Aging at [www.benefitscheckup.org](http://www.benefitscheckup.org). and at [www.my.webmd.com](http://www.my.webmd.com); [www.AARP.org](http://www.AARP.org). **Happy Shopping!**

This background paper is produced by the *Senior Update* editorial board of the Advisory Commission on Aging, Alameda County Area Agency on Aging, located at 6955 Foothill Boulevard, Suite 300, Oakland, CA 94605, (510) 577-3531.0