

Posted on Fri, Oct. 14, 2005

Picking a plan

Medicare's new prescription drug program offers senior citizens a multitude of choices

By Teresa McUsic
Special to the Star-Telegram

The enrollment period for Medicare's new drug benefits starts next month, but most senior citizens aren't eager to sign up.

A recent Gallup poll shows that 61 percent of those surveyed don't understand the program, and only one in four said they plan to join the Medicare Part D Prescription Drug Plan.

The choices may be dizzying, but the bottom line is that the benefit will save money for an estimated two-thirds of U.S. seniors, said Carole Barasch, spokeswoman for AARP of Texas.

The average senior citizen will pay \$1,912 for prescription drugs this year, or around \$160 a month, according to the PRIME Institute for Families USA, a health care advocacy group.

On its Web site, www.medicare.gov, Medicare estimates that the new plan would save that senior citizen \$96 a month, or \$1,152 a year, under the lowest-cost plan available in Texas, even after paying the premium.

"Enrollment is not automatic, though," Barasch said. "You have to sit down and do some homework."

In addition, eligible seniors who don't sign up during the enrollment period face a stiff penalty – 1 percent for each month they delay for the rest of their lives.

Burk Rosenthal, who heads a retirement investment-advisory firm in Fort Worth, said the penalty makes it crucial for seniors to sign up during the enrollment period.

"If you are healthy now, but sign up 20 months later because you start taking medications, that 20 percent penalty over your premium cost goes with you," he said.

Texas seniors have quite a task before them. According to the Medicare handbook mailed this week, Texans will have the choice of 46 Medicare prescription drug plans for 20 companies.

Barasch, the AARP spokeswoman, said that it may be difficult to sort through the choices but that the competition is good for consumers.

Some big insurance company names are among the plan sponsors, including Cigna HealthCare, Humana, Aetna and Unicare.

IN THE KNOW

Assistance With drug plans

- A free workshop open to the public on Medicare's new prescription drug benefits is scheduled for 4 p.m. November 7 at the Wyndham Arlington Hotel, 1500 Convention Center Drive, Arlington. For reservations, call (817) 336-2000 or (214) 752-1000. The speaker will be Sheila Cunningham from the Medicare Education Department at Trailblazer Health Enterprises. The workshop is sponsored by Rosenthal Retirement Planning.
- A free comparison tool for the prescription drug plans will be available starting Monday at www.Medicare.gov or by calling (800) 633-4227.
- A new guide explaining the program called "New Medicare Prescription Drug Coverage" is available from AARP by calling (888) 687-2277 or by going to www.aarp.org/medicarerx.

On the low end is Humana's POP Standard drug plan with a monthly premium of \$10.31, a co-pay of \$2 to \$5 and a \$250 annual deductible.

United Health Care has partnered with AARP to offer an AARP MedicareRx Plan with a monthly premium of \$28.25, no yearly deductible and a co-pay of \$5 to \$55, depending on the drug.

At the higher end is the platinum plan by Prescription Pathway, with a monthly premium of \$68.41, a co-pay range of \$4 to \$42 and no annual deductible.

Advocates for seniors suggest 10 points to consider when evaluating their options:

1. Out-of-pocket costs: Premiums, deductibles and co-payments will vary widely. Monthly premiums in Texas average about \$37. Annual deductibles for the plans range from zero to \$250 (the maximum allowed by Medicare).

Co-payments and co-insurance also have wide ranges, so be sure to compare. Co-payments paid per prescription vary from \$2 to \$5, to a much larger range of \$10 to \$75. Be sure to check whether co-pays vary between generic and brand-name drugs.

2. Your medications: Not all plans cover all drugs, so make a list of the ones you are using and their prices and make sure the plans you are considering cover them. Also consider your family medical history for heart disease, high blood pressure and other conditions or illnesses and make sure the most common drugs for those medical problems are covered.

3. Your pharmacy: Not all plans use all pharmacies, so ensure whether your favorite drugstore or mail-in pharmacy uses your plan.

4. Look for the doughnut hole: Medicare does not require coverage for annual drug costs between \$2,850 and \$3,600, a gap that some experts are calling a 'doughnut hole'. Some plans have this hole, and others don't. Most seniors won't reach this level, but one in four will. Make sure you know whether your plan has this gap.

5. Enrollment: The enrollment period is Nov. 15 to May 15, 2006, with annual enrollment each fall after that. Benefits begin Jan. 1 for those who enroll during that period. Unless you qualify by income level, you are not automatically enrolled in any of the programs.

6. Penalty for enrolling late: If you wait until after the stated enrollment period, a 1 percent penalty will be added to your premium for every month you're late, no matter which plan you pick. The penalty is permanent.

7. You're not stuck: If you don't like the plan you have chosen and later find a better match for your needs, you can switch plans in the fall during the open-enrollment period.

8. Already on a drug-plan: If you already have a prescription drug plan through your employer or union and it has been rated "creditable", or as good as Medicare's plans, you do not have to join the new plans and you won't be penalized later for not joining. Your plan sponsor will notify you of its rating.

9. Low-income exception: If you are on Medicaid as well as Medicare, you will be automatically enrolled in the new prescription drug program. But you can pick your plan.

10. More information: www.eldercare.gov or call (800) 677-1116 for a local counselor.

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