

Medicare

Prescription Drug Plan Guide

An educational resource developed by  Aetna Medicare and published by Rite Aid Corporation.

Simple steps to help
you choose the
right prescription
drug coverage

Rite Aid pharmacists
are trained to help.
They are Medicare
Part D experts.



With us, it's personal.



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Is there a simple way to understand my Medicare prescription coverage options?

Think of the alphabet as a starter:

Part A (under the Original Medicare Plan) is managed by the federal government to help cover inpatient hospital and skilled nursing facility care, home health agency services and hospice benefits – usually for no monthly premium. Prescriptions are not covered by this program.

Part B (under the Original Medicare Plan) is managed by the federal government to help cover doctor services and outpatient care for a low monthly premium, which is deducted from your Social Security check. (The Part B premium changes each year and is \$93.50 for 2007.) Most prescriptions are not covered by this program.

Part C (Medicare Advantage Plans) is managed by health insurance companies for a monthly premium, to cover the same or better benefits than the Original Medicare Plan (Parts A and B). Some Medicare Advantage plans include Medicare prescription drug coverage.

Part D (Medicare prescription drug coverage) is managed by health insurance companies for a monthly premium, to help cover your prescription costs only. This coverage is available as a stand-alone Medicare prescription drug plan or as part of a Medicare Advantage plan.

Okay, so now what do I do?

If you are a Medicare enrollee and:

- You do not have prescription drug coverage from your employer, Tricare, the Veteran's Administration or another government-funded program,

OR

- You pay for your own private drug coverage,

OR

- You received a notice that your current coverage is not as good as Medicare Part D (not creditable coverage),

then please use this guide to select a Medicare Part D Prescription Drug Plan which could save you money on your current prescription drug costs and will provide insurance protection for the future.

Please give me more details about "Part C" and "Medicare Advantage plans"

When you join a Medicare Advantage plan, the Medicare program pays health insurance companies to manage your Part A and B coverage, usually within a network of doctors and hospitals and may also include prescription drug coverage. There is a monthly premium with these plans.

Think of a Medicare Advantage plan with Medicare prescription drug coverage as an "all-in-one plan." It's the only Medicare plan option that includes hospital (Part A), medical (Part B) and Medicare prescription drug coverage (Part D) all in one plan, from one company, often for one monthly plan premium.

Medicare Advantage plans are available to anyone with Medicare Parts A and B (restrictions may apply if you have permanent kidney failure).

Many people still believe that Medicare Advantage plans limit their choice of doctors and hospitals. However, today, new plans offer you far greater choice. These plans include:

1. Health Maintenance Organizations (HMOs)

Medicare Advantage HMOs contract with a network of doctors and hospitals and may offer more benefits for less money than the Medicare program and many Medicare supplement plans.

2. Preferred-Provider Organizations (PPOs)

Medicare Advantage PPOs provide all the benefits of an HMO while offering the flexibility to use doctors and hospitals outside of the network.

3. Private-Fee-For-Service Plans (PFFS)

Medicare Advantage PFFS plans do not contract with a network of doctors, allowing you to use any licensed doctor, medical specialist or hospital that is eligible to receive payment from Medicare. As a result, you generally pay more out of your pocket than you would with an HMO or PPO plan.

What about “Part D” programs?

Like Part C, the Medicare program pays health insurance companies to manage your Part D benefits, which help cover your prescription drug costs. In Part D, for a low monthly premium, this coverage is available as a stand-alone Medicare prescription drug plan. Extra help with monthly premiums, deductibles, copays and coinsurance is also available for qualified beneficiaries with limited incomes and resources.

Medicare prescription drug coverage varies by plan and company, but the plans generally include low copays or coinsurance for covered brand and generic prescription drugs.

You will pay a monthly premium and your prescriptions will be covered:

1) After you pay an annual deductible, which changes each year and ranges from \$0 to \$265 for 2007.

2) Until total covered prescription drug costs paid by you and the plan add up to the annual “initial coverage limit,” which changes each year and is \$2,400 for 2007.

3) Beyond the “limit” there is no coverage, or limited coverage, for prescription drugs until the total you pay out of your pocket for covered prescription drugs reaches an annual limit, which changes each year and is \$3,850 for 2007. This amount is also known as the “true out-of-pocket” or “TrOOP” limit.

4) After you have paid \$3,850 out of your pocket for covered prescription drugs the plan will then cover 95% of your covered prescriptions, **until** your new plan year begins.

Some plans also offer:

- Money-saving 90-Day pharmacy programs.

Each plan is different, so you need to shop for a plan that is best for you. Plans have various deductibles, co-pays, number of “tiers” or different co-pay levels, and coverage of any drugs during the coverage gap. Plans also differ in the drugs included in the formulary (list of covered drugs) and the requirements for use of certain drugs, such as prior authorization from the plan. The use of a computer tool such as the Rite Aid Medicare Advisor will help you sort through all the options available in your area. (See page 13.)



What else do I need to know?

Q. Should I apply for Medicare if I currently have health coverage from a private insurance company or an employer?

A. You should contact your insurance agent or your employer's human resource department before making a decision to enroll in a Medicare plan. This is especially important if your current plan covers family members or offers long-term insurance.

Q. My spouse is covered under my current health plan and won't be 65 for another three years. Will she be covered under my Medicare plan if I decide to enroll in one?

A. No. Your spouse will not qualify for Medicare coverage until age 65.

Q. I have a low income. Can I get help paying for my Medicare plan premiums?

A. Possibly. If you have limited resources and your monthly income meets certain requirements, your state may help with your Medicare premiums and may also pay your Medicare deductibles and coinsurance. To learn more, call 1-800-MEDICARE (1-800-633-4227) and ask about the Medicare Savings Programs.

Q. What if I don't take any prescription medicines right now?

A. Even if you don't take any prescription drugs right now, enrolling in a plan that includes Medicare prescription drug coverage can help protect you, without penalty, in the future. In most cases, if you don't join when you are first eligible, and you don't currently have a drug plan that is at least as good as Medicare prescription drug coverage, you will pay a penalty that increases every month you wait. Keep in mind that if you don't enroll during your initial enrollment period, you typically must wait until the following November to enroll.

Q. How do I sign up for Medicare?

A. When you enroll for Social Security benefits at age 65, you will automatically receive your Medicare card in the mail. If you began collecting Social Security benefits prior to your 65th birthday, you need to apply for Medicare when you turn 65. If you are disabled, other rules may apply. For more information, call Social Security at 1-800-772-1213 (TDD: 1-800-325-0778) Monday through Friday, 7 a.m. to 7 p.m.

Q. Do I give up my Medicare Part A and B coverage when I join a Medicare Advantage plan?

A. The Medicare Advantage plans replace Medicare Parts A and B available from the federal government. Medicare Advantage plans are managed by private health insurance companies.

Q. Do I give up my Medicare Part A and B coverage when I join a stand-alone Medicare prescription drug plan?

A. No. You simply add benefits to your Part A and B coverage.

Q. Do I have to join a plan that includes Medicare prescription drug coverage (Part D)?

A. No. However, you should consider doing so as soon as you become eligible to avoid paying a penalty, and facing delayed enrollment, later. In most cases, if you don't join when you are first eligible, and you don't currently have a drug plan that is at least as good as Medicare prescription drug coverage, you will pay a penalty that increases every month you wait. If you're getting prescription drug coverage through your former or current employer, check with your human resources department to see if your current drug plan is at least as good as Medicare prescription drug coverage.

Q. Are there limits to when I can change Medicare health plans?

A. Yes. Generally, you can only change plans once a year, from November 15 through December 31, unless you meet certain special exceptions, such as moving out of your plan's service area. If you are covered by Medicaid you can change your coverage each month.

Commonly used Medicare words

Annual Election Period (AEP)

November 15 through December 31, which is generally the only time of each year that you can change plans (unless you meet certain special exceptions, such as moving out of your plan's service area or you are covered by Medicaid).

Coinsurance

The percent that you pay for a covered drug. With some plans, you do not pay coinsurance until you have first paid a deductible.

Copay

This is the set amount you pay for each covered drug. Different copays may apply depending on the type of drug (brand or generic) or days supply (30 or 90). See "Drug Tiers".

Coverage Gap

Amount you pay for Medicare prescription drug coverage after the initial coverage limit and until the amount you pay out of your pocket for covered prescription drugs reaches \$3,850 for 2007. This amount changes each year and is also known as the "true out-of-pocket" or "TrOOP" limit. The Coverage Gap is sometimes referred to as a "Donut Hole."

Creditable Coverage

Drug coverage that is at least as good as Medicare prescription drug coverage.

Deductible

A set amount of dollars you must pay before you receive coverage for your benefits.

Donut Hole

See "Coverage Gap."

Drug Tiers

Drug tiers allow plans to group different types of drugs together on their preferred drug lists (such as generic drugs, brand-name drugs, or preferred brand-name drugs). For example, a two-tier pharmacy plan will have two different copay options. The lower copay may apply to generic drugs, and the higher copay may apply to brand-name drugs.

Formulary

A list of drugs covered by a health insurance plan. This list must always meet Medicare's requirements and is sometimes called a "Preferred Drug List."

Monthly Plan Premium

The payment you make to a health insurance company for your health plan.

Non-Preferred Drug

A drug that typically requires a higher copay than a preferred drug.

Penalty

The increased amount you may pay if you do not apply for Part D (Medicare prescription drug coverage) when you are first eligible.

If you don't join when you are first eligible, and you don't currently have a drug plan that is at least as good as Medicare prescription drug coverage, you may pay a penalty that increases the cost of the monthly premium by one percent for every month you wait to join.

Preferred Drug

A drug that typically requires the lowest copay.

Preferred Drug List

See "Formulary."

True Out-of-Pocket (TrOOP)

Amount you pay during the "Coverage Gap." This amount changes each year and may be paid by another person, or a qualified State Pharmaceutical Assistance Program (SPAP), on your behalf.

2) Find out if you are eligible for Extra Help paying for a plan.

If your 2005 income was less than \$14,355 (single) or \$19,245 (married and living with your spouse) and your combined savings, investments, and real estate (other than your home) are not worth more than \$11,500 (single), or \$23,000 (married and living with your spouse), you may be eligible for Extra Help. After 11/15/06 new income guidelines will be available for 2007 coverage. Find out more by calling 1-800-MEDICARE (1-800-633-4227) or fill out an on-line application at www.socialsecurity.gov.

3) Find out about the plans available in your area.

In October you will receive a book in the mail from the government called "Medicare and You" which lists plans in your area.

After November 1st, Rite Aid will offer a Medicare Advisor tool at www.riteaid.com/medicareadvisor. By entering the drugs you're currently taking along with some other information, you will receive a list of plans in your area that cover your medications, as well as plan costs. After November 15th, Rite Aid will also have brochures in our stores listing all of the Prescription Drug Plans available in your area.



Medicare offers a similar service to help you find a Medicare Prescription Drug Plan with their Medicare Plan Finder at www.medicare.gov. You can also call 1-800-MEDICARE (1-800-633-4277) and select the Plan Finder tool.

4) Select the best plan for you.

Based on the drugs you take, the costs of the plan and whether you can continue to use your local pharmacy, select the plan that is best for you. If you have current coverage, compare the costs with the Part C or Part D plans and choose the best plan.

5) Contact the plan for enrollment material.

Call the plan and ask for an enrollment kit or go to the plan website and enroll on-line.

6) Complete and send in your enrollment application.

It is best to get your application in by December 15th so that your benefits can be effective January 1st, and you do not have late enrollment penalties. If you are eligible for Extra Help, you must still send in an application to enroll in your plan.

7) Receive your plan identification card and begin using your benefits.

Always use your new ID card when filling a prescription. If you have any questions about your coverage, contact your plan. If you need assistance in changing drugs or finding ways to save money by using generic alternatives, contact your Rite Aid pharmacist. As always, if you have any questions about your medications, ask your pharmacist.

Who can help me learn more?

Social Security: 1-800-772-1213 (TDD: 1-800-325-0778) or www.ssa.gov.

Medicare: 1-800-633-4227 (TDD: 1-800-325-0778) or www.medicare.gov. Ask for your local State Health Insurance Assistance Program (SHIP), which provides free health insurance counseling to people who are eligible for Medicare.

Your Rite Aid pharmacist is here to help.

If you have any questions while reading this booklet, visit www.riteaid.com/medicare for more information or talk to a Rite Aid pharmacist. They're specially trained in Medicare Part D and are available to help every day.

You can also call Aetna plan specialists toll free at 1-800-832-240 (TDD: 1-800-628-3323) Monday through Friday, 8am to 6pm EST, or visit Aetna online at www.aetnamedicare.com.

To save time in finding the Medicare prescription drug plan that's right for you, visit Rite Aid's Medicare Advisor (available after November 1st) at www.riteaid.com/medicareadvisor. By answering a few simple questions, you will get a complete list of plans in your area that cover the medications you are taking, as well as plan costs.





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