

## Choosing the right Medicare drug plan

Written by Jason Alderman

Thursday, 19 November 2009 15:42

---

Prescription drug costs can take a double toll on retirees, who often live on fixed incomes and are also likely to need more – and more costly – medications as they get older. That's why the government created Medicare Part D, a voluntary program that subsidizes prescription drugs for Medicare recipients.

If you're eligible for Medicare, be aware that the six-week annual Part D open enrollment period for 2010 takes place from November 15 through December 31, 2009. Except in a few circumstances, if you miss that window you'll need to remain in your current plan until 2011. Here are a few details on Medicare Part D:

**Eligibility.** If you're 65 or older or have certain qualifying disabilities, you are eligible to participate in Medicare. (Go to [www.medicare.gov](http://www.medicare.gov) for eligibility information.) To sign up for Medicare Part D you must also be enrolled in Part A (hospitalization), and/or Part B (doctor visits and outpatient services). Under Part C, people enroll in a private Medicare plan that usually provides limited prescription drug coverage – be sure to check before joining Part D.

**Signing up.** Even if you think you don't currently need prescription drug coverage, remember you may face a late penalty that grows monthly if you don't sign up within your initial enrollment period – typically the three months before and after the month you turn 65.

**Alternate coverage.** If you already have prescription drug coverage through an employer or union plan and it is considered "creditable" (equal or better coverage than Part D), you can stay in that plan without incurring a late penalty for later joining Part D. Ask your current provider if their plan is considered creditable; if so, weigh its costs and features carefully before switching to Part D – it may be a better bargain.

**Choosing a plan.** Dozens of Part D plans exist with widely varying costs, coverage and convenience. When comparing plans:

- First go to [www.medicare.gov](http://www.medicare.gov) and click on "Prescription Drug Plan," where you'll find helpful information on how the plan works and factors to consider when choosing a plan.
- Use the interactive Drug Plan Finder to compare features of plans available in your area. (You can also do this by phone at 1-800-633-4227.)
- Each plan has a "formulary," which is a list of drugs covered at varying copayment amounts. Formularies vary widely and can change from year to year, so it's important to compare plans annually.
- Enter all your medications and dosages into the Finder for comparison. You may not find a plan that covers all your medications, but aim for one that at least covers the most expensive drugs. Also, note that they may cover generic versions, when available.
- Make sure the plans include your preferred pharmacies.
- Once you've entered your information into the Drug Plan Finder, you can compare plans side-by-side in terms of overall cost, deductible and copayment amounts, user ratings, and

## Choosing the right Medicare drug plan

Written by Jason Alderman

Thursday, 19 November 2009 15:42

---

other factors.

In addition to the Medicare site, another good resource is AARP ( [www.aarp.org/medicare](http://www.aarp.org/medicare) ). Also, your doctor or pharmacist may be able to help you choose the most cost-effective plan for your situation.

Jason Alderman directs Visa's financial education programs. Sign up for his free monthly e-Newsletter at [www.practicalmoneyskills.com/newsletter](http://www.practicalmoneyskills.com/newsletter) .