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Understanding Medicare prescription discount cards

Seniors and disabled Americans enrolled in Medicare have a new program to help pay for their prescription medicines. But many people are having trouble understanding how the program works, concedes Sen. Larry Craig (R-Idaho), chairman of the U.S. Senate Special Committee on Aging. "I sympathize with those who have found the process confusing," Sen. Craig says. However, it's worthwhile to spend time exploring your options if it saves you money, he says.

The program provides discounts on prescription medicines for people enrolled in Medicare part A and/or B. You can sign up for the program at any time without paying a penalty.

Enrollment is voluntary. You can choose to enroll, or you can continue getting your medicines where you already get them—through a managed Medicare health plan, for instance.

There are two ways to get help paying for your prescription medicines:

1. To receive discounts on medicines, most people will need to purchase a discount card that can be used at participating pharmacies approved by the federal government. Discount cards are not available to people eligible for outpatient prescription drug coverage through Medicaid.
2. If you are a low-income senior, you may qualify for up to a \$600 credit this year and next to help purchase your medicines. If you are eligible for this card, you will pay no annual fee. However, you will pay a co-insurance of 10 percent or 5 percent for each prescription, depending on your income level.

The \$600 credit is available in 2004 to single seniors with annual incomes below \$12,569 or couples with incomes less than \$16,862. Income eligibility levels may change in 2005.

People who qualify for the \$600 credit may also benefit from special-assistance programs sponsored by some large drug manufacturers. The manufacturers have agreed to provide certain drugs that seniors use for free or for a small fee once they have used up their \$600 credit, Sen. Craig reports.

The \$600 credit is not available to people who already receive prescription drug assistance through Medicaid, TRICARE (military health insurance), FEHBP (health insurance for federal employees or retirees), or employer group health insurance plans.

To apply for your \$600 credit in 2004, you can call the company offering the card you want and request an enrollment form. Or you can get an enrollment form through Medicare.

How the cards work

Here's how the discount card program works, according to the Centers for Medicare and Medicaid Services (CMS):

The government has given its approval to certain pharmacies across the country to offer cards that will allow the purchase of medicines at discounted prices. Legal cards have a special logo that says "MEDICARE APPROVED". The cards are not sold door-to-door or on the phone. You might receive an offer for a card in the mail. If you're cautious, you can check it out by verifying with Medicare that the offer is from a participating store.

A discount card can cost up to \$30 per year, but some cost less and some may be free. There are no monthly or other fees. According to the CMS, discounts are expected to range from 16 percent to 30 percent. However, you may find savings of 30 percent to 60 percent on generic medicines.

The cards do have some limitations. That means you'll have to do your homework to pick the card that's best for you. Here are some things to consider:

- Once a card is purchased, you can use it for discount purchases only through the pharmacy that issued it. You can't use it at another pharmacy, even if it's one you usually use to fill your prescriptions. You might want to consider whether the discount you receive is more important than driving a little farther to pick up your medicines at a participating pharmacy. On the other hand, if you travel often or live in another state part of the year, it may be wise to get a card that you can use outside your local area.
- You can't double up on discounts by using your Medicare-approved discount card in combination with a discount you might have at a particular pharmacy.
- Not all pharmacies will offer discounts on all of the drugs you use regularly. Look for a card that offers a price reduction on the drugs you use that are most expensive.
- The discount for any one drug may vary from pharmacy to pharmacy. So you'll want to compare the discounts available.

To make matters more complicated, any pharmacy can change its discounts at any time. Also, if you change medicines or get an entirely new medicine, the pharmacy may not provide discounts for those particular drugs. If the pharmacy no longer offers a discount card, you can get another one. But you may have to pay a new fee for a new card.

In any case, you should compare the discounts you receive to what you pay now. Make sure the Medicare discount card will really save you money. In some cases, sticking with your current pharmacy may be less expensive.

For reliable information

To find out more about discount cards and which pharmacies are approved to issue them, you can call 1-800-MEDICARE (1-800-633-4227) or 1-877-486-2048 if you are a TTY user. According to Sen. Craig, a Medicare representative will talk to you about your medicines and ask you for

information. You might be asked about other insurance coverage you have for medicines, for example.

After your phone information is processed, Medicare will send you a brochure that compares discount cards based on your personal drug needs. You will also receive a simple enrollment form and information that explains how to contact card sponsors directly.

If you have access to a computer, you can get the same information online at www.medicare.gov. Select “Prescription Drug and Other Assistance Programs.” The site has facts about card fees and drug discounts from various pharmacies as well as enrollment information.

You can also use the 1-800-MEDICARE phone number and the www.medicare.gov Web site to find out whether you qualify for the \$600 credit.

To make it easier to get information quickly, Sen. Craig offers these tips:

- Call Medicare evenings or weekends when phone lines are likely to be less busy. The phones are answered 24 hours a day.
- Be prepared before you call or go online. Make a list of the medicines you take and the dose you take (such as 1 milligram). Or have your pill bottles with you.
- Be ready with the name of your preferred local pharmacy. For purposes of comparing discounts, also ask for information about other pharmacies close to you and about mail-order options. This will allow you to compare fees and medicine discounts for several cards. For example, one discount provider may offer a medicine for \$60 for 30 days; another may charge \$85 for the same number of pills.
- Let the Medicare representative know if you are interested in getting a low-cost card. Remember that some cards may be free.

In some cases, there may be a program that suits your needs better than the discount card program. To check that out, contact your State Health Insurance Assistance Program (SHIP).

What’s next

The Medicare discount cards and credits are only temporary. Beginning Jan. 1, 2006, another federal program to provide prescription medicines for Medicare goes into effect. Stay tuned!

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