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## **Highlights of the New Medicare Prescription Drug Program**

Beginning in 2006, under the *Medicare Prescription Drug, Improvement, and Modernization Act* of 2003, Medicare beneficiaries will have the option of enrolling in a discount drug plan or joining a private health plan that offers drug coverage. Premium for the Medicare plan will be \$35 per person per month, \$420 per year. The plan affords coverage as follows: 75% of the first \$2,250 of annual drug costs, subject to a \$250 deductible, and 95% of the annual drug costs exceeding \$3,600. Said another way, the beneficiary will pay the first \$250 of annual drug costs, 25% of costs between \$251 and 2,250, all costs between \$2,251 and 3,600, and 5% of the costs exceeding \$3,600. For low-income beneficiaries an annual subsidy of up to \$600 will be available.

The bill creates an interim prescription drug discount program as a temporary measure until the new Medicare drug benefit goes into effect. For the period from June 2004 through December 31, 2005, Medicare has contracted with private companies (“sponsors”) to offer new, voluntary drug discount cards. A Medicare-approved drug discount card offers a discount off the full retail price of prescriptions. The prescriptions covered and the prices charged will vary depending on the card, and are subject to change. Enrollment is during May 2004. The fee is \$30.

Several factors should be considered when selecting a drug card sponsor. The Centers for Medicare and Medicaid Services provides information about the program on its website, <http://www.medicare.gov> and through its toll-free telephone information line, 1-800-Medicare, however, as the specific drugs which are included by a given sponsor and the prices that sponsor will charge are subject to change by the sponsor, price alone should not be the determining factor. Those eligible should consider the convenience of the pharmacies that participate in the various cards, enrollment or dispensing fees and other services that the particular pharmacist at which the card is accepted will offer, such as allergy alerts and other discount programs.