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# MED SUPP NEWS

SPECIALIZING IN MEDICARE SUPPLEMENTS, MEDICARE ADVANTAGE,  
 & THE MEDICARE PRESCRIPTION DRUG PROGRAM OR PART D  
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## 2009 Medicare Changes

Medicare has publicized the annual increases for the deductibles and co-insurances. They are as follows:

|                                  | 2008    | 2009    |
|----------------------------------|---------|---------|
| Part A deductible                | \$1024  | \$1068  |
| Days 61-90 hospital co-insurance | \$256/d | \$267/d |
| Lifetime Reserve days 91-150     | \$512/d | \$534/d |
| Skilled nursing co-insurance     | \$128/d | \$133/d |
| Annual Part B deductible         | \$135   | \$135   |
| Your Medicare Part B Premium     | \$96.40 | \$96.40 |

Great news for 2009! Your Medicare Part B premium of \$96.40 and the Part B deductible of \$135 remain unchanged.

## Annual Election Period (AEP)

The Annual Election Period begins Nov 15, 2008 and ends December 31, 2008. First lets review the alphabet soup:

- \* **OM:** Original Medicare
- \* **PDP:** Stand-alone Prescription Drug Plan
- \* **MA:** Stand-alone Medicare Advantage Plan
- \* **MA-PD:** MA plan with an embedded PDP plan.
- \* **MSA:** Medical Savings Account. Note: This is a type of a Medicare Advantage plan.

During this 45-day period you can do the following:

1. Switch your PDP plan from one company to another.
  2. Switch your MA plan to another MA company.
  3. Switch from your MA plan to an MA-PD.\*
  3. Disenroll from your MA plan and return to OM.\*\*
  4. Switch from Original Medicare to an MA plan. \*\*\*
  5. Switch from anything to an MSA plan. Note: If you are switching from an MA-PD, you will need to pick up a stand-alone PDP, as the MSA plan does *not* have an embedded PDP.
- \* This will disenroll you from your existing PDP plan.  
 \*\* You can pick up a Medicare supplement. You will have to medically qualify if you are out of the open enrollment.  
 \*\*\* You will want to terminate your Medicare supplement as it's of no use when you are on an MA plan.

There are some cautions to keep in mind. For example, if you have a Medicare supplement and a stand alone PDP plan and you enroll in a MA plan that has an embedded prescription benefit, you will automatically be disenrolled from your existing PDP plan. Likewise, if you enroll in an HMO or PPO MA plan, that will automatically disenroll you from your existing PDP, whether or not you take the embedded PDP option in the HMO or PPO MA plan. Man, that alphabet soup in enough to confuse even Albert Einstein.

## Prescription Drug Plans Increase – Why?

Many of you have rung my phone off the hook concerning the premium increases for your PDP plans. Why so much? First, we need a basic understanding of how this program works in conjunction with Medicare. Medicare pays the insurance company that you enroll in about \$52.50 per month per enrollee. That amount decreased a small amount from 2007 to 2008. I do not yet know the numbers for 2009, but I imagine that it won't be much different compared to 2008.

The entrance to the gap for 2009 moves from \$2,510 to \$2,700 of *retail prescription costs*. Under the original chassis of the PDP plan, you the Medicare beneficiary pay 25% of your scripts from the deductible up to the gap entrance.

The deductible increases from \$275 to \$295. However, the gap entrance has increased a total of \$190 or \$2700 minus \$2510 = \$190. You are responsible for 25% of that amount. Therefore, the PDP or insurance company is responsible for 75% of \$190 or \$142.50. If the funding from Medicare (the government) is static, that means that the insurance companies are on the hook for potentially \$142.20 more dollars per year. Subtract out the \$20 increase for the deductible (\$295 - \$275) and that still leaves you with \$122.50.

If you divide \$142.50 or \$122.50 by 12 months you have a number in the \$10-\$12 per month range. Some PDP's have gone up less than this while others have gone up more. Now you understand, in part, why the increases.

## What to do?

For compliance reasons, I can't mention any specific companies by name. However, as I run people's combinations of scripts on Medicare.gov's website, I can say that I have seen one particular PDP (*Brand X*) consistently showing up as the most competitive for 2009. In Idaho the premium for Brand X is below \$28 per month, below \$22 in Oregon and Washington, and below \$25 in Montana. Some of you already have this plan, so you likely won't need to change. In any event, if you are taking several prescriptions, I suggest that you fill out and return to me the white response sheet.

## Huge Savings with Generics

I ran a party's scripts, and his total annual estimate was around \$2,300. He takes Lotrel, a brand name blood pressure drug. I explained to him that Medicare.gov defaults to the generic *amlodipine/besylate* unless we tell it not to do so. By letting it revert to the generic form, that brought his total annual spend into the \$1,100 range. In other words, **his costs dropped by more than half by switching to the generic!**

In addition to that, **this one change keeps him out of the gap!** I advised him to check with his doctor and pharmacist to see if he can take the generic form of Lotrel. I might add that pharmacists take *extensive* training in pharmacology and are

often even more knowledgeable than many physicians concerning prescription drugs.

Some people have told me that they cannot take the generic equivalents, so the above scenario doesn't work.

## Don Saves \$500 to \$1,000+, a case history

I met Don Ricker from Moose City, Montana. I told him that his story is worth publicizing, but he asked me to keep it anonymous, so the name and city are fictitious.

Don takes Plavix and Actos, two fairly common and expensive brand names. He also takes four common generics, for diabetes, blood pressure, and cholesterol.

Running his scripts on Medicare.gov, the best buy has an estimated annual cost of \$1,870 using Brand X. (Yeah, there's that Brand X again.) He goes into gap in Oct., Nov., and Dec.

Hitting the gap is financially tough for many, so it only behooves a person to consider the alternatives. Because of this, his wife, Barbara, told me that they are now buying his generics at Big Box, a large box store chain. (Hint: It's blue.)

There is another important piece to this story. Don currently has a plan that has *generic* coverage in the gap. His "total spend" for 2009 with his existing plan is just shy of \$3,000. Folks, I'm pounding the table here. **Most people that have a plan with generic coverage in the gap are throwing their money away for a needlessly expensive plan!!!** Yeah, Don was headed to waste over \$1,100 by being in the wrong plan! He won't now.

I suggested this to Barbara: Let's run his scripts *without* the generics. Instead Don will buy them at Big Box for \$4/month or three months for \$10.

Here's what we came up with: By deleting his generics, Brand X, again the lowest cost plan, has a total estimated annual cost of \$1,210. Remember, this includes the premium for the plan, deductibles and/or copays, and the cost of being in the gap.

Here how it compares:

Situation #1—Don runs everything through his plan.  
Total cost: \$1,870

Situation #2—Don buys his generics *for cash*\* without running it through his PDP. He gets his brand names always with Brand X. \*Tell the pharmacy it's off your PDP plan.  
Total cost: \$1,210

Generics at Big Box \$4 x 12 months = \$48  
\$48 x 4 generics = \$192 annually.  
\$1,210 + \$192 = \$1,402  
\$1,870 - \$1,402 = **\$468 saved per year!**

**Hold on, it gets better**—(sounds like an infomercial)  
Don buys his generics for 3 months for \$10 at Big Box. That's \$40 per year for each generic or \$40.  
\$40 x 4 = \$160  
\$1,210 + \$160 = \$1,370  
\$1,870 - \$1,370 = **\$500 saved per year!**

**Wait, we're not through yet!**

Don takes advantage of the mail order discounts available through Brand X. He gets 3 months filled for only 2 copays. Now the estimate on Medicare.gov **without his generics is \$679.**

Situation #3—Don buys his generics *for cash* at Big Box, 3 months at a time. He uses the mail order option at Brand X.  
Generics at Big Box: \$160  
Mail order estimate with Brand X = \$679

\$679 + \$160 = \$839

\$1,870 - \$839 = **\$1,031 saved**

If he had stayed the course with his plan with coverage in the gap, his total spend would have been **\$2,975!** Ouch!

\$2,975 - \$839 = **\$2,136 saved!!!**

Obviously, not everyone will have these kind of savings, but I can't think of a better case in point of why it pays to shop and look at all alternatives. If you're interested in getting the best buy for your scripts, be sure to complete the white sheet.

**Save more by reducing or eliminating the need for scripts altogether**

Even better, if you are overweight and consuming excessive sugars, alcohol, and refined foods, think about weight reduction. Many people have weaned themselves off their blood pressure and other meds by doing so. That brings your cost down to zero! **Warning: Do not make any changes in your prescriptions without first consulting your physician or health care practitioner!**

## AskaPatient.com

Askapatient.com is a terrific website to learn about the side effects and successes that others have encountered with their prescriptions. In particular, if you have been noticing any undesirable side effects from your scripts, this is a nice way to find out if others are having similar difficulties.

## Medicare Supplements

Premiums continually go up. Some of you have had no increases for 2008, and for others it has been small. However, others have seen larger increases. Please check off the appropriate box on the white sheet if this is your situation.

## Medicare Advantage Plans

Some of you have received notices from your Medicare Advantage plan that they are discontinuing your plan for 2009. Many of you have already sent in your response sheet expressing your wishes. If you haven't done so, you can use the white response sheet provided with this letter.

Also, some of you have called me with concerns about the increase in the hospital copay for your particular plan. We can look into other alternatives. Again, use the response sheet.

## Medical Savings Account (MSA) \*

Dozens of you have previously enrolled in the MSA plan only to find it discontinued for 2009. The good news is that another company has stepped up to the plate. The plan is very similar with a couple of small improvements. Let me know of your interest for 2009 if you have not already done so. Unfortunately, there are a few counties where it is unavailable. **\*The MSA plans are now completely discontinued.**

