Medicare Part D Drug Presentation

June 1, 2017

The Insurance Committee under the direction of the NCRO Board has developed the following slide presentation that provides a step by step guide to using the Medicare.gov website for investigating Part D Drug Insurance. The site could also be used to investigate Medicare Advantage Plans and Medigap Plans but this presentation only covers Part D.

The Medicare.gov site allows the user to input their drug list and then determine which Part D insurer best suits their needs in terms of cost and convenience. The presentation uses the actual pages of the Medicare website along with explanations to guide you through the process of pricing your drugs and selecting an insurance provider. After noting the disclaimer language below, you are invited to proceed to the next page.

This is the current version for 2017. It will be updated later this year for any 2018 changes.

This presentation provides information for the benefit of National Chrysler Retirement Organization (NCRO) members to assist in the navigation of the Medicare Part D website. While every effort has been made to provide only the most accurate information, NCRO does not guarantee that the information will always be current. NCRO makes no warranties, express or implied, as to the fitness of the information for any purpose, or to results obtained by individuals using the information and is not responsible for any action taken in reliance on the information. The information is not legal, insurance or other professional advice. This presentation is the property of NCRO and distribution beyond NCRO members is not authorized.

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Not all Medicare seniors need a separate or standalone Part D insurance plan. If you are enrolled in a Medicare Advantage Plan, it will probably already include Part D drug coverage. And it follows the same rules as the standalone Part D drug plan. Those rules are explained in this presentation.

Therefore if you are purchasing an **Advantage Plan**, it is important that you input your drug information when pricing out the plan. The medical premium, the deductibles and co pays are not the only consideration. You need to understand your drugs costs as well.

If you enroll in a Medicare Supplemental Plan also called a **Medigap Plan**, then you will need to also enroll in a standalone **Part D drug plan** to cover your prescription drugs. About 50% of our retirees have an Advantage Plan and 50% have a Medigap Plan.

**The Medicare.gov website allows the user to input their drug list and then determine which Part D insurer best suits their needs in terms of cost and convenience.** If you have few or no brand drugs your costs could differ significantly compared to someone on several brand drugs.
The website presentation uses examples and screen shots of the actual pages of the Medicare website along with explanations to guide you through the process of pricing your drugs and selecting an insurance provider.

If you do not enroll in a drug plan when eligible at age 65, you will face a penalty of 1% per month or 12% per year when you finally enroll. This means your monthly premium will be higher when you finally enroll. 12% times $35.63 (avg. Premium) is $4.28 per month.

**If you would prefer not to investigate how to personally enroll in a Part D drug plan using this Medicare website tutorial for whatever reason, then there is another easy option.**

You can simply contact one of the Medicare Insurance Consultants we have recommended on the NCRO website. They are Ericka Mann with Butler Capital Advisors (419-243-9665) Ext.207 and David Kee with DoubleHealth USA (866-600-7083). Our website includes their contact information. They have spoken at several of our seminars in the past and we highly recommend them. There is no cost to you to use them to investigate your least cost insurer. They also use the Medicare.gov site to price your drugs. Their primary support for us is with Advantage and Medigap Plans but also will enroll you in Part D.
Many retirees don’t realize that Part D drug insurance premiums and copays can vary significantly between different insurers. Insurers have varying premiums, varying deductibles, varying pricing tiers, and even vary as to which drugs they will insure called their formulary. **This makes it impossible to choose the least cost insurer without pricing out your specific drugs.** A spouse or friend’s insurer may not be the least cost insurer for you. Some insurers may require prior doctor authorization before they will fill a script for a specific drug.

You also need to be sure your pharmacy is a preferred provider with your insurer or you will pay more.

You can change Part D providers every year, if desired, but only during the annual enrollment period which is October 15th to December 7th of each year. However, if you are just now turning 65 then you are eligible to enroll at that time. You can also change plans if a Qualifying Event (such as moving to another state) occurs.

Once you have tried using this website, you will find it easier to navigate. Your drug list, of course, will be different than in the examples used in this presentation, as will your costs and your least cost insurer choices.
The slides use several scenarios. First an example with a single generic drug, then later 2 brand drugs are added to show the significant cost differences between insurers.

You can use the presentation to review your insurer alternatives and choose the lowest cost insurers for yourself and your spouse, including deciding between using mail order or a retail pharmacy. With mail order, you will need to allow more lead time.

More often now it appears that a retail pharmacy is no more expensive than mail order, in some cases it is less. You can get a 90 day supply at the pharmacy same as mail order.

You can also easily check out how your existing Part D insurer compares in cost to other insurers once you enter your drugs. You can do “what if “ scenarios to check the pricing by entering the drug to see how it would affect your total costs.

There are several factors that can influence your drug costs.
1st. Pricing: Unfortunately, different insurers will charge differing prices for the same drugs. They also vary their premiums, deductibles and copays.

2nd The Formulary: There is no true consistency in regard to Part D provider’s formularies, that’s the list of drugs they will cover. Some exclude specific drugs or restrict the quantity that can be obtained. If a drug is not covered by your insurer’s formulary, you will pay 100% of the cost, so it is important to verify that your drugs are covered by your insurer. Note that Part D insurance does not cover most over the counter drugs like Tylenol, vitamins, etc.

3rd. The Tiers: For purposes of pricing, insurers classify their covered drugs into several tiers. For example, most insurers classify generic drugs as Tier 1. But then they differ on how they classify non-preferred generic drugs, brand drugs, non-preferred brand drugs and specialty drugs. Most use 5 tiers but can vary which tier they use for a specific drug.

Depending upon which tier classification the insurer uses for your specific drug, will determine your co-pay amount. The higher the tier the higher the cost to you.
There are 4 Part D Coverage Stages:

Stage 1          Yearly Deductible ... you pay your deductible, if your plan has one. In some plans a deductible does not apply until you first order a brand drug.

Stage 2          Initial Coverage ... pay your copays based on your drugs’ tier.

You are in this stage until the total cost of your drugs reaches $3,700. This amount includes your costs (excluding premiums) plus the insurer’s costs for your drugs.

Stage 3          Coverage Gap ... also called the “Donut Hole”

In this stage you pay 100% of the drug cost, but the cost is discounted 50% by the drug manufacturer and 10% by the plan so you pay 40% of the cost for brand drugs and 51% (discounted 49%) for generic drugs.

In this stage until your costs reach $4950. However, you get cost credit for the 50% Mfg’s brand discount as well as your drug costs in Stage 1 and 2 (excl. the premium).

Next is an example:
“Donut Hole” Example...Brand Drugs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Drug Cost</td>
<td>$1000</td>
</tr>
<tr>
<td>Mfg. Discount 50%</td>
<td>$500</td>
</tr>
<tr>
<td>Plan Discount 10%</td>
<td>$100</td>
</tr>
<tr>
<td>Your Cost 40%</td>
<td>$400</td>
</tr>
</tbody>
</table>

Amount counted towards the $4,950 in this example is $900. Monies spent by you in stages 1 and 2 also count towards the $4950.

Stage 4  Catastrophic Coverage

Once you have been credited with $4,950 in spending, you enter the Catastrophic Coverage stage for the balance of the year where you usually pay 5% (or $8.25 Brand, $3.30 Generic) of the cost of any drug. Depending upon your drug costs, the calendar year may end before you reach all of these various stages. Each January your costs will start over.
Depending upon how an insurer sets prices, establishes formularies or selects tiers, your drug costs can vary significantly and result in your entering the so called “donut hole” much sooner than with other insurers. The website tells you when or if you reach the donut hole.

Most insurers charge a deductible, but a few do not. However, the best way to choose your provider is based on total costs including the deductible. You may need to use a different insurer than your spouse to minimize your individual drug costs. Also, you do not need to use the same insurer you use as your Medigap insurer. With an Advantage Plan the insurers are the same.

If you choose a pharmacy for receiving your drugs, it is important that you use your insurers “preferred” pharmacy to obtain the lowest price. The insurers provide this information in a directory sent to you each year along with their formulary.

With a new insurer, you will need to provide them new prescriptions for mail orders. **If you are using the same preferred pharmacy, you should not need new prescriptions written.**
In some cases, with a generic drug where the pharmacy offers the drug for a few dollars, regardless of your insurance, you could consider buying the drug and not using your Part D insurance plan. Make the comparison.

It is recommended that once you have selected a Part D insurer using this website, you also visit the insurer’s website or contact them by phone to verify the total drug costs you have identified using the Medicare.gov. site.

You can enroll online or by phone using the contact numbers for the insurers that are shown for the insurer you select. Our recommended consultants will also enroll you.

You have several options for paying the premium, a deduction from your Social Security income, a credit card, by mail with a check, or an auto deduction from your checking account.
You are eligible to change your Part D plan every year during the annual enrollment period. If you are changing Part D plans, you do not need to notify your prior insurer, your new insurer will do this for you.

Most insurers are accepted as the preferred providers at the major brand pharmacies, but if you have a second residence for part of the year you may want to make sure you have a pharmacy available that is a preferred provider, if possible.

Again, you also have the option to contact the Medicare Insurance Consultants (at no cost to you). listed under the Insurance Committee tab on the NCRO website. They will use this same process and website to help you.

Finally, the next several pages walk you through the Medicare.gov website along with instructions in the right hand column.
• Go to the Medicare.gov website and this page will open.

• Click on “Find health & drug plans” (Green Box) see arrow
Enter your zip code and click on “Find Plans”. It is not necessary to do a personalized search in order to obtain the cost info you need.
For purposes of this demo, select “Original Medicare”, then select “I don’t get extra help”. Then select “Continue to Plan Results”. This will allow you to get started.
Under the heading “Type the name of your drug:”, enter the first drug on your list. (My example is Simvastatin) You may not need to type the entire drug name. Then, click on “Find My Drug”. Over the counter drugs may not appear if they are not covered.
Find your drug on the list and then click on “+Add Drug”, box on the right, to add your correct drug to the list.
Select the dosages and select the quantity. For frequency, you can select 90 for three months or 30 for one month, it doesn’t matter as long as you select the quantity consistent with the frequency you select. Select retail pharmacy or mail order, you can also change this selection later. When done click on “Add drug and dosage”.
Enter your next drug. Note, important that you now have a Drug List ID, make a note of the ID number and the Password Date for future reference. In the future, when you go to this site, you will not need to input your drugs again except to make changes. Just use this ID. Once you have entered all your drugs click on “My Drug List is Complete”. For this example only 1 drug was used.
Next, you need to select a pharmacy in order to proceed. The site will show nearby pharmacies based on your zip code. You can also choose a different pharmacy, click on “Search New Location or by Pharmacy Name”. You are never locked into using a specific pharmacy, but you should choose one that is a preferred provider (more about that later) by your insurer to minimize your costs. Click on “Add Pharmacy” under the pharmacy of your choice. Then, click on “Continue to Plan Results”.

Step 3 of 4: Select Your Pharmacies

Please select up to two pharmacies to get a better estimate of how much your prescription drugs will cost. If your pharmacy isn’t in a plan’s network, the cost you will see is the full price of the drug with no insurance. Also note that some plans offer lower drug prices at preferred network pharmacies, compared to other pharmacies in the network.
At this point, I have chosen CVS as the pharmacy. You can remove it and select another by clicking on “Remove Pharmacy”. Many pharmacies are considered “preferred” by Part D insurers, but you need to verify that. One exception is Humana/Walmart, you must use Walmart (their preferred pharmacy) or their mail order in order to maximize your savings if you choose them as your insurer. Now, select “Continue to Plan Results”
Since you are trying to select a drug plan, select “Prescription Drug Plans (with Original Medicare) and then select “Continue To Plan Results”. Note there are 23 plans available in this area code. If at any time you need to go back, do not hit your back button, instead click on one of the choices just above where it says “Step 4 of 4”.

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This page displays Part D providers by the lowest annual retail pharmacy cost. Depending upon the sort you choose i.e. mail order, the list will vary. You can also select the number of providers to view on the page. Because this presentation was done in March 2016, it doesn’t show full year costs but the comparisons to the other insurers are valid. Humana Walmart is the least expensive plan in this example using a generic drug like Simvastatin. The next page will show more of this page.
This page shows the 3 least expensive providers based on retail pharmacy costs. If you have several drugs the pricing will vary more than with just the one drug I have used to explain this site. If you scroll down on the site, you will see all 23 providers for your zip code. Important, you can check and see where your current provider ranks, in terms of costs, with these other insurers. Also, if the drug list was longer the cost differences among insurers would be more significant. Click on “Humana Walmart RX Plan” to see more of their cost detail on the next slide. Note that the insurers are given a star rating, you should generally decide based on cost, they all provide good service from our experience.
This page provides detail for the Humana Walmart RX Plan including contact info. It shows the monthly premium ($18.40), Annual Deductible ($360) and the drug cost including the premium ($249 @ CVS) and ($184 @ Mail Order). Note, the $360 deductible does not apply unless a brand drug is requested (later slide shows an example). Also note that Walmart is not the pharmacy used in this example and this insurer’s plan requires you to use a Walmart pharmacy for lower pricing, as mentioned earlier. Other insurers allow a larger choice of pharmacies. If Walmart had been selected, the pharmacy cost would have been $224 vs $249 shown. The next slide scrolls down from this page.
Scrolling down the page, more detail is available like monthly costs including the premium. You can also select “Mail Order Pharmacy” to view the costs based on using mail order. The monthly costs shown include the premium. If your costs put you into the “donut hole” that would be shown in the month it occurs. To go back click “Return to Prior Page” at the top of this page (not shown here).
When you go back to this prior page, you can compare plan costs by clicking the box next to the Insurers’ name as shown here. You can select any insurer including your current one to see how they compare in costs (up to 3 choices). Then click “Compare Plans”
The page now shows the insurers that were selected and how they compare in cost. Note that Silver Script has no annual deductible. However, what is important is the total cost. Because only 1 (Generic) drug (Simvastatin) was selected, the cost comparison is close and the annual deductible did not apply. With more drugs listed, including brand drugs, (see next slide) you would find the differences in cost more significant. You can scroll down this page for more detail.
For illustration, Pradaxa and Zetia, 2 brand drugs with no generic substitute, have been added to the drug list in order to show the dollar affect of higher cost brand drugs. You see next that the differences between insurers become more significant. Walmart/Humans is no longer the lowest cost provider.

<table>
<thead>
<tr>
<th>MEDICINE NAME</th>
<th>QUANTITY</th>
<th>FREQUENCY &amp; PHARMACY</th>
<th>GENERIC OPTIONS</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pradaxa CAP 75MG</td>
<td>60</td>
<td>Every 1 Month Retail Pharmacy</td>
<td>Generic Not Available</td>
<td>Change dose, Add, Remove</td>
</tr>
<tr>
<td>Simvastatin TAB 20MG</td>
<td>30</td>
<td>Every 1 Month Retail Pharmacy</td>
<td>Already Generic</td>
<td>Change dose, Add, Remove</td>
</tr>
<tr>
<td>Zetia TAB 10MG</td>
<td>30</td>
<td>Every 1 Month Retail Pharmacy</td>
<td>Generic Not Available</td>
<td>Change dose, Add, Remove</td>
</tr>
</tbody>
</table>
This slide compares the cost between insurers for the two brand drugs (Zetia & Pradaxa) and one generic drug (Simvastatin). AARP Preferred is the least expensive ($1641 mail order) and Transamerica ($3187 mail order) is the most expensive. **An annual cost difference of $1546 for the same drugs.** This is why you need to compare insurers’ costs. As you will see on the next slide, these high costs result in entering Stage 3 of drug coverage known as the Coverage Gap or the “Donut Hole”.
As mentioned in the preface, once your drug costs (what insurance has paid plus what you have paid) reaches $3,700, you are in the Coverage Gap (Donut Hole) and remain in the Donut Hole until your drug costs (what insurance has paid, the amount of the discount, plus what you have paid) totals $4950. The monthly detail on this slide shows when you would enter the Donut Hole. Under the AARP plan, the year expires before you reach $4950. This is why they are the least cost provider in this example.
Concluding Remarks

This presentation hopefully enables you to understand how to use the Medicare.gov site to investigate your drug costs and choose the lowest cost provider.