

# NAVIGATING MEDICARE PART D OPTIONS

**BEN HUDSON**

*Training Director, State Health Insurance  
Assistance Program (SHIP)*

February 23, 2024



**ROAD TO  
RETIREMENT**

PLANNING YOUR RETIREMENT  
FROM INDIANA UNIVERSITY

# Housekeeping

- **Session will not be recorded**; however, a PDF of the slides is available on the Road to Retirement website at [hr.iu.edu/benefits/road-to-retire.html](https://hr.iu.edu/benefits/road-to-retire.html).
- All attendees have been placed on mute. If you have technical issues, please message an IUHR representative in the chat for assistance.
- Watch the chat for helpful links to additional information.
- **Please put all questions in the Q&A box.** Do not put any questions related to a personal situation in the Q&A.
- At the end of today's session, you will be asked to complete a brief survey.





# MEDICARE PART D



# SHIP

## Navigating Medicare

\*A Division of the Indiana Department of Insurance

**Minimum Coverage  
Once Eligible\***

**\*Must have:**

**Original Medicare**

- Part A
- Part B

-Part D or other creditable drug insurance.

\*Medicare enrollment can be delayed if covered under you (or your spouse's) employer group health from a company larger than 20 employees (100 employees if on Medicare due to disability).

**Option 1**

**Original Medicare**

- Part A
- Part B
- Part D

**Optional, but recommended:**

**Medicare Supplement (Medigap)  
OR other secondary insurance coverage - such as IU Retiree Blue Plan**

**Option 2**

**Medicare Advantage Plan (MA)**

Must be enrolled into Medicare Part A and B (benefits provided by Advantage plan)

Most plans will include a Part D plan built-in.

\*If you choose a plan without Part D, you will need to have creditable drug insurance from outside of Medicare.

# Part D Medicare Prescription Drug Coverage

## Medicare drug plans:

- Approved by Medicare
- Run by private companies
- Available to everyone with Medicare

## Two ways to get coverage:

- Medicare Prescription Drug Plans (**PDP**)-Works with Original Medicare
- Medicare Advantage Plans with prescription Part D drug coverage included (**MAPD**)

**NOTE:** Part D enrollment can be delayed if enrolled into other creditable drug coverage (IU employer plan)

# Part D Eligibility Requirements

You **must have Medicare Part A and/or Part B** to join a Medicare Prescription Drug Plan (PDP)

You must have **BOTH Medicare Part A and Part B** to join a Medicare Advantage Plan

Just like Medicare Advantage plans, must **live in the plan's service area**

You must **proactively apply to join a plan**. Only individuals with Medicaid assistance may be auto-enrolled into a Part D plan.

# How Medicare Part D Works

As of 2006, all Medicare beneficiaries are required to have Part D (PDP or MAPD) or other creditable drug insurance from an alternate source (VA Drug plan, employer or retiree drug plan etc).

## **For Part D, beneficiary is responsible for:**

- Paying the plan a monthly premium
  - Part D in Advantage plans could be \$0 on a zero-premium Advantage plan or will be a portion of the total Advantage plan premium
- Paying any deductibles and copayments at the pharmacy

Part D built into advantage plans tend to have lower deductibles and overall drug costs.

# Part D Late Enrollment Penalty

**Penalty** if you delay or go without coverage

Can't go longer than **63 days** without Part D or creditable coverage once eligible for Medicare

If you do, pay a penalty **for as long as you have coverage**

- 1% of base beneficiary premium (\$34.70 in 2024)
  - For each full month eligible for Medicare but do not have a Part D plan or creditable drug insurance.
  - 1 month past 63 days= 1% (~\$.35); 2 months=2%; 3 months=3%.....etc
  - Penalty calculators available online
  - PDP/MAPD is responsible for collecting the penalty once enrolled



## If your yearly income in 2022 was:

File <b>individual</b> tax return	File <b>joint</b> tax return	File <b>married &amp; separate</b> tax return	You pay (in 2024)
\$103,000 or less	\$206,000 or less	\$103,000 or less	<b>Regular plan premium</b>
above \$103,000 up to \$129,000	above \$194,000 up to \$246,000	N/A	<b>\$12.90 + your plan premium</b>
above \$129,000 up to \$161,000	above \$246,000 up to \$306,000	N/A	<b>\$33.30 + your plan premium</b>
above \$161,000 up to \$193,000	above \$306,000 up to \$366,000	N/A	<b>\$53.80 + your plan premium</b>
above \$193,000 and less than \$500,000	above \$366,000 and less than \$750,000	above \$97,000 and less than \$403,000	<b>\$74.20 + your plan premium</b>
\$500,000 or above	\$750,000 or above	\$403,000 or above	<b>\$81.00 + your plan premium</b>

# Part D Medicare Prescription Drug Plans

- Can be flexible in benefit design
  - What drugs are covered, deductible amount, drug tiers etc
- Must offer at least a standard level of coverage
- Vary in costs and drugs covered
- Benefits and costs may change each year
- Plans must cover certain drugs in protected categories



# Drugs Excluded By Law Under Part D

- Drugs for anorexia, weight loss, or weight gain
- Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
- Fertility drugs
- Drugs for cosmetic or lifestyle purposes
- Drugs for symptomatic relief of coughs and colds
- Prescription vitamin and mineral products
- Non-prescription drugs



# Medicare Drug Plan Costs

**Costs vary by plan.**

**In 2024, most people will pay:**

- A monthly premium (could be \$0/mo on some MA plans)
- A yearly deductible (\$0-\$545)

**Copayments or coinsurance:**

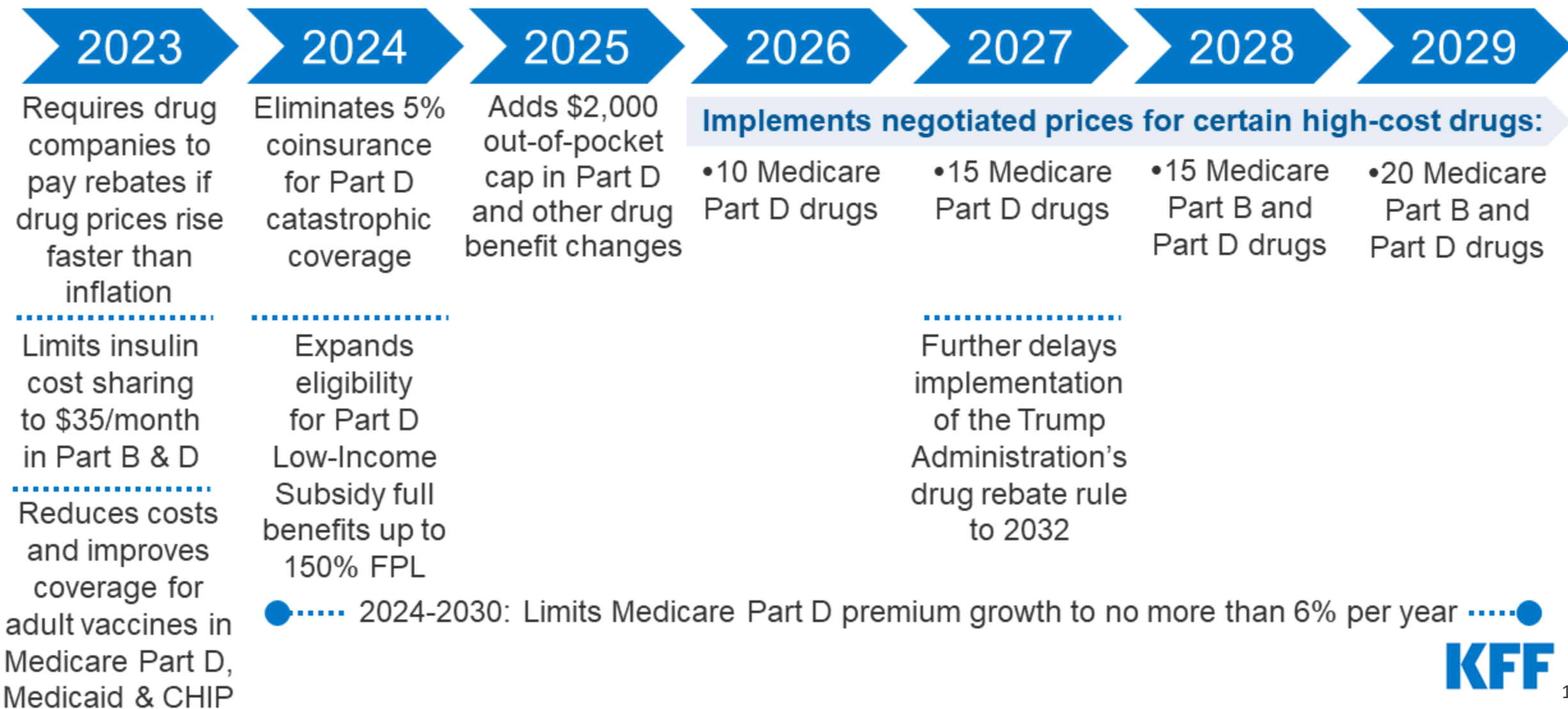
- 25% or LESS in “Initial Coverage Period”
- 25% for covered brand-name drugs in the coverage gap
- 25% for covered generic drugs in the coverage gap
- Reduced copays after meeting \$8000 TrOOP (catastrophic coverage)

DEDUCTIBLE PHASE	INITIAL COVERAGE PHASE	COVERAGE GAP (Donut Hole)	CATASTROPHIC COVERAGE PHASE
<p>You will Pay...</p> <p>Up to \$545/year</p>	<p>You will Pay...</p> <p>A copay (\$) or a coinsurance (%) usually 25% or less of the retail cost of the drug.</p>	<p>You will Pay...</p> <p>25% of the retail cost for both Generic drugs and Brand Name drugs.</p>	<p>You will Pay...</p> <p>New for 2024---\$0 copays!</p>
<p>\$545 is the maximum deductible a plan can charge; some plans may have a lower deductible or even no deductible at all.</p> <p>A deductible is an amount you owe before the insurance plan pays anything.</p> <p><i>**Many plans will not make you pay towards the deductible for Tier 1 and Tier 2 prescriptions</i></p>	<p>If the total retail cost of all your drugs after one or more refills in the year reaches \$5,030 then you will move to the next phase, the coverage gap.</p>	<p>You will continue to pay a full 25% until you reach another limit of \$8000 True Out of Pocket Cost (TrOOP).</p> <p><i>**Within this limit are costs shared by you, the plan, and the pharmaceutical manufacturers. Your share will average around \$3100 of this limit to leave the coverage gap.</i></p>	<p>Once you reach Catastrophic Coverage you will pay no copays for both generic and brand name drugs.</p>

All forms of insulin, covered by the Part D plan's formulary, will be \$35/refill through all phases and not subject to the deductible.

Figure 1

# Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act



# How To Save Money On Part D

- Locate pharmacies that are “preferred” on your plan
- Use coupons like GoodRx
  - Only drugs paid for by your part D plan are tracked and get you closer to the donut hole
- Research pharmaceutical manufacturers discount programs
- See if you qualify for “Extra Help” for your Part D costs through Social Security
- Ask you doctor to change you to cheaper alternatives or options that are on your plan’s formulary



# Drug Coverage Through Other Parts of Medicare

Part D does not cover all prescriptions **ALL** the time.

Whether **Medicare Part A, Part B, or Part D covers** a drug depends on:

- Medical necessity
- Health care setting
- How the drug is administered
- Medical indication (why you need it, like for cancer)
- Any special drug coverage requirements
  - Such as immunosuppressive drugs following a transplant



# Part A Prescription Drug Coverage

## Part A generally pays for:

- All drugs **during a covered inpatient stay** received as part of treatment in a hospital or skilled nursing facility
- Drugs used in **hospice care** for symptom control and pain relief only



# Part B Prescription Drug Coverage

## Part B covers limited outpatient drugs:

- Most **injectable and infusible** drugs given as part of a doctor's service
- Drugs used at home with some types of Part B covered **durable medical equipment**
- Insulin pumps/nebulizers
- Some oral drugs with special coverage requirements like
- Certain oral anti-cancer and antiemetic drugs
- **Immunosuppressive drugs**, under certain circumstances



# Part B Prescription Drug Coverage

**Part B covers certain immunizations as part of Medicare-covered preventive services:**

- Flu shot
- Pneumococcal shot (to prevent pneumonia)
- Hepatitis B shot

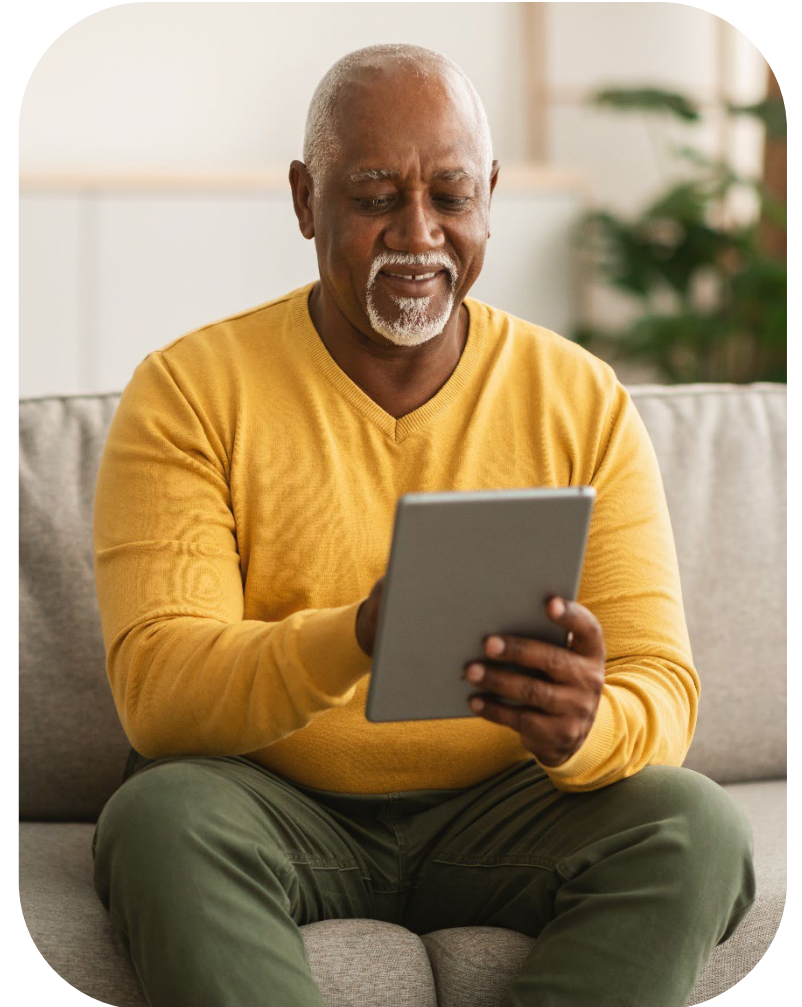
**Part B may cover certain vaccines after injury or exposure to a disease:**

- Tetanus shot
- Rabies



# When You Can Join or Switch Part D Plans

- Initial Enrollment Period
- SEP when losing current creditable coverage
- Medicare's Open Enrollment Period is October 15–December 7 each year, coverage starts January 1
- Additional special enrollment periods



# When You Can Join or Switch Part D Plans

## Special Enrollment Periods (SEP):

- You move out of your plan's service area
- You have Medicaid and Medicare
- You have a quarterly SEP if you qualify for Extra Help
- Your plan leaves the Medicare Program or reduces its service area
- You leave or lose employer or union coverage
- You enter, live at, or leave a long-term care facility (like a nursing home)
- Other exceptional circumstances

*Note: Each SEP has different allow timeframes to make changes. Please see the link below or search online for document to see all SEPs*

[Understanding Medicare Part C and Part D Enrollment Periods](#)

# Choosing A Part D Plan

## To **compare** plans by computer or phone:

- Use the Medicare Plan Finder at: [Explore your Medicare coverage options](#)
- [Mymedicare.gov](#)
- Call 1-800-MEDICARE (1-800-633-4227)
- Contact your State Health Insurance Assistance Program (SHIP) for help comparing plans

## To **join** a Part D Plan:

- Enroll at Medicare.gov
- Call 1-800-MEDICARE (1-800-633-4227)
- Enroll on the plan's website or call the plan
- Complete a paper enrollment form



# Welcome to Medicare

Get Started with Medicare



## Log in or create an account

Access your information anytime, anywhere

Log in/Create Account



## Find health & drug plans

Find & compare plans in your area

Find Plans Now



## Find care providers

Compare hospitals, nursing homes, & more

Find Providers Near Me



## Talk to someone

Contact Medicare & other helpful resources

Get Help

## SilverScript SmartSaver (PDP)

Aetna Medicare | Plan ID: S5601-190-0

Star rating: ★★☆☆☆

### MONTHLY PREMIUM

**\$4.80** Includes: Only drug coverage

### TOTAL DRUG & PREMIUM COST (for the rest of 2023)

**\$14.40** Only includes premiums for the months left in this year when you don't enter any drugs

### DEDUCTIBLE

**\$505.00** Drug deductible

Enroll

Plan Details



Add to compare

### PHARMACIES

[Add your drugs & pharmacies](#)

Select pharmacies to see which

### DRUGS

[Add your prescription drugs](#)

Enter drugs you take regularly

estimated drug + premium co



# For More Information

- SHIP telephone: 1-800-452-4800
  - TTY users should call 1-800-846-0139
- SHIP website: [www.medicare.in.gov](http://www.medicare.in.gov)
- 1-800-MEDICARE (1-800-633-4227)
  - TTY users should call 1-877-486-2048
- *Medicare & You 2023* handbook
- [www.medicare.gov](http://www.medicare.gov)

Ben Hudson [bhenriquezhudson@idoi.in.gov](mailto:bhenriquezhudson@idoi.in.gov) 317-437-0366

# Upcoming Road to Retirement Sessions

**March 1** – Prepare for the Reality of Healthcare in Retirement

**March 7** – Social Security Overview

**March 8** – IU Faculty: All You Need to Know about Phased Retirement, Supplemental Retirement Plans, and the Roth Option

**March 22** – Fundamentals of Retirement Income Planning

**April 5** – The Psychology of Retirement

**May 15** – PERF—Understand the Two Parts of the Plan

Register at: [hr.iu.edu/benefits/road-to-retire.html](https://hr.iu.edu/benefits/road-to-retire.html)



# IU Human Resources

askHR

askhr@iu.edu | 812-856-1234  
hr.iu.edu



ROAD TO RETIREMENT  
PLANNING YOUR RETIREMENT  
FROM INDIANA UNIVERSITY

**Thank You!**

**QUESTIONS?**



**ROAD TO RETIREMENT**  
PLANNING YOUR RETIREMENT  
FROM INDIANA UNIVERSITY