



Do you Have a Medigap Policy with Prescription Drug Coverage?

If you bought a Medigap (Medicare Supplement Insurance) policy before December 31, 2005 and it has coverage for prescription drugs, you should read this important information.

Medicare now offers prescription drug coverage for everyone with Medicare (Part D). A Medicare Prescription Drug Plan is a stand-alone drug plan, offered by insurance companies and other private companies approved by Medicare to help people with the Original Medicare Plan pay for their prescription drug coverage.

If you have a Medigap policy with prescription drug coverage that means you chose not to join a Medicare Prescription Drug Plan when you were first eligible. However, you can still join a Medicare Prescription Drug Plan. A Medicare Prescription Drug Plan may fit your needs better than the prescription drug coverage in your Medigap policy. It is a good idea to review your coverage each fall, because from November 15–December 31 each year, you can join a Medicare Prescription Drug Plan. If you **switch to Medicare Prescription Drug Plan, you could save money and get better coverage. Joining a Medicare Prescription Drug Plan is your choice.**

Here's What You Need To Know

Why would I want to join a Medicare Prescription Drug Plan?

Under your Medigap policy, you pay the whole premium for your Medigap prescription drug benefit. Since no new Medigap policies with drug coverage can be sold, the premium may increase faster. In a Medicare Prescription Drug Plan, you may have to pay a monthly premium, but a large part of the cost of the drug coverage is paid for by Medicare.

Also, most Medigap policies have a maximum amount they will pay each year for prescription drugs. In a Medicare Prescription Drug Plan, the higher your drug costs, the greater the protection you get from a Medicare Prescription Drug Plan.

For these reasons, a Medicare Prescription Drug Plan may be a better value for you.



If I join a Medicare Prescription Drug Plan now, will I have to pay a late-enrollment penalty?

This will depend on whether or not your Medigap policy is considered “creditable prescription drug coverage.” (This means that the Medigap policy is expected to pay, on average, at least as much as Medicare’s standard prescription drug coverage.) If it isn’t creditable coverage, then if you join a Medicare Prescription Drug Plan now, you will probably pay a higher premium than if you had joined when you were first eligible. However, it is quite possible that a Medicare Prescription Drug Plan could still be a better value. Also, you should consider that your prescription drug needs could increase as you get older. Each month that you wait to join a Medicare Prescription Drug Plan will make your late-enrollment penalty that much higher.

If your Medigap policy is creditable coverage and you decide to switch, you won’t have to pay a late-enrollment penalty as long as you don’t drop your Medigap policy before you join the Medicare Prescription Drug Plan. You can only join a Medicare Prescription Drug Plan from November 15–December 31 each year, unless you **lose** your Medigap policy (for example, if it isn’t guaranteed renewable, and your company cancels it). In that case you can join a Medicare Prescription Drug Plan at the time you lose your other Medigap policy.

Can I join a Medicare Prescription Drug Plan and keep my Medigap policy with prescription drug coverage?

No, you can’t have both. Tell your Medigap insurance company if you join a Medicare Prescription Drug Plan so it can remove the prescription drug coverage from your Medigap policy. As soon as you notify your Medigap insurance company, they must adjust your premium to reflect the removal of your Medigap prescription drug coverage.

What if I drop my entire Medigap policy (not just the Medigap prescription drug coverage)?

If you want a completely different Medigap policy (not just your old Medigap policy without the prescription drug coverage), or you decide to switch to a Medicare Advantage Plan that offers prescription drug coverage, you need to be careful about the timing. If you drop your entire Medigap policy more than 63 days before your new Medicare coverage begins, you will have to pay a late-enrollment penalty. You can join a Medicare Advantage Plan from November 15–December 31 each year.



An Overview of Your Options for Getting Prescription Drug Coverage

OPTION 1: Join a Medicare Prescription Drug Plan, and keep the Medigap policy you have now, with the drug coverage removed.

If you join a Medicare Prescription Drug Plan, you can keep the Medigap policy you have now, but without the prescription drug coverage. You will need to tell your Medigap insurance company when your new Medicare Prescription Drug Plan starts, so they can remove the prescription drug coverage from your Medigap policy and adjust your premium.

OPTION 2: Join a Medicare Advantage Plan that includes prescription drug coverage.

If you join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage, you will get all your health care coverage, and prescription drug coverage, from that plan. In most cases, you can only join a Medicare Advantage Plan from November 15–December 31 each year. If you join a Medicare Advantage Plan, you won't need your Medigap policy because the Medigap policy can't pay any copayments or deductibles under your Medicare Advantage Plan. If you decide to drop your Medigap policy when you join the Medicare Advantage Plan, you can't get your Medigap drug coverage back later. In some cases, you may have certain rights to buy a Medigap policy without prescription drug coverage if your coverage through a Medicare Advantage Plan ends, or you decide to leave the plan during your first year of enrollment.

OPTION 3: Keep your Medigap policy with prescription drug coverage.

If you choose this option, you don't need to do anything. However, keep in mind if you join a Medicare Prescription Drug Plan later, you will probably have to pay a late-enrollment penalty. Also, no new Medigap policies with prescription drug coverage can be sold, so the premium for your Medigap policy could increase faster. Be sure to ask your Medigap insurance company how your Medigap premium might change in the future.

OPTION 4: Check with your state insurance department to find out what other options you may have.

Some companies and some states may give you even more options.



For More Information

- **To learn more about Medigap policies, Medicare Prescription Drug Plans, and Medicare Advantage Plans in your area, you can do any of the following:**
 - Visit www.medicare.gov on the web. Under “Search Tools,” select “Compare Medicare Prescription Drug Plans” or “Compare Health Plans and Medigap Policies in Your Area.”
 - Read your “Medicare & You” handbook or “Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare” booklet. You can view or download these booklets by visiting www.medicare.gov on the web. Under “Search Tools,” select “Find a Medicare Publication.”
 - Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- **To learn more about your current Medigap policy and other Medigap options,** contact your current Medigap insurance company.
- **To get free health insurance counseling and information about the options available in your state,** contact your State Health Insurance Assistance Program (SHIP). You can get the telephone number by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. The SHIP has counselors who know about the Medigap policies, Medicare Prescription Drug Plans, and Medicare Advantage Plans offered in your area.