



MEDIA RELEASE

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

FOR IMMEDIATE RELEASE
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CONSUMER TIPS FOR NEW MEDICARE PRESCRIPTION DRUG COVERAGE

Nashville, TN.- The State of Tennessee Department of Commerce and Insurance would like to remind consumers that the federal government enacted a new benefit for Medicare beneficiaries, which is Medicare Prescription Drug coverage.

Medicare Prescription Drug plans (also called PDPs) will be sold by private companies whose plans have been approved by Medicare for a monthly premium, deductible and other fees. Voluntary enrollment for Medicare Prescription Drug plans begins November 15, 2005 and ends May 15, 2006. If you enroll by December 31, 2005, the new Medicare Prescription Drug coverage will begin on January 1, 2006. If you enroll after December 31, 2005, the coverage effective date is delayed. If you wait to enroll until after May 15, 2006, this late enrollment may result in a 1% per month penalty for every month you delayed enrollment. There is no limit on this monthly late enrollment penalty, so the longer you wait after May 15, 2006 to enroll, the greater the premium can be.

The new Medicare Prescription Drug benefit can be obtained in several different ways:

- By enrolling in a stand-alone prescription drug plan.
- By enrolling in a Medicare Advantage Plan that includes the new drug benefit and replaces Part A and B coverage.
- By enrolling in one of the new Medicare Regional Preferred Provider Organizations (PPOs) that includes the new drug benefit.

Everyone with Medicare is eligible to enroll in a PDP, regardless of income or assets. You will want to compare plans and select the one plan that best meets your individual needs. You can only have one PDP plan. Each plan may cover a different list of drugs, so you should research whether the drugs you are taking are covered under various plans.

If you already have prescription drug coverage you need to evaluate whether you should sign up for the new Medicare Prescription Drug benefit. There are several things to consider in making this decision.

If you currently have drug coverage through an employer, many employers will continue to offer the prescription drug coverage they currently offer to retirees. The employer plan must inform you by November 14, 2005, whether the employer drug coverage is as good as the new Medicare Prescription Drug benefit. (Coverage that is as good as the new Medicare prescription drug benefit is called "creditable coverage.") If the drug coverage through the employer is "creditable coverage," you should keep the employer coverage, and you would not have to pay a penalty to sign up for the Medicare Prescription Drug benefit after May 15, 2006 should the employer coverage be cancelled in the future.

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Federal assistance with premiums will be available to Medicare beneficiaries who meet certain income requirements.

Medicare beneficiaries may seek assistance in reviewing options for coverage and obtaining financial assistance by contacting their State Health Insurance Assistance Program (SHIP). For Tennessee beneficiaries, please call SHIP, which is located at the Tennessee Commission on Aging and Disability at 1-866-836-6678.

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