Understanding Medicare

An easy-to-follow guide to understanding your Medicare plans and prescription drug coverage.

See Things to Know About Medicare Part D on page 5

abbvie

People.
Passion.
Possibilities.®

Medicare and you

If you are enrolled in Medicare* (or are about to be), you probably have a few questions about how it works.

Medicare is a government health insurance program with a complex set of rules and regulations. This brochure is designed to help simplify the information and process. Here are a few of the key topics we will cover in this brochure:

What is Medicare?
Learn about the different parts of Medicare and what they cover.

Prescription Drug Coverage
An in-depth look at the part of Medicare that covers prescription drugs–Part D.

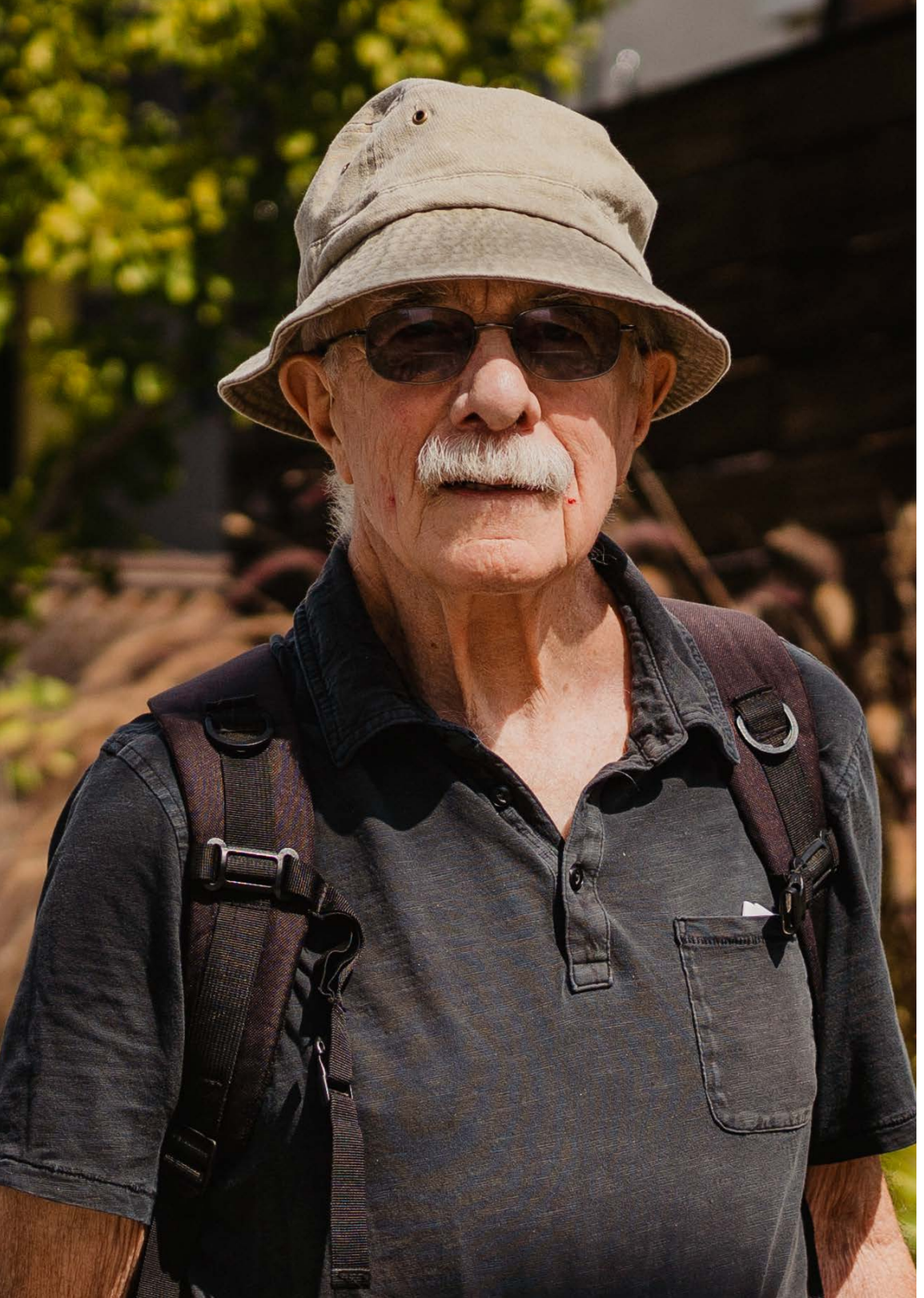
Financial Help
Resources and programs that can help people who cannot afford their prescriptions.

Enrolling
Learn how to begin and navigate the Medicare enrollment process.

Prescription Drug Cost Changes
Understand how prescription drug costs can change and what you can do about it.

Glossary
*Underlined words are defined in the Glossary on page 14.

Complete Medicare information.
This brochure is designed to give you a basic understanding of Medicare. For more detailed information, visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227).



What is Medicare

Medicare is a federal health insurance program for people 65 and older. In certain cases, it also provides health benefits for younger people with disabilities and for people with end-stage renal disease.

What does Medicare cover?

Medicare provides insurance coverage for many health-related services and products, such as:

- ☑ Hospitalization
- ☑ Medical services (such as doctor visits, lab tests, x-rays, etc.)
- ☑ Prescription drugs

Have specific questions about what Medicare covers?

Visit www.medicare.gov/what-medicare-covers

The different parts of Medicare coverage

Medicare coverage for hospitalization, medical services, and prescription drugs is provided by several different Medicare parts or insurance plans:

	Part A	Part B	Part C Medicare Advantage Plans	Part D Prescription Drug Coverage
Type of insurance	**Hospitalization**	**Medical**	**A type of Medicare health plan offered by a private company**	**A separate coverage** option that you can add to Medicare Parts A & B
What it covers	Includes inpatient hospital care, skilled nursing facility, hospice, lab tests, surgery, and home health care	Includes doctor and other providers' services and outpatient care, preventive care, DME (e.g., drug infused via external infusion pump), hospital outpatient services, laboratory tests, x-rays, mental health care, and some home health and ambulance services	Allows private health insurance companies to provide your Medicare benefits through what are called Medicare Advantage (MA) Plans	Prescription medications: **See Things to Know About Medicare Part D on page 5**
Prescription drug coverage	No	Typically physician-administered drugs only	Sometimes. Most MA plans include prescription drug coverage	Yes. Typically oral and self-administered drugs
Enrollment	Usually automatic if you receive Social Security benefits	Typically, you must enroll	Optional	**You must enroll** A late enrollment penalty may be applied

Understanding Part D

Medicare's prescription drug coverage

Medicare Parts A and B do not cover most prescriptions. However, drug coverage is available to everyone in Medicare by enrolling separately in either:

Medicare Advantage (Part C) plans that include drug coverage

OR

Medicare Part D prescription drug plans, stand-alone prescription drug plans that add drug coverage to your Medicare Parts A and B benefits

Limits on the coverage of prescription drug plans

Nearly 50 million Medicare beneficiaries are enrolled in Part D prescription drug plans or Medicare Advantage plans that provide prescription drug coverage. Even with the coverage these plans provide, there are certain limits, including:

- **What drugs are covered**
  Each plan has a list of the specific drugs they will cover. This list is called the plan's formulary.

- **What you pay for a drug that is covered**
  Many plans classify the drugs they cover by levels of cost, called drug coverage tiers. Generally, the lower the tier a drug is in, the lower your cost will be. Drugs in a higher tier will usually have a higher cost to you.

Things to Know About

If you're enrolled in a Part D prescription drug plan this year

You'll pay **no more than $2,100** in out-of-pocket costs for covered prescription drugs. This includes the cost of your deductible. You will automatically receive this benefit once you are enrolled in a Part D plan.

You'll have the option to pay your out-of-pocket drug costs in the form of monthly payments instead of all at once by signing up for the **Medicare Prescription Payment Plan** through your Part D plan. See page 7.

Scan QR code to watch a video about Medicare Part D

Medicare Part D Open Enrollment

To receive prescription coverage for next year, **you must enroll in Part D during the Open Enrollment period,** which starts in October and ends in December.

Medicare Prescription Payment Plan

The **Medicare Prescription Payment Plan (MPPP)** allows Medicare Part D beneficiaries the option to pay their out-of-pocket drug costs in monthly payments spread out over the plan year instead of paying all at once at the pharmacy when they fill a prescription.

Here's what to expect when you sign up for the MPPP:

- Your costs will be spread throughout the plan year
- You will no longer pay for prescriptions all at once at the pharmacy
- Your Medicare Part D plan will bill you monthly

See an example of how the plan works on page 9.

Important things to know

Know what your out-of-pocket costs will be per month. This may determine if the MPPP will be helpful to you.

Your Part D plan may reach out to you if you have high out-of-pocket costs and if you might benefit from the MPPP.

Visit www.medicare.gov to learn more about the new Medicare Prescription Payment Plan.

How to sign up for the MPPP

Contact your Medicare Part D plan. They will help you complete the MPPP application process.

When to sign up for the MPPP

- Sign up during the Medicare Part D Open Enrollment period **starting in October**
- You can also sign up anytime between January and November of next year

Medicare Prescription Payment Plan

If you choose to sign up for the MPPP, your costs during the plan year depend on when you sign up and what amount you have already paid towards your out-of-pocket maximum. **To sign up for the MPPP, contact your Medicare Part D plan.**

Ann

Meet Ann, a Medicare Part D beneficiary.
With the Medicare Prescription Payment Plan, Ann will not pay more than $2,100 in out-of-pocket costs for her drug prescriptions during the plan year.*

Here's an example of monthly costs if Ann does not sign up for the MPPP. She pays the full, $2,100 out-of-pocket maximum all at once at the pharmacy when she fills her prescription in January.

Example of monthly costs without signing up for the MPPP

Month	Without MPPP
January	**$2,100**
February to December	**$0**
Total	**$2,100**

*This assumes that Ann has no other out-of-pocket prescription costs for the plan year.

In this next example, once Ann signs up for the MPPP, she does not pay for her prescriptions all at once at the pharmacy. Instead, her Part D plan will bill her each month. **This is what her monthly costs might look like with the MPPP, depending on which month of the plan year she starts treatment.**

Example of monthly costs after signing up for the MPPP

Month	Monthly costs after starting treatment in January	Monthly costs after starting treatment in June
January	**$175**	**$0**
February	**$175**	**$0**
March	**$175**	**$0**
April	**$175**	**$0**
May	**$175**	**$0**
June	**$175**	**$350**
July	**$175**	**$350**
August	**$175**	**$350**
September	**$175**	**$350**
October	**$175**	**$350**
November	**$175**	**$350**
December	**$175**	**$350**
Total	**$2,100**	

Extra Help

paying for your medications

People on Medicare who need help paying for their prescription drug costs may be eligible to receive a low-income subsidy (also known as LIS or Extra Help). About 1 in 3 people on Medicare currently receive this subsidy.

The benefits of Extra Help

- Currently pay $5.10 for generic, $12.65 for brand for full subsidy members
- May receive subsidies on premiums*

Are you eligible for Extra Help?

To find out, there are three ways to apply:

Online at **www.socialsecurity.gov/extrahelp**

Call Social Security at **1-800-772-1213 (TTY 1-800-325-0778)**

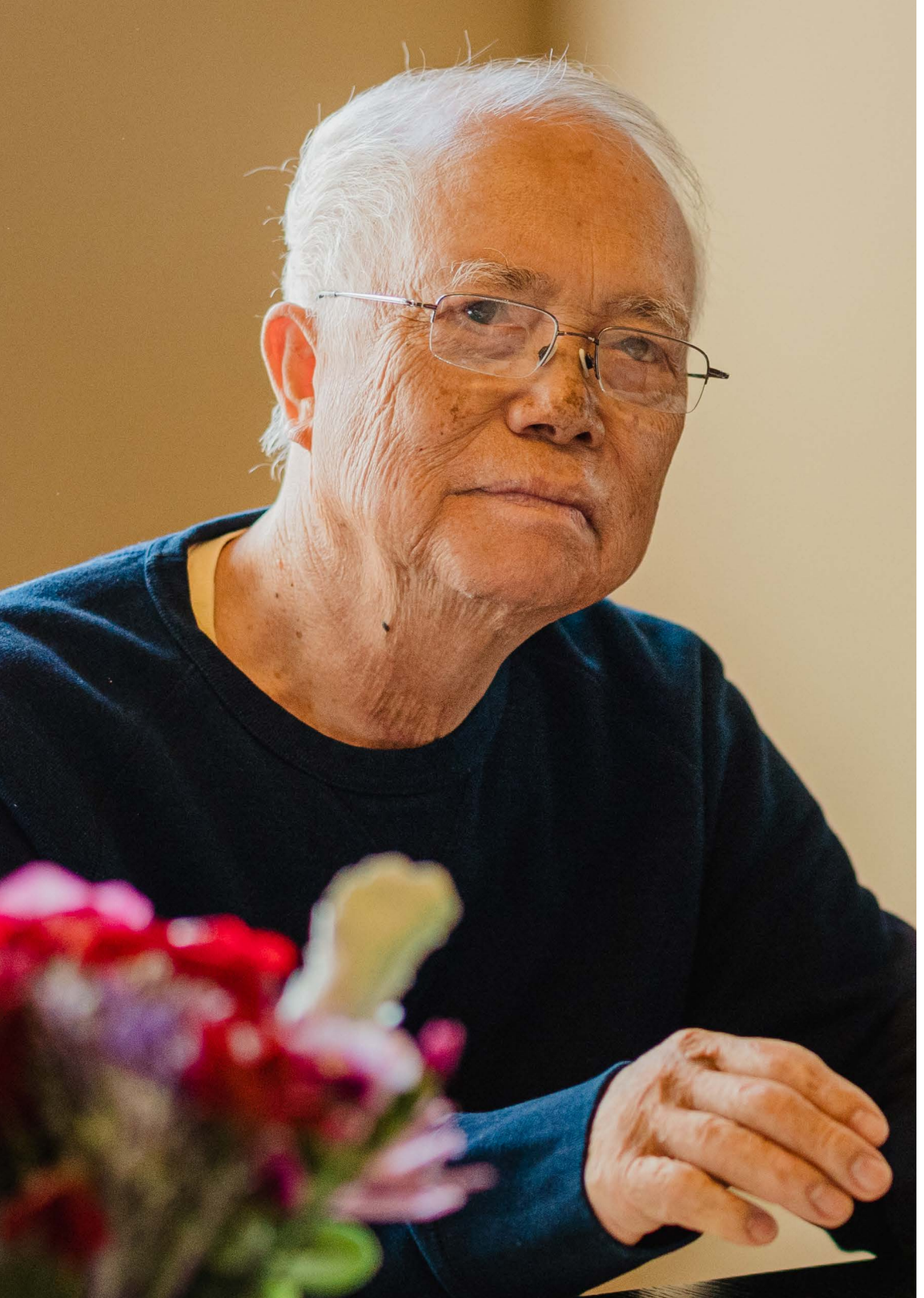
In person at your **local Social Security office**

*For definitions, go to **www.ssa.gov**

Other resources that may help reduce your medication costs

State pharmaceutical assistance programs (SPAPs)

Over 20 states offer state pharmaceutical assistance programs to help their residents pay for prescription drugs. These states coordinate their programs with Medicare's Part D drug benefit, but each state works differently. Check with your state's program to learn how it works and if you are eligible.

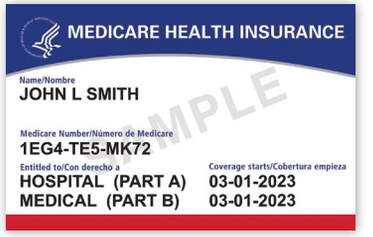


How to enroll in a Medicare prescription drug plan

Before enrolling in a Medicare prescription drug plan, you'll want to review the **Choosing a Medicare drug plan: considerations** and **checklist** on the following pages to help guide you through the process.

Once you have selected a drug plan, in most cases, you can easily enroll using any of the following options:

- Visit www.medicare.gov/find-a-plan/questions/home.aspx or enroll on the plan's website
- Complete a paper enrollment form
- Call the plan
- Call Medicare at 1-800-MEDICARE (1-800-633-4227)



What you'll need before you call: When you join a Medicare drug plan, you'll need to provide information from your Medicare Part A and/or Part B card if you have one. So keep it handy when you are ready to enroll.

REMINDER: You have a chance to review and change your coverage each year during the annual Medicare Open Enrollment period (October to December).

Choosing a Medicare drug plan: Considerations

Medicare drug plans are not all the same, and there are many options available. Here are some steps to complete before selecting your plan.

Cost

- **Monthly premiums:** Consider the monthly costs of each plan before making your selection.
- **Deductibles:** Choose whether you want a higher or lower deductible plan.
- **Copay/Coinsurance:** Find out how much you will pay for hospital stays, doctor visits, and prescription drugs.

Coverage

- **Formulary:** Most drug plans have a formulary, a list of drugs that the plan covers. Plans may have rules—or tiers—about coverage for different drugs on their formulary.
- **Drug restrictions:** When researching different drug plans, ask about any drug restrictions or limits in coverage. This will help ensure you are choosing the best possible option for your needs.

Convenience

- **In-network doctors and hospitals:** In some plans, you may need to visit only in-network doctors and hospitals to get covered services.
- **Preferred pharmacies:** Drug plans work with some but not necessarily all pharmacies in an area. These are called in-network pharmacies. Within the network, your drug plan may have a list of preferred pharmacies where you can get the best discount.
- **Mail order options for prescription drugs:** Most drug plans include this option, but each drug plan differs slightly. So it's a good idea to call the plan directly and ask for more details.

Customer Service

- Quality ratings/reviews: Customer reviews for each plan can be found using the Medicare Plan Finder tool on www.medicare.gov. These may be another helpful resource when deciding on a plan.

Choosing a Medicare drug plan: Checklist

You likely will have several options to choose from when enrolling in a Medicare drug plan. Consider the following when selecting your plan:

- [ ] **Review the information on higher deductible/lower deductible plans and determine which plan is right for you.** If you want prescription drug coverage, be sure to select a Part C plan with prescription drug coverage or a Part D plan. Use the Medicare Plan Finder to get more accurate cost estimates and coverage information. Visit www.medicare.gov/find-a-plan/questions/home.aspx

- [ ] **Call the plan you are interested in** or go to their website and make sure that your prescriptions are covered on the plan, and at what tier, copay, or coinsurance.

- [ ] **Sign up for the MPPP** through your Medicare Part D plan to have the option to pay your prescription drug costs in monthly payments.

- [ ] **Get an estimate of your monthly costs.** When you call your plan, you can also ask them to help you estimate your monthly costs.

  Before calling, you will need the following information:

  - Zip code
  - Medicare card (if already enrolled)
  - List of prescriptions (including dosages)
  - List of your preferred pharmacies

- [ ] **If you think you may qualify for Extra Help** (Low Income Subsidy), visit www.socialsecurity.gov/extrahelp or call 1-800-772-1213 (TTY 1-800-325-0778) or apply at your local Social Security office.

- [ ] Check to see if your state offers **pharmaceutical assistance programs** (SPAPs)

- [ ] Check to see if you are eligible for **additional financial assistance** Visit the Medicine Assistance Tool at medicineassistancetool.org

Understanding changes in prescription costs

Medicare Part D prescription drug plans can change every year, and there are a number of possible reasons why your costs could increase:

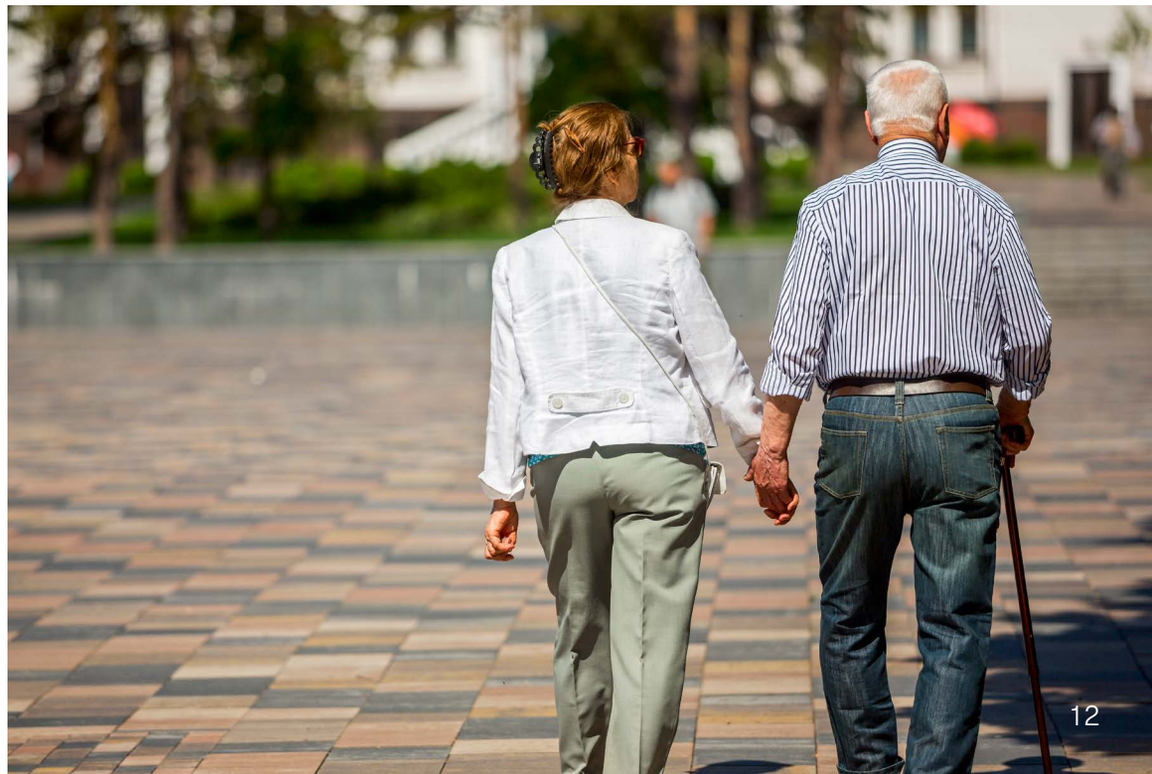
1) Changes to prescription drug coverage

- Your medication is no longer covered by your prior year drug plan. If your prescription drug plan has dropped your medication from the plan's formulary—possibly due to the availability of a less expensive generic drug—your plan will provide you with a 30-day transition fill while you work with your doctor to get your prescription covered or to find an alternative drug.

  Transition fills (a one-time, 30-day supply of a drug you were taking before switching to a different plan or before your current plan changed coverage) are not free. The cost of your transition fill can be more than what you paid for your medication last year. If you have not requested a transition fill, or already used your 30-day transition fill, you will pay the full retail cost for your non-formulary medication. This cost will not count towards your $2,100 out-of-pocket maximum.

- Your drug copay changed. Your Medicare plan may have changed the cost-sharing (copay) of your plan's drug tiers.

- Your medication is now on a more expensive formulary tier. Although you did not change Medicare plans, your medication cost can increase if it is moved to a higher cost formulary drug tier. In this case, you can request a tiering exception by going through the Part D appeal process. You can also contact the drug manufacturer to learn about patient assistance programs or other discount options. Contact a Medicare representative to guide you through either choice.



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2) Factors relating to your drug plan

- You have been moved to another Medicare plan. It is possible your Medicare plan was consolidated or merged into another drug plan, and you were automatically "cross-walked" (reassigned) to the new plan. Your new plan may have very different features from your prior year's plan.

- Your cost-sharing changed from copay to coinsurance. Your drug plan may have changed your cost-sharing from copay (a flat fee) to coinsurance (a percentage of your drug's retail price).

- Your plan uses coinsurance and your drug's retail price increased. It is possible that your Medicare prescription drug plan did not make any changes in cost-sharing or formulary structure, but your Medicare Part D plan's negotiated retail cost for your medication has increased and you are paying more because your plan uses coinsurance as a cost-sharing model.

- You are still in your plan's initial deductible. Your Medicare prescription drug plan may have an initial deductible or a higher initial deductible than last year.

3) Changes to your pharmacy

- You purchased your formulary medication at a non-network pharmacy or a standard network pharmacy. If you fill a prescription at a pharmacy that is not part of your Medicare Part D plan's pharmacy network, you will pay full retail price for the medication.

  You can contact your plan's Member Services department to find a preferred network pharmacy in your area (or to learn about mail order options, if available). If you cannot find a preferred pharmacy, you may be able to use a non-network pharmacy and ask your Medicare plan for reimbursement.

4) Changes to your Extra Help benefits

- You have lost (or had a change in) your Medicare Part D Extra Help benefits. If your financial situation has changed, it is possible that you are no longer eligible for Medicare Part D Extra Help benefits (paying your premium, deductible, and lowering your drug cost-sharing).

- You may have forgotten to submit the required financial documentation for the current year. Contact your local state Medicaid office for more information about your Extra Help status or visit www.ssa.gov/prescriptionhelp

For additional questions and help, call Medicare at 1-800-633-4227 and choose to speak with a Medicare representative.

Once connected, ask the representative to help you evaluate your Medicare Part D and Medicare Advantage Plan options.

Glossary of common Medicare terms

Beneficiary
An individual entitled to benefits under Medicare Part A, Part B, or both.

Catastrophic Coverage
Medicare Part D beneficiaries now pay $0 after reaching the $2,100 out-of-pocket maximum.

Coinsurance
The percentage of cost you will have to pay for a medical service or prescription drug coverage, after any relevant deductibles are paid. For example, you pay 25% and the insurance pays 75%.

Copay
Your share of the cost for a medical service or prescription that is a fixed amount. For example, you may pay $25.

Drug Coverage Tier
A way prescription drug plans categorize different medications according to the cost the patient will be expected to pay.

Formulary
List of medicines that your health insurance plan will cover or pay for.

Hospitalization
Care in a hospital that requires admission as an inpatient and usually requires an overnight stay.

Initial Coverage Phase
The Medicare Part D coverage stage that begins after you've reached the deductible, where you will only pay the plan's copay for covered medication up to $2,100.

Low-Income Subsidy (LIS or Extra Help)
A government program for eligible beneficiaries that helps pay for Medicare Part D prescription drug costs.

Medicare
A federal government insurance plan that provides healthcare coverage options and drug benefits for people over 65 and younger people with disabilities.

Medicare Advantage Plan
A type of Medicare health plan offered by a private company that contracts with Medicare to provide you with all your Part A and Part B benefits. Also known as Medicare Part C.

Medicare Part A
The part of Medicare that covers hospitalization, including most inpatient hospital, skilled nursing facility, hospice, lab tests, surgery, and home health care.

Medicare Part B
The part of Medicare that covers medical services, including most doctors' and other providers' services and outpatient care, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, and mental healthcare.

Medicare Part C
Not a separate benefit. It is the part of Medicare policy that allows private health insurance companies to provide your Medicare benefits through what are called Medicare Advantage (MA) Plans.

Medicare Part D
A separate coverage option that adds prescription drug coverage to your Part A and B benefits.

Medicare Prescription Payment Plan (MPPP)
A program that requires Part D prescription drug plans to provide Medicare patients with the option to pay out-of-pocket prescription drug costs in the form of monthly payments. To sign up, contact your Part D plan.

Medicare Supplemental Insurance (Medigap)
An insurance policy, sold by private companies, that can help pay some of the healthcare costs that Medicare Part A and Part B do not cover.

Out-of-Pocket (OOP) Costs
The share of Medicare prescription drug costs that you are responsible for paying.

Out-of-Pocket Maximum
Medicare Part D plan enrollees will not pay more than $2,100 out-of-pocket for covered prescription drug costs per year. You do not have to sign up to get this benefit; this $2,100 maximum is automatic.

Patient Assistance Foundations
Independent charitable foundations that provide financial assistance to qualified patients who are unable to afford their copay costs.

Premium
The amount you pay for your health insurance every month.

State Pharmaceutical Assistance Programs (SPAPs)
State programs that coordinate with Medicare's Part D drug benefit to help their residents pay for prescription drugs.

TrOOP
True out-of-pocket: Refers to all payments for medications on your Part D formulary. These costs contribute to a patient's catastrophic coverage threshold.

Additional online support

mymedicare.gov

Medicare's free and secure online service managing personal information regarding original Medicare benefits and services.

Medicare Plan Finder

Located on www.medicare.gov, this tool can help you conduct a personalized plan search. To use this tool, you will need the following information before you begin:

Zip code, Medicare card (if you have one), list of prescription medications (including dosage and amount), and your preferred pharmacy locations.

If you are having difficulty paying for your medicine, AbbVie may be able to help. To learn more, visit **AbbVie.com/PatientAccessSupport**

This brochure is designed to give you a basic understanding of Medicare. More detailed information can be found on www.medicare.gov and is not representative of AbbVie's views.

For more information, visit:

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