

OAST & HOOK

Offices in
Portsmouth, Virginia
and
Virginia Beach, Virginia
Tel: 757-399-7506
Fax: 757-397-1267
E-mail: eln@oasthook.com



Member, National Academy
of Elder Law Attorneys

INSIDE THIS ISSUE

- New Medicare Part D Benefit Parameters
- Announcements
- Speakers
- Oast & Hook
- Distribution of This Newsletter

Editor
Sandra L. Smith
Attorney at Law

NEW MEDICARE PART D BENEFIT PARAMETERS

BY
LETHA SGRITTA

Just as most people are settling into their new Medicare Part D prescription drug plan and before the first open enrollment season has closed, the Center for Medicare and Medicaid Services (CMS) has released new Medicare Part D benefit parameters for 2007.

Enrollment in Medicare's new prescription drug program began in November 2005 and continues through May 15, 2006. Actual prescription drug coverage began on January 1, 2006. The Medicare Part D program is intended to provide prescription drug coverage for Medicare patients who previously had little or no prescription drug insurance. The movement towards Medicare Part D resulted in a major change in prescription drug coverage for millions of Americans. Many individuals who had been satisfied with the prescription drug coverage were forced to choose a Medicare Part D plan to avoid paying penalties later.

The basic Medicare Part D plan provides prescription drug coverage for all drugs listed on the plan's formulary. If a drug is not covered under the formulary, then the individual will be forced to pay out of pocket the full price for that medication. The basic benefit provides for a \$250 annual deductible and an initial annual coverage limit of \$2,250. After the individual reaches the \$2,250 limit, Medicare Part D provides no benefit. The Medicare plan includes a catastrophic coverage limit that pays 95% of prescription drug costs, but this catastrophic coverage applies only after the individual has spent \$3,600 out of pocket on medications included on the plan formulary. Prescription medications not on the formulary and over-the-counter medications do not count toward this \$3,600.

On April 5, 2006, CMS announced that, pursuant to the law that governs Medicare Part D, CMS has changed the basic benefit levels. The new benefits, that will go into effect on January 1, 2007, have an annual deductible of \$265, an initial annual coverage limit of \$2,400, and a catastrophic coverage limit of \$3,850.

Under Medicare Part D as it was introduced, an individual would spend \$5,100 out of pocket on medications before Medicare would cover 95% of the drug costs. Under the 2007 benefit, an individual must spend \$5,451.25 to receive the catastrophic coverage.

This change affects the basic Medicare Part D benefit. Because more than 90% of individuals who have enrolled in Medicare Part D have chosen a plan in which the benefit is greater than the basic Medicare Part D coverage benefit, this new benefit will not affect most people who participate in Medicare Part D. There is speculation that costs will increase slightly for those who have enrolled in a plan that provides a benefit greater than the basic benefit, however, there has been no announcement of any increase.

For updates on Medicare Part D, please continue to read the *Elder Law News*. If you need assistance with choosing a Medicare Part D plan, then please contact Oast & Hook.

Announcements

Oast & Hook is pleased to announce its sponsorship of a series on WHRO-TV entitled "Boomers: Redefining Life After 50." This week's episode is entitled Four Generations: A Family Affair, and it will be aired at 4:30 p.m., Saturday, April 22nd.

Oast & Hook is pleased to announce that it is a sponsor for the 17th Annual Alzheimer's Education Conference to be held at Old Dominion University on June 7th and 8th. Oast & Hook will also be presenting two workshops entitled "Legal Issues for Families Facing Alzheimer's Disease" on June 7th and "Current Legal Issues – Competency Issues and the Law" on June 8th. For more information about this conference, please call the Alzheimer's Association at 757-459-2405 or visit their website at www.alz.org.

Speakers

If you are interested in having an Elder Law attorney from Oast & Hook speak at an event, then please call Stacy Freer at 757-399-7506.

Oast & Hook

Oast & Hook is an elder law firm. We represent older persons, disabled persons, their families, and their advocates. The practice of elder law includes estate planning, investment and insurance advice, estate and trust administration, powers of attorney, advance medical directives, titling of assets and designations of beneficiaries, guardianships, conservatorships, and public entitlements such as Medicaid,

Medicare, Social Security, and SSI, disability planning, income tax planning and preparation, bill paying and account management and reporting, care management, and fiduciary services. We also handle litigation involving these issues, such as will contests and estate administration disputes. For more information about Oast & Hook, please visit our website at www.oasthook.com.

Oast & Hook is the Virginia member of the Special Needs Alliance, a nationwide network of disability attorneys. As members of this alliance, we assist personal injury attorneys in resolving their cases to enhance the judgments and awards of their disabled clients and to maintain the eligibility of these clients for SSI and Medicaid. We are experienced in protecting the public benefits of persons with special needs and in assisting with the management of their assets. For more information about the Special Needs Alliance, visit its website at www.specialneedsalliance.com.

Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Elder Law News*, then please e-mail us at eln@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.

Please visit us on the world wide web at:
www.oasthook.com

Our website contains information about Oast & Hook and an archive of our newsletters and other estate planning, estate administration, and elder law articles in searchable format.

Copyright © 2006
By
Oast & Hook, P.C.

This newsletter is not intended as a substitute for legal counsel. While every precaution has been taken to make this newsletter accurate, we assume no responsibility for errors or omissions, or for damages resulting from the use of the information in this newsletter.

This newsletter is produced to be sent electronically. If we currently fax you a copy of the Elder Law News but you prefer to receive it by e-mail, then please contact us at: eln@oasthook.com.

If you would like to be removed from our Elder Law News distribution list, please e-mail us at eln@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.