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## MEDICARE PART D REVISITED BY LETHA SGRITTA

January 1, 2006, marked the beginning of the Medicare Part D prescription drug program. The program's purpose is to provide prescription drug benefits for Medicare recipients who previously had none. The first year of the Medicare Part D program is almost over, and many are still confused about the program. Additionally, a great deal of mass marketing and advertising materials have been sent out recently to coincide with the 2007 open enrollment, which can be confusing or misleading. This article will highlight important information for Medicare recipients about the Part D program.

November 15, 2006, through December 31, 2006, is called the "open enrollment" period for stand-alone prescription drug plans. During open enrollment, current Medicare Part D participants may change their plans, and those who were eligible but did not sign up for a Medicare Part D plan last year may enroll. If you are just becoming or will become Medicare eligible, then you should select a Medicare Part D plan when you enroll in Medicare Part B. Therefore, if you will turn 65 sometime during 2007, you do not need to sign up for a Medicare Part D plan during this open enrollment. Open enrollment is also different for individuals with a Medicare Advantage plan (MA-PD); those with a MA-PD may change their plan until March 2007

If you enrolled in a Medicare Part D plan last year, it is important to note that the plans have the freedom to change their premiums, deductibles, co-payments, and formularies. Unfortunately, even if your plan changes, you do not have the freedom to switch plans during the year, except during the open enrollment period. If you enrolled in a Medicare Part D plan during 2006 and the plan has changed, then you should have received a notice by October 31, 2006, outlining the changes to the plan. If you enrolled in a Medicare Part D plan last year and are unhappy with your plan, then you should switch plans

during this open enrollment period, otherwise you cannot switch plans until the next open enrollment period begins on November 15, 2007.

If you had creditable coverage last year, meaning your prescription drug coverage is at least as good as the basic Medicare Part D benefits, and you have not heard anything further from your benefits office, then you still have creditable coverage, and do not need to sign up for a Medicare Part D plan. If you received notice that your prescription drug coverage is not creditable coverage either this year or last year, then you should sign up for a Medicare Part D plan during the open enrollment period. Failure to do so may result in you paying a penalty if and when you sign up for a plan in the future. For those who did not have creditable coverage last year, and did not sign up for a plan, the estimated penalty in 2007 is \$1.92 per month in addition to your regular premium.

The basic benefit under Medicare Part D has changed slightly from last year. The standard deductible for Medicare Part D in 2006 was \$250; the deductible has increased to \$265 for 2007. The initial coverage limit for 2006 was \$2,250; for 2007 the coverage limit will increase to \$2,400. Finally, the out-of-pocket expenses to reach the catastrophic coverage level was \$3,600 in 2006; in 2007 the amount will increase to \$3,850. The amount of money spent out of your pocket between the initial coverage limit and the catastrophic coverage level is known as the coverage gap or the "doughnut hole." During 2006 there were a few plans that offered coverage in the doughnut hole; this year more plans will offer coverage in the doughnut hole. Many individuals have found that even though their monthly premium is higher with a plan that offers coverage in the doughnut hole, the benefit of the coverage outweighs the higher premium.

Information on any of the plans available in your area is available at [www.medicare.gov](http://www.medicare.gov), including the prescription medications that are covered by each plan and the dosage required. You can compare different plans by using the Medicare website or by calling 1-800-Medicare. Enrolling in or changing plans can also be accomplished on the Medicare website.

There have been many mass mailings about Medicare Part D. Please read carefully all literature on Medicare Part D and contact the provider directly with questions. If you need assistance in choosing and enrolling in a Medicare Part D plan, then please contact Oast & Hook to schedule a Medicare Part D consultation.

*Letha Sgritta is an attorney with Oast & Hook who concentrates her practice in the areas of elder law and disability law. Ms. Sgritta is licensed to practice law in North Carolina and Virginia.*

### **Pooled Trust Update**

There is an additional pooled trust available in Virginia, the Personal Support Trusts. Their contact information is:

Personal Support Trusts  
c/o The Arc of Northern Virginia  
100 North Washington Street #234  
Falls Church, Virginia 22046  
Tel: 703-532-3214 ext. 214

Oast & Hook has learned that the Virginia Beach Community Trust does not administer self-settled (d)(4)(C) pooled trust subaccounts, but it does manage subaccounts funded by third parties, such as parents for their children with disabilities.

### **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, 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](http://www.oasthook.com).

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