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MEDICARE PART D COSTS TO INCREASE IN 2009

A recent *Wall Street Journal* article highlighted changes in Medicare Part D prescription drug plan premiums in 2009. Seniors also need to be aware of additional changes in their co-payment costs. These costs are often the largest out-of-pocket expenses for beneficiaries.

Part D enrollees have been receiving information regarding plan changes for next year. The ten largest plans expect their premiums to rise an average of 31%, with some increasing by as much as 60%. In addition, some plans are sharply adjusting co-payments. Beneficiaries need to review their plans to see what changes might occur.

The fall open-enrollment period is underway for the Part D benefit, with the period ending on December 31st. Beneficiaries can elect to change plans during the open-enrollment period, although they do not have to. If a beneficiary's plan costs are set to increase, the beneficiary may want to research other plans and consider changing plans. Cheryl Matheis, senior vice president for health strategy at AARP, says, "It always pays to do the search again. If your plan's cost is going up, then you really do need to make sure you have the best deal."

As an example, AARP MedicareRX Preferred, sponsored by United Health Group Inc., the country's largest Medicare drug plan, expects to increase premiums by 18%. Additionally, co-payments for brand-name medications, such as Lipitor and Nexium, will increase 21%, according to a five-state study. Beneficiaries in Humana Inc.'s PDP Enhanced plan will see average premium increases of 51%, average co-payments for generic drugs increase by 75%, and co-payments for preferred brand-name drugs increase by 60%.

Companies must get approval from the Centers for Medicare and Medicaid Services before marketing their drug plans, although the government doesn't regulate how insurers set premiums and co-payments on Part D plans. Total

out-of-pocket expenses vary depending on location and specific drugs used. Plans have several tiers of medications that each plan can define differently. Generally, tier 1 contains generic drugs, tier 2 includes preferred brand-name drugs, tier 3 includes non-preferred drugs, and tier 4 is for specialty drugs.

Beneficiaries can consult the Plan Finder on the Medicare website at www.medicare.gov. They can enter information regarding the drugs and dosages they take, and compare plans based on premiums, drugs covered, out-of-pocket expenses, and interface with their preferred pharmacy networks. Consumers can also compare costs of filling a prescription by mail-order or at a local pharmacy. The Plan Finder also can offer recommendations regarding generic drugs or other brand-name drugs used for the same conditions, so the beneficiaries can discuss these lower-cost alternatives with their physicians. Beneficiaries can receive assistance from family or friends, or get help from the State Health Insurance Assistance Program. A list of these programs can be found at www.medicare.gov.

The “doughnut hole,” the coverage gap where consumers usually have to start paying the full cost of their drugs, will open up after beneficiaries have spent a total of \$2,700, an increase from \$2,510 in 2008. Beneficiaries must pay for the full cost of their medications from this point until their out-of-pocket expenses reaches \$4,350, after which the drug plan will pay most of the costs. Some insurers will continue to cut back on the supplemental cost of the doughnut hole.

Beneficiaries should carefully review their plans and the new information from their plan providers, so that they can make informed decisions regarding their plan options for next year.

The attorneys at Oast & Hook can assist clients with their estate, long-term care, insurance, financial and tax planning needs.

Ask Allie

O&H: Allie, I understand that your readers provided some feedback for last week’s column on the potential First Pet.

Allie: Yes, I received several e-mails with suggestions on the First Pet. One reader suggested a West Highland Terrier. She said “they are devoted, loving, bullheaded and a real challenge. They think of what they want and are so cute with those oversized ears, standing so tall when they are inquisitive, flopping down when at ease. No one knows the love of a dog until they own a westie, or should I say until they own your heart.” Another reader suggested that the Obamas find a good way to tame the allergies, and adopt two cats, one for each daughter, and the cats would be able to train any dog that they would adopt. (I like that idea!) This reader was also kind enough to say, “I appreciate your light-hearted column, and it is really a bright spot after reading about aging issues. Keep your weekly messages coming.” That is a good boost for my job security.... Well, it’s time to start napping in preparation for Thanksgiving dinner. I hope you all have a wonderful holiday!



Please feel free to e-mail your questions to Allie at: allie@oasthook.com.

Speakers

If you are interested in having an elder law attorney from Oast & Hook speak at an event, then please call Jennifer Lantz at 757-399-7506.

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