Understanding Your Prescription Drug Coverage

(under the State of Illinois Medicare Advantage Plans - 2015)

The State-sponsored Medicare Advantage plans (MAPD plans) offered to retirees have prescription drug coverage that differs from the prescription drug coverage offered through the other State-sponsored plans – the plans you were enrolled in prior to the offering of the MAPD plans. In order to be covered under the health plans, drugs must be on the plan's formulary. Drugs not listed on the plan's formulary list are not covered by the plan.

The prescription drug coverage offered through the State-sponsored MAPD plans is Medicare Part D drug coverage. This type of drug coverage helps the State obtain health plans at a lesser cost than health plans that do not offer Part D coverage. The federal government governs how Part D drug coverage works and establishes the benefit parameters.

A standard Medicare Part D Plan has four stages: 1) Yearly Deductible Stage, 2) Initial Coverage Stage, 3) Coverage Gap Stage, and 4) Catastrophic Coverage Stage. You move from one stage to the next stage when certain cost thresholds are reached.

STAGE 1

Yearly Deductible Stage – Everyone begins in this stage with the start of each new plan year. In this stage you are fully responsible for the cost of your prescription drugs: you pay all of the costs until you have met your plan's deductible amount. The table below provides the deductibles for the State-sponsored MAPD plans in 2015 and a standard Part D plan for comparison purposes. The deductible for the standard Part D plan is the amount set by the federal government for 2015.

	MAPD HMO Plans	MAPD PPO Plan	Standard Part D Plan
Deductible	$100	$125	$320

The deductibles for the MAPD plans are the same as those for the other State-sponsored health plans.

Example: Your doctor writes you a prescription and you have the prescription filled at a pharmacy in your plan's network. The pharmacy states that the cost is $45. You will pay the pharmacy $45 for the prescription. The MAPD plan will pay $0. You will continue to pay the full cost of your prescriptions until your out-of-pocket costs equals the plan's deductible amount. We call that "meeting your deductible."

STAGE 2

Initial Coverage Stage – Once you have met your deductible, you move into the Initial Coverage Stage. In this stage, both you and the plan share in the costs. You pay your share first, a copayment, and the MAPD plan pays second.

The table below shows the 30-day supply copayment amounts for a standard Part D plan and the MAPD plans offered by the State. The amounts in the table are for 2015.

	MAPD HMO Plans	MAPD PPO Plan	Standard Part D Plan
Generic Drugs	$8	$10	$10 (preferred) or $33 (nonpreferred)
Preferred Brand Drugs	$26	$30	$45
Nonpreferred Brand Drugs	$50	$60	$95
Specialty Drugs	$50	$60	$95

Under a standard Part D plan, the plan keeps track of your **total drug costs**. Your **total drug costs** are the amount you pay for your prescription drugs, the amount the plan pays, and any help you may get from certain other benefit programs in paying for your drugs. When that amount reaches $2,960, you exit this stage in a standard Part D plan and enter the third stage. The $2,960 amount is the amount set by the federal government for 2015.

While the MAPD plan keeps track of your **total drug costs**, what you pay for your prescriptions does not change when your **total drug costs** reach $2,960 and you enter stage 3. The reason for this is that with the MAPD plans the second and third stages have been combined. This will be further explained in the next section.

Example 1: You are enrolled in one of the MAPD HMO plans and you go to your pharmacy to pick up a prescription for a 30-day supply of a generic drug. The pharmacy charges $17 for the prescription. The pharmacy will collect an $8 copayment from you and will bill the plan $9.

Example 2: You are enrolled in the MAPD PPO plan and you go to the pharmacy to pick up a prescription for a 10-day supply of a preferred brand drug. The pharmacy charges $23 for the prescription. The pharmacy will collect a $23 copayment from you and will not bill the plan. The reason you pay the $23 instead of the $30 copayment for a preferred brand drug is that since the full cost of the drug is less than $30 copayment, you pay the lower amount.

STAGE 3

Coverage Gap Stage – You enter this stage when your **total drug costs** reach $2,960 for Part D drugs (an MAPD plan's formulary may contain non-Part D drugs and the cost of those drugs is not counted). This stage is commonly known as the "donut hole." For enrollees in a standard Part D plan, how much they pay for drugs changes in this stage. For generic drugs, a person enrolled in a standard Part D plan pays 65% of the cost of the drug. For all other drugs (i.e., nongeneric drugs on the formulary list), a person enrolled in a standard Part D plan pays 45% of the cost.

Depending on how you look at it, the State-sponsored MAPD plans do not have this stage. The reason is that even when your **total drug costs** reach $2,960, you still continue to pay the same copayment for your drugs as you did back in the Initial Coverage Stage. This is why it is said that these plans do not have the "donut hole". Your neighbor in a standard Part D plan will likely have to begin paying more for his drugs in this stage. You will not pay more: you pay the same copayments in this stage as you did in the previous stage. Again, this is why it is said the State-sponsored MAPD plans do not have the "donut hole." However, that does not mean that these plans do not have the next stage, the Catastrophic Coverage Stage.

In a standard Part D plan, a person remains in the Coverage Gap Stage (i.e., stage 3) until his **true out-of-pocket costs** total $4,700 (the amount set by the federal government for 2015). In the State-sponsored MAPD plans, you essentially stay in the Initial Coverage Stage (i.e., stage 2) until your **true out-of-pocket costs** total $4,700 (for Part drugs on the formulary). Again, the State-sponsored MAPD plans have combined stages 2 and 3 and eliminated the extra costs people normally pay in the "donut hole."

Your **true out-of-pocket costs** consist of the following three items:

1. The deductible and copayments you have paid.
2. The amount certain other benefit programs paid on your behalf. These are typically assistance programs, such as Extra Help (Low Income Subsidy).
3. The manufacturer discounts you receive on brand name drugs you purchase while in the Coverage Gap Stage (i.e., stage 3).

Your plan keeps track of these costs and once your **true out-of-pocket costs** total $4,700, you enter the stage 4.

STAGE 4

Catastrophic Coverage Stage – You enter this stage when your **true out-of-pocket costs** total $4,700. You stay in this stage until the end of the plan year.

In this stage you no longer pay the plan's standard copayment; instead, how much you pay depends on which State-sponsored MAPD plan you have enrolled in. The table below provides the benefit offered by each MAPD plan in 2015 and by a standard Part D plan.

	Coventry MAPD HMO Plan	**Humana MAPD HMO and Health Alliance MAPD HMO**	**UnitedHealthcare MAPD PPO Plan**	**Standard Part D Plan**
You pay:	**Generic**: 1-30 day supply: $2.65 31-60 day supply: $5.30 61-90 day supply: $6.63 **Nongeneric**: 1-30 day supply: $6.60 31-60 day supply: $13.20 61-90 day supply: $16.50	**Generic**: Greater of 5% of the retail cost or $2.65 copayment, not to exceed amounts below: **Nongeneric**: Greater of 5% of the retail cost or $6.60 copayment, not to exceed amounts below: 1-30 day supply: $50 31-60 day supply: $100 61-90 day supply: $125	**Generic**: Greater of 5% of the retail cost or $2.65 copayment per prescription, not to exceed $60 **Nongeneric**: Greater of 5% of the retail cost or $6.60 copayment per prescription, not to exceed $60	**Generic**: Greater of 5% of the retail cost or $2.65 copayment **Nongeneric**: Greater of 5% of the retail cost or $6.60 copayment

Example 1: You are enrolled in the Coventry MAPD HMO plan. Your physician writes you a prescription for a 90-day prescription for a generic drug. Your pharmacy charges $65.00 for the prescription. You will pay a $6.63 copay and the plan will pay the remaining $58.37.

Example 2: You are enrolled in the Humana or Health Alliance MAPD HMO plan. Your physician writes you a prescription for a 30-day supply of a specialty drug. Your pharmacy charges $2,680 for the prescription. For that prescription, the 5% coinsurance amount is $134. Since the 5% coinsurance (i.e., $134) is greater than a copayment of $6.60, you will have to pay the 5% coinsurance amount. However, this plan limits the amount you pay to $50 for a 30-day supply; therefore, the pharmacy will only collect $50 from you and will bill the plan for the remaining $2,630.

Example 3: You are enrolled in the UnitedHealthcare MAPD PPO plan. Your physician writes you a prescription for a 60-day supply of a preferred brand name drug. The retail cost of the prescription is $123. For that prescription the 5% coinsurance amount is $6.15. Since you will pay the greater of 5% coinsurance (i.e., $6.15) or the $6.60 copayment, the pharmacy will charge you $6.60 and will bill your plan for the remaining $116.40.

In summary, the prescription drug coverage offered by the State-sponsored MAPD plans is similar in its structure to a standard Medicare Part D plan, but its benefits are better than a standard Part D plan and spares you from the high costs others experience in standard Part D plans when they enter the "donut hole."