



## ABOUT THE MEDICARE PART D PRESCRIPTION DRUG PROGRAM

### OVERVIEW

Medicare Part D is a federal program that offers prescription drug coverage to anyone with Medicare. It was enacted as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and went into effect January 1, 2006.

Many beneficiaries currently receiving the benefit did not have prescription drug coverage before the program was created. Now, millions of Medicare beneficiaries rely on it. Thirty-two million Medicare beneficiaries, more than half of those enrolled in Medicare, received their prescription drug coverage through Medicare Part D as of September 2012.<sup>i</sup>

### ELIGIBILITY AND ENROLLMENT

Anyone who is eligible for Medicare Part A (whether actually enrolled or not) or currently enrolled in Medicare Part B may join a Medicare Part D plan to get help paying prescription drug costs. Enrollment is voluntary, except for people who also receive benefits from Medicaid and certain other low-income beneficiaries who are automatically enrolled if they do not choose a plan of their own.

Medicare beneficiaries have the opportunity to join or switch Medicare drug plans every year. In 2012, the Annual Enrollment Period is October 15 through December 7, with coverage beginning on January 1, 2013.

There are two ways to get Medicare prescription drug coverage:

- **Medicare Prescription Drug Plans.** Sometimes called “PDPs,” these plans add prescription drug coverage to original Medicare, Medicare cost plans, Medicare private fee-for service plans, as well as Medicare medical savings account plans.
- **Medicare Advantage Prescription Drug Plans.** Medicare Advantage plans, which are similar to an HMO or a PPO, can offer prescription drug coverage. These plans, sometimes called “MA-PDs,” are only available to beneficiaries who have both Medicare Part A and Part B.

Medicare Part D prescription drug plans are always administered by private insurers, with different plans utilizing different designs and drug formularies to provide benefits for their enrollees. For more information about the prescription plans offered in 2012, visit <https://www.medicare.gov/find-a-plan/questions/home.aspx>

### HEALTH REFORM AND MEDICARE PART D

The health reform law calls for gradually lowering out-of-pocket costs when seniors enrolled in Medicare Part D plans reach the coverage gap, otherwise known as the “doughnut hole.” Beginning in 2011, enrollees who reached the gap began receiving a 50% manufacturer discount on the total cost of brand-name drugs and additional subsidies for generic medications. Medicare will phase in additional subsidies for brand-name drugs beginning in 2013.

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<sup>i</sup> Kaiser Family Foundation. *The Medicare Prescription Drug Benefit fact sheet*. Accessed Oct. 19, 2012. <http://www.kff.org/medicare/upload/7044-13.pdf>