

CRITICAL: The Medicare.gov Plan Finder tool has recently undergone a series of massive changes — some of which have seriously undermined the usefulness and reliability of the tool. As of our publication date, January 2020, the Plan Finder still changes almost daily. Thus, we are updating this guide to feature the 2020 Medicare data, but we will wait to update the step-by-step portion of the program on how to use the Plan Finder tool until the tool becomes more stable.

Learn more at <https://bit.ly/36jYBeG>

2020 EDITION

*A Guide to Choosing a
Part D Prescription Drug Plan*

Using the
Plan Finder

*A complete video program presented by Medicare expert,
Diane J. Omdahl, RN, MS*



Customized for 65

“A Guide to Choosing a Part D Prescription Drug Plan: Using the Plan Finder”

A complete video program presented by Medicare expert,
Diane J. Omdahl, RN, MS

This video and supplemental materials serve as a guide to choosing and enrolling in a Medicare Part D prescription drug plan. In the preparation of this information, *65 Incorporated* has made every effort to include the most correct, current, and clearly expressed information possible. Actual decisions about Medicare coverage depend on the individual’s exact circumstances, supporting facts, regional variations, and any future changes.

65 Incorporated encourages those watching this video to contact Medicare (1-800-MEDICARE) or Social Security (1-800-772-1213) for guidance related to their specific situations. *65 Incorporated* disclaims any responsibility for any misunderstanding on the part of viewers.

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About 65 Incorporated & i65

65 Incorporated is an innovative consultative resource to guide you and your family through the Medicare planning process.

Founded in Milwaukee in 2012 by registered nurse and nationally-known Medicare expert Diane J. Omdahl and her daughter, Melinda Caughill, *65 Incorporated* provides you with fast, simple, expert and unbiased Medicare information.

- *Fast:* *65 Incorporated* gives you the precise information you need to make the best Medicare decisions — *without hours of painstaking study.*
- *Simple:* Through our consultations or self-guided software, all you have to do is answer a series of easy-to-understand questions to get individualized, step-by-step Medicare guidance.
- *Expert:* Over the last 30+ years, Diane J. Omdahl, RN, MS, has helped our nation's homecare agencies comply with ever-changing Medicare regulations. Now she uses her expertise to help you — the Medicare consumer.
- *Unbiased:* *65 Incorporated* makes no money from the sale of insurance products. We are paid on a fee-for-service basis, working directly for you. So, our guidance is always in YOUR best interest.

It's also important to note that *65 Incorporated* is not (nor do we want to be) endorsed by the government.

About Diane J. Omdahl, RN, MS

For more than 30 years, Diane has kept her finger on the pulse of ever-changing Medicare regulations. She's a registered nurse who launched her first company in the basement of her home and grew it into the nation's leading provider of Medicare-related training for home health agencies.



Over the years, Diane has delivered more than 400 Medicare-related audio conferences and 100 in-depth two-day seminars, making her a very experienced and highly-rated speaker.

Today, through her company, *65 Incorporated*, Diane uses her vast wealth of Medicare experience and expertise to provide Baby Boomers and seniors with unbiased, individualized Medicare enrollment guidance through fee-for-service consultations and online software.

Through her work, she's been featured in publications such as Forbes, The Wall Street Journal Market Watch, CBS MoneyWatch, Kiplinger, American Journal of Nursing, and more. To read the articles featuring Diane, please visit www.65incorporated.com/press.

Program Objectives:

Through this video program, you'll learn:

- What a Part D prescription drug plan is
- The three critical factors in choosing a Part D drug plan
- How to use the Medicare Plan Finder (available at www.Medicare.gov)
- How to understand and compare the coverage details of various plans
- The four payment stages of prescription drug coverage
- What the Part D prescription drug coverage gap is and how it affects you

PLEASE NOTE:

- The plan data presented in this video program are fictionalized. Be sure to utilize the information on your own computer screen.
- The costs shown in the Plan Finder are estimates. They are not what you may actually spend.
- Between January and October, information displayed on the Plan Finder is for plans of the current year. Beginning October 15th, the Plan Finder features data for plans that take effect on January 1st of the next calendar year.

Before Watching the Video:

To make the most of this program, please complete the following before starting the video:

- Review the Preface of this booklet.
- Gather all prescription medications you take
- Print the Plan Comparison Worksheet
- Point your web browser to www.Medicare.gov and wait for Diane to begin her step-by-step guidance in the video



Preface

IMPORTANT:

Please review this section before watching the videos to ensure you have an understanding of basic Medicare terms.

TIP: You know you have Original Medicare if you use your red, white and blue Medicare card when checking in for a medical appointment.

Additional Resources:

- Medicare.gov
www.medicare.gov/what-medicare-covers/index.html
- “Medicare and You,” Centers for Medicare and Medicaid Services, www.medicare.gov/pubs/pdf/10050-medicare-and-you.pdf

Parts of Medicare

Comprehensive Medicare coverage includes three parts:

- *Part A, hospital insurance:* This part of Medicare helps cover the costs of inpatient care in hospitals and skilled nursing facilities, and hospice and home health care.
- *Part B, medical insurance:* Part B covers the services that are necessary to diagnose and treat medical conditions. They include doctors’ visits, chiropractic care, outpatient care, emergency department care, equipment needed in the home, and preventive care, including vaccinations. Anyone who qualifies for Part A is also eligible for Part B.
- *Part D, prescription drug plan:* This is drug coverage provided and administered by private insurance companies. You will learn more about Part D in Video #3 of this series.

The three parts of Medicare come together into two paths. Choosing a path will very likely be the most important Medicare decision you make. This video series focuses on stand-alone Part D prescription drug plans which fall on the path of Original Medicare, but it’s important to understand both paths of Medicare.

- *The Path of Medicare Advantage (Part C)*
Medicare Advantage is Medicare provided by private insurance companies. These plans must provide Medicare Part A and Part B services. Beneficiaries must elect a plan and pay the Part B premium. Once enrolled in a plan, members deal with the insurance company, not the government.
A Medicare Advantage plan that provides prescription drug coverage is known as an MA-PD plan.
- *The Path of Original Medicare*
Also known as Traditional Medicare, this is the version of Medicare that your parents and grandparents had. On this path, Parts A and B are administered by the federal government and you can add Part D drug coverage through a stand-alone plan. For comprehensive coverage, beneficiaries with Original

Follow Along With Program

Medicare add a Medicare Supplement insurance plan, also known as a Medigap policy. This is health insurance sold by private companies to fill gaps in coverage of Original Medicare which include Part A and Part B deductibles, coinsurance, and copayments for hospitalization, skilled nursing facility stays, physician visits, equipment, and more.

VIDEO #1

Part D Prescription Drug Coverage

Medicare Part D is drug coverage provided and administered by private insurance companies. Part D covers brand-name and generic prescription medications and insulin. Each plan determines the medications it will cover and the costs.

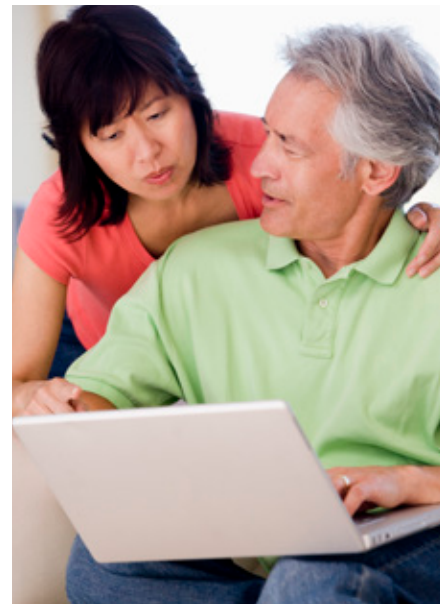
This type of coverage is optional; however, if you delay Part D enrollment, you can face a late enrollment penalty if you want this coverage at a later time.

Creditable Drug Coverage:

This is any type of drug coverage (such as through an employer group health plan or retiree plan) that is considered at least as good as that of the standard Medicare prescription drug plan, meaning the drug plan will pay at least as much as the standard Medicare plan. Those who have creditable drug coverage can delay purchasing a Medicare Part D plan until that coverage ends without facing a Late Enrollment Penalty.

Part D Enrollment Penalty:

If you don't have creditable drug coverage and put off enrolling in a Part D prescription drug plan, you'll face a late enrollment penalty—paying more for drug coverage for life. The late enrollment penalty is calculated as 1% of the cost of Medicare's standard drug plan for each month of delayed enrollment. This penalty is added to your monthly drug plan premium for the rest of your life.



TIP: Download Medicare's official guide to Part D prescription drug plans at www.medicare.gov/Pubs/pdf/11109-Your-Guide-to-Medicare-Prescrip-Drug-Cov.pdf

The Part D penalty is 1% of the national base premium for a Part D plan for every month without credible drug coverage. In 2020, the national base premium is \$32.74.

Follow Along With Program



TIP: Do not pick plans based solely upon the recommendation of others. A plan that works well for a friend or spouse may not work for you.

The Plan Finder is at www.medicare.gov

Important Considerations for Choosing a Plan

1. *Coverage: Does the plan cover the medications you need?*
 - Check out the plan's network of preferred pharmacies. You will pay less for medications dispensed at a preferred pharmacy than you will at a standard network pharmacy.
 - Determine how the drug plan's coverage rules—quantity limit, step therapy, and prior authorization—will affect your medications.
2. *Cost: How much will you spend out of your pocket for medications?*
 - Go beyond the premiums. Take a look at the deductibles, copayments, and coinsurance you'll pay for the drugs you need.
3. *Quality: What will it be like to work with this plan?*
 - Pay attention to the overall star rating for the plan.
 - Check out important points such as customer services and complaints.

BEFORE MOVING FORWARD

Please take a moment now to complete the following:

- Gather your prescription medications
- Print the "Part D Plan Benefits & Costs Comparison Worksheet" (pages 21-22)
- Point your web browser to www.medicare.gov

Follow Along With Program

VIDEO #2

The Medicare Plan Finder

At www.medicare.gov, Medicare offers a free tool to help you evaluate and choose different types of Medicare plans.

In the next two videos of this series, Diane will walk you through the four steps of using the Plan Finder.

STEP 1 of 4: Enter Information

- *Enter the zip code of the area that you would like to compare plans.*

If you have homes in more than one location, use the zip code that you consider to be your permanent residence.

Please note: The Plan Finder will only show you plans available in that zip code.

- *Question: "How do you get your Medicare Coverage?"*

If you are not yet enrolled in Medicare, choose the answer "I don't have any Medicare coverage yet." Otherwise, select the option that best matches your situation.

- *Question: "Do you get help from Medicare or your state to pay your Medicare prescription drug costs?"*

Choose the option that most accurately describes you.

If you need help paying for Medicare, download a free PDF resource to learn about financial assistance programs available to you at www.medicare.gov/Pubs/pdf/10126.pdf

STEP 2 of 4: Enter Your Drugs

- If you do not take any prescription medications, you may click on the button "I don't take any drugs."
- **If you do take prescription medications, it's important to enter all prescribed medications.** This will allow you to identify the plans that most cost-effectively cover your drugs. Failing to enter even one medication could lead you to pick the wrong plan and cost you thousands of dollars out-of-pocket.



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- If you'd like to save your drug list for later use, write down the "Drug List ID" and "Password Date" that appears after you've entered your first drug.

VIDEO #3

STEP 3 of 4: Select Your Pharmacies

- Select one or two preferred pharmacies. If your preferred pharmacy does not appear in the default listing, try increasing the radius from your zip code.
- In step 4, you'll learn whether these pharmacies are in a plan's network.
- You may not select more than two pharmacies. However, you can step through the plan finder multiple times selecting different pharmacies.

STEP 4 of 4: Refine Your Results

The first page you'll see on this step is a summary page showing you how many plans of each type are available in your zip code.

- Check the box for "Prescription drug plans."
- If you'd like to only see those plans that include all of your medications in their formularies, click on the "+" next to "Select Drug Option" in the left hand column. From the options that appear, check the box next to "Have all my drugs on formulary." Please note: If zero plans contain all of your medications on their formularies, you may return to this step and uncheck this box.

On the next page in the Plan Finder, you'll get a list of results presented in order of their lowest estimated annual retail drug costs.

- Select up to three plans to run a side-by-side comparison.
- Begin using the "Part D Plan Benefit and Cost Comparison Worksheet."

Follow Along With Program

VIDEO #4

Drug Costs & Coverage

Drug Coverage Rules

These are requirements that plans put into place to control use of medications for safety or cost reasons. These rules can make it difficult to receive a needed medication.

- *Quantity limit*: The drug plan limits the number of pills in a prescription, the number of prescriptions in a month, or the dosage strength.
- *Step therapy*: Before prescribing a certain medication, the physician must order a less expensive but proven effective medication. If the patient experiences any problems, the physician can then order the more costly drug.
- *Prior authorization*: The physician must obtain approval before writing the prescription.

Drug Coverage Tiers

A tier is a level or grouping of medications for cost purposes. Medicare limits plans to six tiers, but most plans only use five. The higher the tier, the more costly the medication will be.

- *Tier one*: Preferred generic drugs
- *Tier two*: Non-preferred generic drugs
- *Tier three*: Preferred brand-name drugs
- *Tier four*: Non-preferred brand-name drugs
- *Tier five*: Specialty medications

VIDEO #5

Drug Plan Payment Stages

Over the course of one year, you may pay up to four different prices for a single prescription medication. In each of the four payment

When you can, try to avoid plans with many drug coverage rules, especially those with step therapy or prior authorization requirements.

A copayment is a fixed dollar amount.

A coinsurance is a specific percentage of the cost of the service or medication.

The higher the tier, the more you will have to pay out-of-pocket for a particular medication.

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In 2020, the standard deductible amount is \$435.00.

The initial coverage amount is \$896.25 in 2020.

Drug discounts apply to medications when in the Coverage Gap. In 2020, the discounts are 75% for brand-name drugs and generic medications.

After spending \$6,350 (actual out-of-pocket costs for brand-name and generic drugs plus the discount on brand-name drugs), the person moves into Stage Four.

Only about 3% of all drug plan members spend enough to reach Catastrophic Coverage.

stages, the amount you pay changes based upon how much the insurance company pays or how much of a discount you receive on a medication. The payment stages are as follows:

- *Stage One – Deductible:* Your out-of-pocket costs in this stage can range from nothing up to the Medicare standard amount.
- *Stage Two – Initial Coverage:* In this stage, you pay 25% of the cost of your drugs up to the Initial Coverage Limit. Some plans charge a set copayment or a lesser coinsurance in this stage.
- *Stage Three – Coverage Gap (donut hole):* The insurance company providing your Part D coverage does not pay anything toward medications although some plans may provide additional coverage on some medications in this stage. Beginning in 2011, the government established discounts for medications filled while in the coverage gap. As of 2020, the donut hole is considered “closed,” but you’ll still pay 25% of the total cost of brand-name and generic medications.
- *Stage Four – Catastrophic Coverage:* In this stage, you’ll pay nominal charges for medications. **In 2020, you’d pay the greater of 5% of the total drug cost or \$8.95 for brand-name/\$3.60 for generic medications.**

To view the cost of your medications by payment stage, click on “View Drug Cost Summary.”

VIDEO #6

Quality Ratings

To compare the quality ratings of various plans, click on the “Plan Ratings” tab.

- Medicare uses a five-star rating system to display quality results with 5 stars being an excellent plan and a 1 star plan being poor.
- Medicare evaluates drug plans on customer service, complaints and problems, members’ experiences with the plan, and plan pricing and safety.

Follow Along With Program

Important Quality Rating Icons



5-Star Rating Icon:

- Only a handful of plans receive this icon.
- You can enroll in a 5-star plan at any time during the year.



Consistently Low Performer Icon:

- You cannot enroll in a plan with this icon online. You must call the plan directly.



Enrolling in a Plan

When you choose the plan that is best for your unique needs, you can enroll online by clicking on the “Enroll” button next to your plan’s listing on the Medicare Plan Finder. You may also enroll through an insurance agent who represents your plan of choice or by calling the insurance company directly.

IMPORTANT

Before enrolling in a plan, contact the plan or an agent to confirm the premium and any other critical copays or coinsurances cited on the Plan Finder. In some rare cases, the data presented through the Medicare Plan Finder may not be up-to-date.

Glossary of Terms

Catastrophic Coverage

The fourth and last payment stage in a Part D prescription drug plan during which the individual pays only a small coinsurance or small copay for a covered drug. The plan pays the rest of the cost for the remainder of the year.

Coinsurance

A percentage of the cost of the medication.

Copayment (copay)

A set amount the beneficiary must pay out-of-pocket, no matter the total cost of the drug.

Coverage Gap

The third payment stage in a Part D prescription drug plan, commonly known as the “donut hole.” The stage starts when total drug costs—including what the beneficiary and the plan have paid for drugs—reach a certain amount since the start of the calendar year. In this payment stage, the individual would be responsible for all costs. There are discounts on medications.

Coverage rule

Requirements that a drug plan puts into place to control use of medications for safety or cost reasons. There are three rules: prior authorization, quantity limit, and step therapy.

Creditable drug coverage

Drug coverage is considered creditable if it is at least as good as that of the standard Medicare prescription drug plan, meaning it will pay at least as much as the standard Medicare plan. Those with creditable drug coverage can delay enrolling in Medicare Part D until that coverage ends without facing a Late Enrollment Penalty.

Deductible

The amount an individual must pay out-of-pocket until Original Medicare starts to cover its share. Also the first stage in a Part D prescription drug plan. Depending on the plan, the deductible ranges from nothing up to the Medicare standard amount.

Donut hole

See Coverage Gap

Formulary

A listing of medications, including generic and brand-name, that a drug plan will cover. Every plan has a different formulary. Generally, the individual would be responsible for any medications not on the drug plan’s formulary.

Initial Coverage

The first payment stage in a Part D prescription drug plan. The individual pays 25% of the cost of medications up to the limit set by Medicare. Some plans choose to charge set copayments or coinsurance during this stage.

In-network pharmacy

A pharmacy that has agreed to the drug plan’s terms, conditions, and payments. The plan will cover medications that its members get at an in-network pharmacy.

Part B Late enrollment penalty

For Part B, a late enrollment penalty of 10% of the standard Part B premium will be added to your Part B premium for each year of late enrollment. This penalty is added to your monthly Part B premium for life.

Glossary of Terms

Part D Late enrollment penalty

For Part D, this penalty is paid by those who do not have creditable drug coverage and delay enrollment in a Part D drug plan. The penalty is 1% of the annual Part D national base premium for every month the beneficiary went without creditable drug coverage. This penalty is added to your monthly Part D premium for life.

Member

An individual enrolled in a Medicare plan.

Network

A defined list of pharmacies that members of a Part D plan must use.

Original Medicare

Also known as Traditional Medicare. This is a fee-for-service health plan that allows beneficiaries to see any doctor, hospital, or healthcare supplier who participates in Medicare and is accepting new Medicare patients. It has two parts: Part A, hospital insurance, and Part B, medical insurance.

Part A, hospital insurance

Medicare hospital insurance that helps cover inpatient hospital care, skilled nursing facility care, some home health agency services, and hospice care.

Part B, medical insurance

Medicare medical insurance that helps pay for physician services, outpatient hospital care, durable medical equipment, and some medical services that aren't covered by Part A.

Part C, Medicare Advantage

A type of Medicare health plan, also known as a Medicare replacement plan, that is offered by a private company under contract with Medicare to provide all Part A and Part B benefits. Plans include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service plans, Special Needs Plans, and Medicare Medical Savings Accounts.

Part D, prescription drug plan

An optional prescription drug insurance program provided by private companies approved by Medicare.

Prescription drug plan (PDP)

A stand-alone prescription drug plan purchased by beneficiaries who have other creditable drug coverage, such as a retiree health plan.

Preferred pharmacy

An in-network pharmacy that offers covered drugs to plan members at lower out-of-pocket costs than what the members would pay at another pharmacy. Not every drug plan has preferred pharmacies.

Premium

The monthly charge a plan member pays for the drug plan. The standard Part D premium in 2018 is \$33.50. However, very few people with a Part D drug plan actually pay this premium. Each plan determines its own premium; some plans do not charge one.

Glossary of Terms

Prior authorization

A drug plan coverage rule. The physician must obtain consent from the plan before prescribing a certain medication. This may also apply to certain treatments or services in a Medicare Advantage plan. See also *Authorization of services*

Quantity limit

A drug plan coverage rule. The drug plan's rule limits the number of pills in a prescription, the number of prescriptions in a month, or the dosage strength.

Step therapy

A drug plan coverage rule. In most cases, this means that before prescribing a certain medication (usually a very expensive one), the physician must order a less expensive but proven-effective medication. If the individual experiences side effects or other problems, the physician can then "step up" to or order the more costly drug.

Tier

A level or grouping of medications that determines the out-of-pocket cost for those drugs.

“Part D Plan Benefit and Cost Comparison Worksheet”

A Part D plan comparison tool created by *65 Incorporated*

On the next page, you’ll find a worksheet that will help you compare various Part D prescription drug plans.

Please feel free to print out this worksheet and use it as you make your plan comparisons.

However, this worksheet is protected by copyright law that prohibits reproduction without the permission of the copyright owner.

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PART D PLAN BENEFITS & COSTS COMPARISON WORKSHEET



PLANS TO COMPARE

		CURRENT PLAN		ALTERNATIVE #1					ALTERNATIVE #2							
		CURRENT YEAR	NEXT YEAR	NEXT YEAR					NEXT YEAR							
		20____	20____	20____					20____							
DRUG PLAN COSTS																
Total monthly premium																
Deductible																
ESTIMATED DRUG COSTS																
Retail pharmacy 1																
Retail pharmacy 2																
Mail order																
PLAN QUALITY RATINGS																
Overall plan rating		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Drug plan customer service		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Members' rating of drug plan		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Member complaints		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Ease of getting prescriptions filled when using this plan		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
BENEFITS IN COVERAGE GAP																
For generic drugs		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
For brand name drugs		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
DRUG FORMULARY																
All prescriptions are included		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
RESTRICTIONS																
Quantity limit		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
Step therapy		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
Prior authorization		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No
PHARMACY NETWORK																
My pharmacy is in-network		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	No

