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MEDICARE TAKES MAJOR STEP TOWARD 2006 DRUG BENEFIT Issues Approval To Plans Offering Coverage Prescription Drug Plans Under \$20 In 49 States Medicare Advantage Options Also Increase

Medicare took a major step toward its new prescription drug coverage today by formally approving prescription drug plans and Medicare Advantage plans which will offer the coverage starting Jan. 1, 2006, HHS Secretary Mike Leavitt announced.

The prescription drug plans, which work with traditional Medicare, and the Medicare Advantage plans that offer drug coverage and additional benefits, can begin marketing their plans on Oct. 1. More details on those plans will come in the next few weeks.

- Today's approvals include: Prescription drug plans in every state – with no area needing the “fallback” plan that would have been required without at least two organizations competing.
- Between 11 and 20 organizations offering prescription drug plans in each region.
- Nine organizations offering drug coverage nationwide.
- In every state but Alaska, at least one prescription drug plan with a premium of less than \$20 a month.

Medicare Advantage plans, which offer coordinated care for even lower out-of-pocket costs, will have more comprehensive offerings next year also. In 44 states, beneficiaries can select a Medicare Advantage plan that provides prescription drug coverage for no additional cost. In 37 states, beneficiaries across the state will be able to choose a new regional Preferred Provider Organization (PPO) plan.

“Thanks to the range of options available, everyone in Medicare will be able to choose a prescription drug plan that addresses their individual concerns about cost, coverage and convenience,” Secretary Leavitt said. “For premiums that are in many cases much lower than expected, seniors will be able to get Medicare-approved prescription drug coverage that will help protect their health as well as their savings.”

“Medicare is taking an historic step today toward coverage that will bring the best of modern medicine to our beneficiaries,” said CMS Administrator Mark B. McClellan, M.D., Ph.D. “As we approach the start of enrollment on November 15, Medicare will work with our partners in every state to help people with Medicare make their decisions.”

Prescription drug coverage will be available to everyone in Medicare, regardless of their income or how they get their Medicare coverage. Extra assistance is available to those with limited incomes and resources. In every state, at least five prescription drug plans will offer coverage with no premium to beneficiaries who qualify for that extra help.

All plans have met Medicare's requirements for providing access to medically necessary drugs, including formulary standards as well as standards for access to convenient retail pharmacies and to drugs in nursing homes. All plans are required to provide coverage at least as good as Medicare's standard coverage, which pays on average 75 percent of drug costs after a \$250 deductible up to \$2,250 in total drug spending. The coverage also pays approximately 95 percent after \$3,600 in out-of-pocket costs to protect against very high drug expenses. This means that for a monthly premium that is lower than expected, Medicare would pay more than half of a typical beneficiary's drug costs, or more than \$1,100.

"As a result of the strong competition, Medicare will also include options that cost less and provide coverage beyond Medicare's standard benefit," Dr. McClellan said. "With better opportunities to save and to get the coverage that works for you, it's about time to start thinking about how you or someone you care about can take advantage of the new benefit."

Everyone who cares about someone in Medicare can also help, Secretary Leavitt and Dr. McClellan emphasized. A guide on how to talk about the prescription drug coverage will be included in the Sept. 25 edition of *Parade* magazine, including a call for families to discuss the new prescription drug benefit as they gather the day after Thanksgiving.

"Any time is a good time to talk about Medicare's drug coverage, but we'd like to create a national conversation at a time when a lot of people gather with family and friends and just catch up on their lives," Secretary Leavitt said.

"Take a few minutes to talk about Medicare's drug coverage -- it could change the life of someone you love," Dr. McClellan said. "We will use the detailed information on drug plans that will be available in the weeks ahead to help every Medicare beneficiary choose a plan that is a good fit."

More information to help guide these conversations will be published in the coming weeks. In early October, the *Medicare & You 2006* handbook will be mailed to every Medicare household. Beneficiaries with coverage now, for example from a former employer, should also get information by October on how that coverage will work with Medicare's new benefits. Beginning in mid-October, Medicare's Web site, www.medicare.gov, and its 24-hour toll-free number, 1-800-MEDICARE (1-800-633-4227), will also have specific information available to help beneficiaries find the drug coverage that suits their needs.

To get a plan that works for them, beneficiaries should make a note of any current drug coverage, their prescription drugs and their preferences about pharmacies or additional coverage.

A map of the prescription drug plan and Medicare Advantage plan regions can be found at <http://www.cms.hhs.gov/medicarereform/mmregions/>.

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