

## Medicare Plan – Basic Summary

### Immediate Savings for Seniors Through Prescription Drug Discount Card:

- Available within six months of becoming law for 2004-2005.
- Swipe card used at point-of-purchase for upfront discounts.
- Provides significant, immediate savings up to 25% off what seniors currently are paying according to HHS.

### Universally Available Prescription Drug Benefit:

- Guaranteed, voluntary benefit would begin in 2006.
- Option available for seniors to simply add drug coverage to traditional fee-for-service Medicare without any loss of current benefits.
- Estimated \$35 monthly premium, \$275 annual deductible.
- Medicare would pay 75% of drug costs up to \$2,200.
- Catastrophic Coverage would guarantee that Medicare pays 95% of drug costs over \$3,600 a year.
- Estimated to provide savings up to 50% off of what seniors without coverage are currently paying today according to HHS.

### Low-Income Assistance to Help Neediest Senior Citizens:

- Comprehensive coverage for low-income single seniors with annual income under \$12,900 and low-income senior couples under \$16,600.
- In 2004-2005, \$600 annual subsidy combined with Rx Discount Card savings to help cover out-of-pocket costs.
- Beginning in 2006, Comprehensive Pharmaceutical Coverage will be offered, with no gap, for \$2 generic and \$5 name-brand prescription co-payment.

### Preventive Care & Disease Management:

- Would provide free “Welcome to Medicare” physical exam to learn upfront a senior’s health status and future care needs.
- New cholesterol and blood lipid screenings added to basic benefits.
- New disease management programs to keep seniors healthy.

### Retiree Coverage:

- A new federal subsidy would pay 28 percent of beneficiaries’ drug costs between \$250 and \$5000. This would provide up to \$1330 for each beneficiary.
- Would provide financial incentives for employers to continue offering prescription drug coverage for their retirees. Today, employers and unions can drop retiree health coverage and some are doing so because retiree coverage is voluntary on the part of the employer.
- Retirees whose employers continue to offer prescription drug coverage have the option to decline the new Medicare drug benefit and remain in their employer plan.
- To qualify for the employer-sponsored coverage subsidy, the employer or union would show that its coverage is as generous as, or more generous than, the new Medicare drug benefit in Part D. About one-third of Medicare beneficiaries currently have drug

coverage through their former employer, and the coverage is typically among the most generous type available.

- Beneficiaries who continue with their employer-sponsored drug coverage would be able at a later date, should their employer ever drop such coverage, to enroll in Medicare Part D without any late enrollment penalty.

Health Savings Accounts:

- Would allow individuals to set aside tax-free savings for lifetime health care needs.
- Savings are portable, from job-to-job and into retirement.
- Contributions can be made by individuals, employers and family members
- Allow annual tax deductible contributions of up to \$2,500 for singles and \$5,050 for families.
- Individuals age 55 and older can make catch-up contributions of up to \$1,000.
- Savings can be used for qualified medical expenses, including retiree health insurance premiums, Medicare expenses, prescription drugs, long-term care services and insurance.