

Medicare Part D Plans: What's the Actual Cost?

December 1, 2010, Allchoice, Inc., Wixom, Michigan

Beginning on-or-about November 1st the office staff of Allchoice, Inc. in Wixom, Michigan, begins going through the file each and every client with a Medicare Part D prescription plan. The clients are contacted, medication lists are updated to the current list of prescriptions if any, and new Medicare Part D prescription reports are run to determine if there is a better plan than the Medicare Part D plan the client is currently a member of. The reports are sent to the client, along with a blank CMS-approved Scope of Sales Appointment Confirmation Form. Once the form is signed and returned to Allchoice, Inc., the client can speak with an agent about the plans in the new reports.

During this 2011 Medicare Open Enrollment period in the latter part of 2010, most Medicare Part D reports are containing anywhere from 30 - 35 plans for the client to look through and review. This can be quite a daunting task as there is a considerable amount of information to digest. It's simple to look at the reports, order them by the monthly amount of the plan's premium and select the least-expensive plan. However, there's much more to the actual annual cost than just the monthly premium.

Here's what needs to be considered:

- **Deductibles and Co-Payments**

If a plan with a given monthly premium has a high deductible and a fairly low co-pay, it may actually end up costing more than a plan with a higher monthly premium having a lower deductible and no co-pay. It's the annual cost of these three factors that's really the key to determining which plan is least expensive.

- **Generics vs. Brand Name Drugs**

While a lot of plans cover the generic versions of a given prescription, it's possible to have an adverse reaction to the generic to the point where the brand name is required. In these situations it's important to make sure the brand name drug is available under a given plan and how much that brand name medication will cost per month.

- **Pharmacy Restrictions**

Some Medicare Part D prescription plans will restrict purchase of medications to particular pharmacies or chains of pharmacies. Which pharmacies are available and where they're located are factors in whether or not a given plan will be cost-effective for the member.

- **The "Donut Hole"**

For the 2011 period the "donut hole" occurs once the individual's and plan's combined costs total \$2,840. The individual is then responsible for all costs until the beginning of what's known as "catastrophic coverage", which is when costs exceed \$6,448 and plans

cover 95% of costs. During the donut hole there's a 7% discount on generics and a 50% discount on brand-name drugs. Evaluating how this works for a given list of prescriptions will help in determining the actual cost of a plan.

- **Other Information**

Receiving complete and objective information about a given plan can be difficult for a given client's set of circumstances, necessary prescriptions, ongoing and intermittent treatments and many other factors. It's important to talk with someone who is interested in the individual client's needs and who can look at the requirements and options with an open mind.

About Allchoice, Inc.

Allchoice was originally incorporated in 1999 and now has 37 associates to serve our clients. We specialize in both individual and small business health insurance (up to 1000 employees) as well as health and prescription plans for seniors. We also provide continual personal service to business owners and their employees. Allchoice offers over 700 Individual health plans and over 200 Group health insurance plans as well as Disability, Life, Long Term Care and Medicare insurance, along with plans for Auto, Home, Renters and International Travel. Contact Allchoice, Inc. at 800.889.2659 for a comprehensive and objective look at your Medicare Part D options and other insurance needs.