

Medicare Eligible Beneficiaries (Including Eligible Dependents) and Medicare Part D Background: Medicare Prescription Drug Coverage (Part D).

Medicare offers prescription drug coverage for **everyone** with Medicare Part A (hospitalization) and/or Part B (medical). This coverage is called Medicare “Part D”. Medicare prescription drug coverage can protect against the future drug costs and give you access to drugs that you can use to stay physically and mentally healthy.

There is a Penalty for Part D Late-Entry

Eligible member who forego Part D enrollment when it is first available and who do not have creditable prescription drug coverage for a period of 63 days or longer will likely have to pay a higher Part D premium of 1 percent per month for late enrollment. For example:

- Part D premium in 2011 \$32.34 (the national average, which can change each year)
- For 10 months the person did not join a Part D plan.
- $\$32.34 \times 10$ (number of months) = \$3.234 (round to the nearest ten cents) or \$3.23. This amount would be added to the monthly Part D premium.

Part D can be declined until further notice if a person has “creditable coverage”. Meaning, the pharmacy coverage they have via an employer or union sponsored plan is at least as good as Medicare’s Part D coverage. If the coverage is determined to be creditable the person can opt out of Part D without paying the penalty.

What Does All This Mean For Pima County Employees and Their Dependents?

The Choice Plus and High Deductible Health Plan with & without HSA are considered “creditable coverage”. This means:

- If an employee and/or their dependent(s) is enrolled in the Choice Plus or one of the HDHPs they could opt out of Part D and not be subject to any penalties.

NOTE: If an employee has a dependent and they become Medicare Part D eligible the dependents participation in Part D plan does not prevent the employer or employee from funding the HSA account. To avoid paying the Part D penalty the dependent would want to enroll in Part D.