



Medicare—Part D

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It's that time of year again... No, not the Holiday season, it's open enrollment for Medicare's Prescription Drug Plan (Part D). The 2007 enrollment window opened on November 15 and will last until December 31. For those looking to change to a new plan, here is your opportunity.

Part D Basics

You may recall that late last year Medicare recipients were invited to participate in the voluntary Part D available through private insurance companies. As a supplement to Medicare Part A & B, Part D represented the biggest change Medicare had gone through since its 1965 inception. In spite of the confusion it caused, Part D's objective is to help participants afford the ever increasing cost of prescription drugs.

Unless you have "creditable" drug coverage through your employer or a Medicare Supplemental Plan, you will be responsible for joining Part D. "Creditable" coverage is one that is equivalent or better than a Medicare drug plan and employer's and supplemental plans are required to give you notice comparing their coverage to that of a Medicare drug plan.

If you were eligible (you did not have "creditable" drug coverage through your employer or through a Medicare Supplemental Plan) but did not make a Part D election last year, you will have to pay a monthly penalty to enroll this year. Your penalty will be 1% of the national average premiums in the year you join times the number of full months you were eligible to enroll but didn't. The longer you put it off, the more it could cost you as the penalty is added to your monthly premiums for the rest of your life.

On the other hand, if you had Part D coverage in 2006, you will have received information from your insurance company informing you of any plan changes taking place in 2007. Plan changes may include a revised formulary (list of covered prescription drugs), increase costs, etc. This will be your opportunity to compare and shop for other plans.

What Are The Costs?

Depending on your coverage needs, plans with higher monthly premiums will offer enhanced benefits and a broader list of covered drugs. To estimate the cost, gather names of current drugs you are taking, the dosage and visit www.medicare.gov or call 800-Medicare. This will give you an opportunity to compare the many plans available and their benefits. You will find the following common terms in all of your options:

- ◆ Premiums: Paid monthly to maintain the insurance coverage
- ◆ Deductibles: Paid out-of-pocket before insurance coverage begins to pay
- ◆ Co-insurance: Percentage of drug cost you will be responsible for – remainder will be covered by insurance
- ◆ Coverage Gap (Donut Hole): In 2007, after \$2400 of total drug costs within your initial coverage limit, you will be responsible for 100% of cost or \$3,051 until catastrophic coverage begins
- ◆ Monthly Penalty: If applicable.

Keep in mind that individuals with limited income and resources may qualify for support in paying for their drug coverage.

Not Yet Eligible?

If you are not yet 65, the Initial Enrollment Period begins three months before and three months after the month you turn 65; this means you have 7 months to enroll and coverage will begin on the 1st day of the month following enrollment. If you are turning 65 sometime next year, you will not be restricted to the annual Nov 15th to Dec 31st enrollment period.

Contact your Vantage Relationship Manager if you'd like assistance in determining your Medicare Part D options. We'd be glad to help.

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