

## IVEN R. TAUB

ATTORNEY AT LAW

355 LEXINGTON AVENUE  
20<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10017

TEL: (212) 286-7700  
TEL: (212) 686-6866

FAX: (212) 481-2488  
E-mail: Ivenesq@aol.com

WESTCHESTER OFFICE  
550 MAMARONECK AVENUE  
SUITE 510  
HARRISON, NEW YORK 10528

TEL: (914) 381-7400

FAX: (914) 381-7406

BY APPOINTMENT ONLY

Timothy P. Fisher  
Of Counsel  
Schwartzman Garelik  
Walker & Troy, P.C.<sup>A</sup>  
Of Counsel

<sup>A</sup>Members Admitted in  
New York and New Jersey

November, 2005

**TO: Our Clients and Their Advisors**

**RE: ALERT - Medicare Part D - Prescription Drug Coverage Effective January 1, 2006**

The new Medicare Part D - prescription drug benefit plan ("Part D Plan") becomes effective January 1, 2006. The Part D Plan is only available to Medicare eligible (age 65) individuals and is strictly a prescription drug reimbursement plan. Part D Plans supplement existing Medicare Part A (Hospital) and Part B (Medical Services) plans which are not affected by this new Part D drug reimbursement program. Listed below is some information and various issues to consider when evaluating whether enrollment and which Part D Plan is the appropriate choice.

◆ **Enrollment Period.** The initial enrollment period for a Part D Plan is November 15, 2005 through May 15, 2006. Coverage will be effective January 1, 2006 for plan enrollment on or before December 31, 2005. Enrollment after December 31, 2005 but before the initial cutoff of May 15, 2006 will have coverage commence the first day of the month following enrollment. If you receive Supplemental Security Income (SSI) or are enrolled in Medicaid or a Medicare Savings Program, you will automatically be enrolled in a Part D Plan if you do not initially enroll.

◆ **Annual Premiums and Costs.** The national average for monthly premiums is \$32.20 per month with an annual deductible of \$250. The Part D Plan pays 75% of covered drugs (after the deductible) until annual covered drugs totals \$2,250. Thereafter, the Part D Plan does not provide reimbursement until you spend a total of \$3,600 (total drug costs of \$5,100). After this threshold, you pay the greater of 5% of the drug's cost or a fixed dollar amount. If your prescription drug costs exceed \$700 annually it will be economically advantageous to enroll in a Part D Plan.

◆ **Formulary - Drug Coverage.** When investigating the Part D Plans it is most important to analyze the Plan Formulary (list of drugs covered under the plan) to determine if there will be coverage and a savings in the cost of your current drug regimen. Also investigate whether the Part D Plan addresses additional special needs or services required as well as convenient pharmacy locations.

◆ **Late Enrollment.** To encourage enrollment by May 15, 2006, a penalty will be imposed in the form of a progressively higher monthly premium (1% per month) for enrollment after May 15, 2006. If you currently are enrolled in a drug plan through your employer or union you should receive a "Notice of Creditable Coverage" advising you if your current drug plan is at least comparable or "creditable" to the Part D Plan. If it is "creditable" and you enroll in a Part D Plan after May 15, 2006 you will not be subject to the higher monthly premiums. If you are currently enrolled in a Medigap plan also known as a "supplemental policy" which has prescription drug coverage and do not enroll in the Part D Plan before May 15, 2006 you will be subject to the higher monthly premiums.

◆ **Web Sites:** Listed below are some web sites which provide important information concerning the Part D Plan and other "creditable" plans available within your local area such as Medicare Advantage Plans which include a drug plan:

[www.medicare.gov](http://www.medicare.gov)  
[www.eldercare.gov](http://www.eldercare.gov)  
[www.medicarerights.org](http://www.medicarerights.org)  
[www.kff.org](http://www.kff.org)  
[www.cms.hhs.gov/map/map.asp](http://www.cms.hhs.gov/map/map.asp)

Medicare  
Elder Care  
Medicare Rights Organization  
Kaiser Family Foundation  
Local Medicare Advantage Plans listed by State

◆ You should also review the 2006 Medicare & You booklet mailed in October 2005 which provides options within your local area.

Our office is available to assist you or your clients in exploring these and other elder law issues we address as part of our estate planning practice which identifies sophisticated estate tax planning opportunities including family limited partnerships, qualified personal residence trusts and charitable giving scenarios to assist in the preservation of wealth for future generations as well as our other areas of specialization including real estate, tax dispute resolution, business and employment law representation and retirement planning issues.