

Information Partners Can Use on: Repayment of Premiums and Copayments Paid Out-of-Pocket

This fact sheet explains how people with Medicare can get paid back for Medicare drug plan copayment and/or premium amounts.

How to get reimbursed from a Medicare drug plan

What should people with Medicare do if they paid out-of-pocket for drug costs because they needed to fill a prescription before getting their plan membership card or confirmation letter?

A Medicare drug plan will reimburse people with Medicare who pay for prescriptions that should be covered by their plan. To get reimbursed the person with Medicare should take the following steps:

- 1) Save the original receipt from the drug purchase. If the person no longer has the original receipt, they can contact the pharmacy and ask for a replacement receipt or other proof of purchase.
- 2) Call the plan's customer service number on the membership card, read the plan's printed materials, or look on the plan's member website to find out about the reimbursement process.
- 3) Get a copy of the plan's claim submission or reimbursement form, if needed.
- 4) Fill out the form and submit it to the plan with the original or replacement receipt.

What if someone qualifies for the Low-Income Subsidy (LIS) but isn't charged for the correct deductible or copayment amount?

People eligible for the LIS who aren't charged the correct deductible or copayment amount should contact their Medicare drug plan to find out how to submit a claim for reimbursement. They should save the original receipt from the purchase in case they need to submit it with the claim. The Medicare drug plan will refund any amount that is due.

How will pharmacies be reimbursed for payments they have made on behalf of people with Medicare and Medicaid who live in long-term care facilities and qualify for the \$0 copayment?

People with Medicare and Medicaid who reside in long-term care facilities may not have to pay copayments for their prescription drugs. Pharmacies will get a one-time payment for the amount of any uncollected copayments for people who were mistakenly identified as having to pay copayment amounts. The pharmacy will need to submit a spreadsheet with claim information to the Medicare drug plan.

Note: Processes may vary among Medicare drug plans. Following the Medicare drug plan's directions will help ensure timely reimbursements.

What should people do if they don't have a plan membership card?

To avoid paying prescription drug costs that are covered by their plan, if people with Medicare need to fill a prescription before they get their plan membership card they should let the pharmacist know the plan's name and take one or more of the following to the pharmacy:

- A welcome letter from the plan
- The plan confirmation or acknowledgement letter
- An enrollment confirmation number from the plan
- A copy of an enrollment application

People eligible for the LIS can provide the pharmacy with a copy of their yellow or green automatic enrollment letter from Medicare, their Medicaid card (if they have one), their approval letter from Social Security, or other proof that they qualify for extra help from the Federal government.

Premium Payments

People with Medicare can pay their Medicare drug plan premiums in one of the following ways:

- Mailing monthly premium payments directly to the plan
- Having the monthly premium transferred electronically from a checking or savings account to the plan
- Having monthly premiums deducted from their Social Security benefit

What should people do if the correct premium amount isn't deducted from their Social Security benefit?

If there is a premium overpayment, such as when a person changes to a lower premium plan and the premium change doesn't immediately go into effect, Social Security will automatically refund the premium overpayment. The person will get a refund check separate from his or her regular monthly Social Security benefit. It may take two to three months to get a refund.

Note: If someone was supposed to get a refund check from Social Security in 2006, they will get it soon. The Centers for Medicare & Medicaid Services is working on a process for these refunds.

Why would someone have two premiums deducted in one month?

People who enroll in a Medicare drug plan at the end of the month may be charged in one month for multiple premium payments. For instance, people who enrolled in a Medicare drug plan in the last two or three weeks of December with an effective date of January 1, 2007, may be billed in February for both January and February premiums. Depending on which payment method was selected, one of the following will occur:

- They will get a bill for two months of premiums. (Note: Plans generally send bills at either the beginning or the end of the month. It varies by plan.)
- They will have two months of premiums withdrawn from the selected account. This could show as two separate withdrawal amounts, or one withdrawal at double the amount, depending on the plan. (Note: These withdrawals generally happen at either the beginning or the end of the month.)
- They will have two months of premiums withheld from the monthly Social Security payment.

What happens if a person who qualified for the Low-income subsidy (LIS) is charged for a premium?

People who qualified for the full LIS should generally pay no monthly prescription drug premiums. However, if they select a plan that doesn't have a \$0 premium for people qualifying for the full LIS, they will have to pay a small premium amount. Also, if they join a Medicare drug plan with supplemental benefits, they will pay the plan's supplemental premium. People who qualified for the partial subsidy may pay no premium or a reduced premium for a basic plan, depending on income.

In general, plans don't bill a new member until Medicare tells the plan what the member's premium should be. However, in some cases, plans might have mistakenly sent bills for full plan premiums to certain members or the member qualifies for the LIS retroactively.

Drug plan sponsors have been instructed that they should wait for correct premium information before billing their members. Plans also have been directed not to disenroll members for failure to pay their premium bill if the person might qualify for the full or partial low income premium subsidy amount. People who get a notice that says they will be disenrolled for non-payment of premiums should call their plan.

If the Medicare drug plan billed a member who should have a reduced or \$0 premium and the member paid the premium, the Medicare drug plan will refund the correct amounts as soon as possible. The member can call the customer service number on the membership card, read the plan's printed materials, or look on the plan's member website to find out about the reimbursement process.

What happens if people choose the premium withholding, but they also have a secondary insurer that pays part of the drug plan premium?

People who get a premium benefit from a secondary insurer (a plan other than their Medicare health plan or Medicare drug plan), such as an employer health plan or a State Pharmacy Assistance Program (SPAP), will have the entire monthly premium withheld if they choose the Social Security premium withholding option. The Medicare drug plan will give the member a refund for the amount the employer health plan or SPAP would have paid. For example, if a member with a \$20 drug plan premium has a SPAP premium benefit of \$10 per month and the member chooses premium withholding, Social Security will withhold the full \$20. The Medicare drug plan will refund the member \$10.

Plans shouldn't convert members with secondary coverage to direct billing, unless the member requests it, but they may encourage members to choose this method of billing. If a member chooses direct billing, he or she will get a bill for the correct premium amount. The SPAP or employer will pay its share directly to the plan.

What happens if a person is in a Medicare Advantage Plan that lowers the Medicare Part B premium, but the person is charged the full premium amount?

Some Medicare Advantage Plans pay some or all of their members' Medicare Part B premium as part of the plan's enrollment. There have been some delays in implementing these premium reductions and members didn't see an increase in their Social Security check equal to the amount of the reduction in the Medicare Part B premium covered by the plan.

In these cases, the incorrect withholding amounts will be repaid to the member all at once. Depending on the payment method members selected, one of the following will occur:

- They will have their regularly scheduled Social Security benefit payment increased, or
- They will get a refund check from the plan or from Social Security.