

IN WRITING

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- From the Executive Director

Natalie Meyer

Program Director, Indiana Drug Card

Medicare and the Indiana Drug Card

As more and more baby boomers are hitting the retirement age of 65, many things need to be evaluated and one of the major decisions a person should make when entering their senior years is their medical coverage options. For those approaching age 65, taking the time to review the types of coverage you have available to you and weighing the overall financial impact of those options will help you and your spouse plan as you move into the next stage of your life. Many unexpected costs that arise during retirement are due to unexpected medical procedures and high price prescriptions.

Many people that are approaching their Medicare years are often under the misconception that Medicare is going to cover all medical expenses but unfortunately that is not true. Medicare does not cover all medical costs and the out-of-pocket expenses for medical care can still have sticker shock effect. According to the Employee Benefit Research Institute's October 2014 Executive Summary, "In 2011 Medicare covered 62% of the cost of health care services for Medicare beneficiaries 65 and older, while out-of-pocket spending accounted for 13%, and private insurance covered 15%. Medicare was never designed to cover expenses in full."

One part of Medicare that is often responsible for large out-of-pocket costs is prescriptions, especially when people fall in the donut hole. The Patient Protection and Affordable Care Act of 2010 (PPACA) enrollees includes provisions to minimize the size of this donut hole but it did not eliminate it all together. According to this EBRI's report, by 2020 those enrolled in Medicare will pay 25% of both name brand and generic prescription drugs when they are in the donut hole. In the future you could end up paying a greater percentage due to the financial restraints of Medicare and penny pinching efforts to employment-based retire health programs.



When planning for retirement, out-of-pocket medical expenses should be put into the budget. Costs for prescription costs alone can set some people back quite a bit. According to EBRI's findings based on median drug prices if a man retired at age 65 in 2014 he "would need \$64,000 in savings and a woman would need \$83,000 if each had a goal of having a 50% chance of having enough money saved to cover health expenses in retirement." The savings total for women is higher due to their longer life expectancy.

One free solution that the Indiana Association of Cities and Towns would like to remind their members about is the Indiana Drug Card. The Indiana Drug Card is a free prescription assistance program available to all Hoosiers with no age or income requirements. Although many routine medications may be covered by Medicare, it is always worth shopping around to see if there is a better rate through a program like this. When an individual falls in their donut hole they can use this program to help offset the costs of high price prescriptions. To print a free card or check the price of your medication using the Indiana Drug Card, go to www.IndianaDrugCard.com. For questions call 1-888-4-INY-RX or email natalie@indianadrugcard.com.