



Information Partners Can Use on:

HELPING PEOPLE UNDERSTAND THEIR EXPLANATION OF BENEFITS (EOB)

Medicare Prescription Drug Coverage

June 2008

What is an Explanation of Benefits (EOB)?

The EOB is a statement people get for every month in which they fill a prescription using their Medicare drug plan coverage. It isn't a bill. The EOB provides detailed information about the drug plan coverage a person has used to date. It helps people understand how their prescription drug coverage applies to the prescriptions they fill.

When do people get an EOB?

People should get an EOB by the end of the month following the month they fill a prescription using their drug plan coverage.

What does the EOB include?

A person's EOB includes the following information:

- A record of the person's total out-of-pocket costs and total drug costs transferred from their previous plan(s) (if a person changed plans during the year)
- A summary of a person's year-to-date costs in the plan and information about the person's current coverage period (for example, the deductible, the initial coverage period, the coverage gap, or catastrophic coverage) and his or her total out-of-pocket costs and total drug costs
- A summary of the claims processed since his or her last EOB
- Any updates to the drug plan's formulary (if there are any updates)

The EOB also provides sources for more information including the plan's contact information and what people can do if they disagree with the accuracy of their EOB or a coverage decision the plan made.

What should a person who gets an EOB do with the information?

Check the EOB for mistakes

People should keep their EOBs for their records. Reviewing the EOB for accuracy is important. People should save the receipts they get when they fill prescriptions to check against the claims listed on their EOB. If they have questions or find mistakes, they should contact their plan.

Monitor progress through the plan

The EOB provides a year-to-date summary of a person's drug plan costs. This summary includes a breakdown of the drug plan costs paid during each coverage period. The summary also helps the person know how much he or she has left to pay in his or her current coverage period before moving to the next coverage period.

For people who are in plans with a coverage gap, there are ways they can save money during the gap. For more information, people can visit www.medicare.gov on the web and select "Find a Medicare Publication" to look at or print a copy of "Bridging the Coverage Gap" (CMS Publication No. 11213).

Check for updates to the plan's formulary (list of covered drugs)

Plans may remove drugs from their formularies, change the formulary tier on which a drug is placed, and/or add rules about whether and when certain drugs are covered during the year. Plans whose formularies are changing will include a section in the EOB that provides updates. Some changes won't affect a person's coverage for a particular drug for the rest of the year. Other changes are effective 60 days after a person is given notice of the change (for example, listed in this section of the EOB or sent a separate formulary change notice). This section also provides a list of other covered drugs that the person may be able to take instead. The person can talk to their doctor to find out if any of the other possible drugs are right for them. The EOB includes more information on what a person can do if they have a question about any updates to their plan's formulary.

Where can I go for more information about the EOB?

Medicare provides model materials for plan sponsors to use when developing their materials. Keep in mind that while a person's EOB may look different in format from Medicare's model, each person will have the same information in their EOB. A copy of Medicare's model EOB and other Part D model marketing materials are available by visiting www.cms.hhs.gov and selecting "Part D Marketing Model Materials" under Medicare's "Prescription Drug Coverage Contracting" page.