



Information Partners Can Use on:

Housing Assistance from the Department of Housing and Urban Development (HUD)

Medicare Prescription Drug Coverage

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This tip sheet explains how the HUD program works with Medicare prescription drug coverage. It's important for people with Medicare to review and compare their health care and prescription drug coverage each year.

What is Medicare prescription drug coverage?

Medicare prescription drug coverage is available to all people with Medicare. Medicare drug plans provide insurance coverage for prescription drugs. These plans are offered by insurance companies and other private companies approved by Medicare. Plans cover both generic and brand-name prescription drugs. Like other insurance, people with Medicare will pay a monthly premium and pay a share of the cost of the prescription drugs. Costs will be different depending on the Medicare drug plan chosen.

What do people need to know about Medicare prescription drug coverage if they get housing assistance from HUD?

- Enrollment in a Medicare drug plan is optional.
- Enrollment for Medicare drug plans is from November 15–December 31 each year for people who already have Medicare.
- There may be “extra help” paying Medicare prescription drug costs.
- Even if they don't qualify for extra help, they should consider joining a Medicare drug plan.
- People won't lose their housing assistance if they qualify for this extra help.



How does a person with Medicare get extra help paying for prescription drug costs?

A person may qualify for extra help for drugs if they have limited income and resources. If they have Medicaid, a Medicare Savings Program, or Supplemental Security Income (SSI), they will automatically get extra help and don't need to apply for it. Others will need to apply for extra help and can request an application from Social Security by calling 1-800-772-1213 or visiting www.socialsecurity.gov on the web to apply online. TTY users should call 1-800-325-0778, between 7:00 a.m. and 7:00 p.m. Monday through Friday. After they apply, they will get a notice in the mail that tells them if they qualify. Social Security's application process provides person with the quickest aid decision. A person with Medicare can also apply at their local Medicaid office. Each state determines who qualifies for the extra help or other assistance the state provides.

Will a person with Medicare lose their housing assistance if they apply and qualify for extra help paying for their prescription drug costs?

No. They won't lose eligibility for housing assistance, but their portion of the rent may be increased as their prescription drug spending decreases. Even with the increase in rent, the amount saved because they have the extra help paying for prescription drug costs is greater than the decrease in rental assistance.

After they learn the amount of extra help they qualify for, they should discuss how this may affect their rent with the agency that determines their rent. By doing this, they will know whether or not their rent may increase at their next recertification. They don't have to report that they get extra help from Medicare to pay their prescription drug costs until their family income and composition are recertified. There is no need to report participation before that time.



How will a person with Medicare and housing assistance be affected if they qualify for extra help?

Here is an example.

Mrs. Smith qualifies for extra help: Her prescription drug costs are \$200 a month.

Mrs. Smith has Medicare, lives alone, and gets \$798 per month in Social Security benefits. She doesn't get Medicaid. She gets both food stamps and HUD housing assistance. She regularly pays \$250 monthly for medical expenses, \$200 of which is for prescription drugs. Her HUD subsidized rent is \$162 a month.

Under a Medicare drug plan with Medicare's extra help, Mrs. Smith will pay no monthly drug plan premium, no deductible, and her copayments for her prescription drugs total \$9 per month. Her monthly medical spending is now \$59 (\$50 for other medical bills + \$9 for prescription drug copayments) for a monthly savings of \$191. Because Mrs. Smith's out-of-pocket medical costs have gone down, her food stamps will be \$5 less than they were when she paid for all of the cost of her prescriptions and her HUD subsidized rent will increase to \$219 a month (a \$57 increase). Even though her food stamps decreased and her HUD subsidized rent increased, she will have \$129 more to spend each month.

Mrs. Smith's Household

	Without Extra Help Paying Medicare drug plan Costs	With Extra Help Paying Medicare drug plan Costs	
Income	\$798	\$798	
Food Stamps	+\$15	+\$10*	(food stamps decrease by \$5)
Medical spending	-\$250	-\$59	(medical spending decreases by \$191)
Rent payment**	-\$162	-\$219	(rent increases by \$57)
Net impact	\$401	\$530	(bottom line: \$129 more cash to spend)

* \$10 is the minimum monthly benefit for eligible people living alone.

** Rent payment reflects rent as 30% of adjusted income.



For more information about Medicare prescription drug coverage...

- Visit www.medicare.gov on the web. Under “Search Tools,” select “Medicare Prescription Drug Plan Finder” to get personalized information about Medicare drug plans.
- Call the State Health Insurance Assistance Program (SHIP). (See a copy of the “Medicare & You” handbook for the telephone number.)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For more information about HUD...

- Visit www.hud.gov on the web.
- Call 1-202-708-1112. TTY users should call 1-202-708-1455.