Medicare Part D: 2010

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The Basics

- Medicare Part D is available to all Medicare beneficiaries regardless of their income or how they currently receive health or drug coverage. This benefit began on January 1, 2006. This is now the 4th year of the program.

- Enrollment in a Medicare Part D is voluntary, though late penalties will be charged for each month enrollment is delayed, unless you have creditable drug coverage.

- Drugs will be available through two types of drug plans: private prescription drug plans (PDP) and Medicare Advantage plans (MA-PD). *You will need both parts of Medicare, A and B, to join a MA-PD plan.*

- Most enrollees will have cost sharing obligations, but "limited means" beneficiaries could receive "extra help."

Standard Beneficiary Cost-Sharing in Medicare Part D (2010)

Type of Cost	Amount Beneficiary Pays of Out-of-Pocket*	Amount Medicare Pays
Annual Deductible	$310	$0
Co-Insurance	25% of drug costs up to $630	75% of drug costs up to $1,890
Doughnut Hole Costs	100% of drug costs of the next $3,610.	$0
TOTAL	**$4,550**	**$1,890**
Co-Insurance under Catastrophic Benefits	Greater of 5% of drug cost or $2.50 or $6.30 co-pays	Balance of drug costs.

*Premium not included

True Out-of-Pocket Costs (TrOOP)

TrOOP Costs Include:

- Beneficiary OOP costs including the annual deductible and most coinsurance or copayments
- Beneficiary spending using HSAs, FSAs, and MSAs
- Contributions from friends, relatives and certain charitable foundations.
- Payments by state-funded only programs such as state pharmacy assistance programs (SPAPs)

TrOOP Costs Do NOT Include:

- Monthly premiums paid to the Part D plan
- Any amount paid by other insurance plans
- Any amount paid by state drug assistance programs that receive federal funding
- Any amount spent for prescription drugs that <u>are not covered</u> by your Medicare drug benefit plan

Enrollment Options

- In general, the enrollment periods for PDPs and MA-PDs are similar
- There are three enrollment periods:
  - Annual Enrollment Period (AEP)
  - Initial Enrollment Period (IEP)
  - Special Enrollment Period (SEP)

Annual Enrollment Period (AEP)

The AEP is from November 15 to Dec 31 of each year, with an effective date of January 1st.

Use the four "**C**" strategy to choose a plan: **C**ost, **C**overage, **C**onvenience and **C**ompare.

Medicare states if you enroll in a plan by December 7th you are almost assured of receiving your plan ID cards by January 1st.

Initial Enrollment Period

- All Medicare beneficiaries have an 7-month Initial Enrollment Period in which to enroll in all parts of Medicare.
- This enrollment period begins 3 months prior to their Medicare eligibility date; the month of their eligibility; and 3 months after their eligibility date.
- For example, if you turn 65 on October 28th, you have an IEP from July 1st through January 31st.

Special Enrollment Period

- Permanent move out of the plan service area
- Individual entering, residing in, or leaving a long-term care facility
- Involuntary loss, reduction, or non-notification of creditable coverage
- MA agent marketing abuses
- Other exceptional circumstances

How to Enroll in a Drug Plan

- Look at the ***Medicare & You 2010*** handbook to read about the Part D drug plans available in the area. Gather your data, such as list of medications, and notices from SSA or CMS, before searching.

- Contact a plan for information or to enroll.

- If someone needs help choosing a plan:
  - Visit **www.medicare.gov** and get personalized information based upon your drug needs.

  - Call 1-800-MEDICARE (**1-800-633-4227**)
    - TTY users should call 1-877-486-2048

  - Call the local SHIP/VICAP program with questions regarding enrollment.

Part D or Not Part D, that is the Question…Postponing Enrollment

- Higher premiums for people who wait to enroll after the Initial Enrollment Period deadline.
- Assessed 1% of base premium for every month:
  - Eligible to enroll in a Medicare prescription drug plan but did not enroll;
  - No drug coverage as good as a basic Medicare prescription drug coverage plan for 63 consecutive days or longer;
  - An exception exists for those with prescription drug coverage at least as good as a Medicare prescription drug plan, called "**creditable coverage**."

Creditable Drug Coverage

- Creditable drug coverage is coverage that is as good as or better than the standard Medicare Part D benefit.
- Beneficiaries with creditable drug coverage can choose:
  - to stay in their current prescription drug plan without incurring a penalty later, <u>or</u>
  - enroll in a Medicare Part D plan now.
- Health plans are required to notify beneficiaries about whether or not their current drug coverage is considered creditable. They will need this certification if they do enroll at a later date.

Creditable Coverage

- Creditable drug coverage will include:
  - Medicaid,
  - most group health plans (including retiree plans),
  - a state pharmacy assistance program,
  - Veterans Administration, and
  - TRICARE.
- Creditable drug coverage will <u>not</u> include Medigap policies that provide prescription drug coverage (H, I, J).

Loss of Creditable Coverage

- What options do beneficiaries have when they no longer have creditable drug coverage?
  - A Medicare Part D special enrollment period begins with the loss of any creditable drug coverage and ends **63 days** later.

Extra Help

- Medicare provides financial assistance to low-income beneficiaries on a sliding scale basis.
- Assistance with premium and cost sharing
  - MMA includes subsidies that reduce the cost-sharing requirements under Part D for low-income individuals. These subsidies are often referred to as “Extra Help”.
  - Subsidies are paid directly to the Part D plan to help offset cost sharing requirements.

- Eligibility determined by SSA or state Medicaid
- Income and resources are counted
- Some groups are “deemed” eligible
- Multiple ways to apply for Extra Help

How the Extra Help Works

- SSA notifies the person and CMS if they are approved for extra help.
- CMS notifies the PDP or MA-PD of the member's eligibility for the subsidy.
- PDP or MA-PD
  - Reduces member's premium and cost sharing obligations.
  - Tracks amounts applied to out-of-pocket threshold.
  - Notifies the beneficiary when they reach the catastrophic benefit.

Auto-Enrollment

- Medicaid prescription drug coverage for **full-benefit dual eligibles** ended on 12/31/05.
- Full-benefit dual eligibles who **did not** enroll in a plan by 12/31/05:
  - CMS enrolled them in a prescription drug plan with a premium covered by the low-income premium assistance
  - Their Medicare prescription drug coverage began 1/1/06, but many experienced problems
  - **New** dual eligible clients may need to use the Humana LiNET Process at the pharmacy until they are placed into a Part D plan.
- All dual eligibles have a Special Enrollment Period
  - Can change plans any time

Facilitated Enrollment

- CMS is facilitating the enrollment of people enrolled in Medicare Savings Programs, such as **QMB, SLMB, QI-1**; and persons with **SSI-only.**
  - These persons can also change plans anytime.
  - It takes about 2 months for this to occur. These persons may need to pay privately for their meds and keep receipts to obtain reimbursement later.

Deemed Eligible

- No subsidy application is needed for:
  - Full-benefit dual eligibles (Medicare & Medicaid)
  - SSI recipients
  - Medicare Savings Program groups, e.g., QMBs, SLMBs, QI-1s
  - All others need to complete a low-income subsidy (**LIS**) application via Social Security. If found eligible, they receive a special enrollment period. If they do not enroll in a plan within 2 months, they will be auto-enrolled into a plan.
  - **When in doubt, fill it out!**

Use of Formularies by Medicare Part D Plans

- Part D plans can:
  - have a closed formulary,
  - have tiers of preferred drugs and non-preferred drugs
- Beneficiaries will be able to access a plan's formulary in many ways:
  - plan description must provide a list of all drugs,
  - toll-free customer call center,
  - an internet web site
  - Plans can change formularies during the per year.
  - If they remove your drug from a formulary, or you need to add a new drug during the year, ***file an exception!***

Use of Formularies by Medicare Part D Plans

- Each Part D plan can create its own formulary, *BUT*
  - must include at least two drugs in each of the "therapeutic classes" or disease categories the plan designs in a variety of dosages and strengths.
- Certain categories of drugs commonly used by Medicare beneficiaries are excluded from Part D:
  - Benzodiazepines (such as Ativan, Valium & Xanax);
  - over-the-counter (OTC) medications;
  - medications to prevent weight loss or gain; and
  - Barbiturates, such as Phenobarbital.
  - Medicaid **will** pay for drugs that they now cover which will not be covered under Part D, such as barbiturates and benzodiazepines.

Long-Term Care Facilities

- LTC nursing residents usually obtain medications from a LTC pharmacy selected by the facility.
- Special Enrollment Period
  - For people who enter, reside in or leave a LTC facility
- An MA-PD plan may be available for enrollment for people who enter a LTC facility, though you should join a plan doing business with the LTC pharmacy. This may be difficult to find.
- CMS encourages plans to consider one-time emergency supplies to avoid medications gaps when a person initially enters a nursing facility.

EXCEPTIONS PROCESS

- If your Part D plan will not cover your medications OR decided it was not medically necessary, request a COVERAGE DETERMINATION.
- A decision is usually reached in 72 hours, but you can also request an Expedited Coverage Determination, which must be decided within 24 hours.
- You can also request a FORMULARY EXCEPTION, a statement from your doctor to the plan outlining why you need a specific drug to be included on your plan formulary. It should include the clinical reasons why an available formulary drug won't work in your case.

APPEALS PROCESS

- If your request for a Coverage determination or Formulary Exception is denied there are five levels of appeal:

1. Redetermination
2. Reconsideration
3. Administrative Law Judge
4. Medicare Appeals Council
5. Federal District Court

Medicare Part D Review

- Do you have Medicare coverage?
- If you also have Medicaid, your drug coverage ended but Medicare Part D should cover you now.

- Do you have limited income/assets?
- Did you receive a notice from Medicare or Social Security about “extra help” paying for Part D?
- Does your randomly selected Part D plan cover your drugs? If not, have you tried to find a better plan?
- **Read all notices** from CMS and SSA to be certain you do not miss any opportunities!

- Do you have private drug coverage?
- Is it as good as Part D coverage?
- Did you receive a letter from your health plan informing you about “creditable coverage?”

Is Your Head Spinning With More Questions???

- Call Medicare at **1-800-633-4227** or go to their web site at **www.medicare.gov** to find the best drug plan.
- Contact Social Security at **1-800-772-1213 or at www.ssa.gov to apply for the low-income subsidy**.
- Fairfax VICAP can be reached at **703-324-5851** or check their web page for helpful data at: **www.fairfaxcounty.gov/aaa/vicap.htm**
- Call **1-800-552-3402** for all other Virginia SHIP locations.