

# Medicaid, Medicare, and the Part D Drug Benefit

There are over 600,000 New Yorkers who are “dual eligibles,” meaning they qualify for Medicaid, based on income and assets; and Medicare, based on age or disability. The very fact of their eligibility testifies to their extremely low incomes (over 70% have annual incomes under \$10,000) and their very complex, often debilitating, health conditions (more than 50% are limited in activities of daily living; nearly 40% have a mental or cognitive impairment). It is estimated that between 10,000 and 20,000 dual eligibles in New York State are HIV positive.

On January 1, 2006, dual eligibles will see a major change in the way they access prescription drugs. On that date, their drug coverage under New York’s Medicaid program will end. Instead, they will receive Medicare Part D, the Medicare drug benefit provided under the 2003 federal Medicare Modernization Act (MMA). They will continue to receive all their other Medicaid benefits as long as they are enrolled in Part D.

## How it works now

Right now, people who receive both Medicare and Medicaid benefits, “dual eligibles,” get drug coverage through Medicaid.

## What is changing?

Medicaid prescription coverage for dual eligibles is ending. Starting **January 1, 2006** drug coverage for dual eligibles will be provided through the Medicare Part D prescription drug benefit. Other Medicaid coverage stays the same.

## How will the Medicare drug benefit work?

Under the Medicare drug benefit there will be a choice of many drug plans in New York State. For some dual eligibles the only expense will be co-pays; for others who choose to enroll in “enhanced” Part D plans, there will also be premiums. Each plan will have its own list of covered drugs. While this list may vary considerably from plan to plan **all existing antiretrovirals (ARVs) will be covered by all plans.**

## What will be covered?

“All or substantially all” drugs in the anti-depressant, antipsychotic, anticonvulsant, anticancer, HIV/AIDS and immunosuppressant categories **must be included** on all plan formularies.

This includes generics and older branded drugs. So far, there are no similar guarantees for drugs that do not belong to one of these six categories.

Outside of these six categories, plans are only required to offer two drugs in each therapeutic class. They are not required to cover drugs for off-label use. None of the plans will cover benzodiazepines, barbiturates, over-the-counter medications, fertility drugs, prescription vitamins (except for prenatal vitamins and vitamins with fluoride), non-prescription vitamins, drugs for hair growth, drugs that treat acne, drugs taken for “cosmetic purposes,” or drugs that affect weight. However, drugs that treat wasting related to HIV or cancer will be covered.

New York’s Medicaid, ADAP, and EPIC (Elderly Pharmaceutical Insurance Coverage) programs will “wrap around” the Medicare drug benefit and cover some drugs that are not on a plan’s list of covered drugs or are excluded altogether.

## When do people pick a plan?

**In November 2005**, dual eligibles received a letter from the Centers for Medicare and Medicaid Services (CMS) telling them which Medicare Part D plan they have been assigned to. If someone does not like the plan they have been assigned to (e.g., if it does not cover their drugs), he or she should enroll in a different Medicare Part D drug plan **by December 31, 2005** in order to ensure a smooth transition. After January 1, 2006, dual eligibles will be able to change plans anytime (up to once a month) without penalty.

## Is enrollment mandatory?

Although dual eligibles will be automatically enrolled in the Medicare drug benefit, enrollment is technically voluntary. However, there are four factors that may make it mandatory for some people:

1) The Medicaid prescription benefit is ending for dual eligibles. This will make Part D the only option for many people who previously received drug coverage through Medicaid.

2) New York State law requires Medicaid applicants who qualify for Medicare to enroll in Medicare Part D as a condition of eligibility. If they do not, they will not receive any other Medicaid benefits.

3) AIDS Drug Assistance Program (ADAP) clients (including those who use ADAP to help meet their Medicaid spend-down) who are eligible for the Medicare drug benefit will be required to enroll in a Part D plan.

4) Individuals who are not dual eligibles and delay enrollment in the Medicare drug benefit will probably face a penalty if they enroll later on. That is to say, their premiums will cost them more. [See *Enrollment Considerations* fact sheet]

#### What does it cost?

Dual eligibles in “benchmark” Part D plans pay no premium and no deductible. However, they will be responsible for co-payments (\$1 for generic drugs and \$3 for brand name drugs). Once total prescription costs reach \$5,100 (Medicare will have paid all of this except for the co-pays) there is no co-pay required for the rest of the year.

Medicare drug benefit recipients who are not dual eligibles may have to pay monthly premiums and may also have to pay annual deductibles and co-pays. Premiums will vary by plan (current estimates put the premium average at \$32.20 per month). Expect them to go up every year. Social Security recipients can elect to have these payments deducted from their monthly check or pay the plan directly. People with low incomes and assets are eligible for extra help that will significantly reduce out-of-pocket expenses even if they are not dual eligibles. [See *Paying for Part D* fact sheet for details]

It will be important for dual eligible beneficiaries to know which plans are “benchmark” (meaning they can enroll with no premium) and which are not (meaning they can enroll but must pay extra). To find out which plans are “benchmark” go to: [www.medicare.gov/medicarerreform/map.asp](http://www.medicare.gov/medicarerreform/map.asp)

## Getting More Information

### GMHC Fact sheets:

Medicaid, Medicare, and “dual eligibles”  
Medicare Part D Timeline

Enrollment Considerations  
Paying for Part D

## Other Resources and Networks

**Centers for Medicare and Medicaid Services (CMS) and the Department of Health and Human Resources**  
[www.cms.hhs.gov/medicare/](http://www.cms.hhs.gov/medicare/)

**Medicare Website**  
[www.medicare.gov/medicarerreform/](http://www.medicare.gov/medicarerreform/)

**Medicaid**  
[www.cms.hhs.gov/medicaid/consumer.asp](http://www.cms.hhs.gov/medicaid/consumer.asp)

**EPIC Elderly Pharmaceutical Insurance Coverage**  
[www.health.state.ny.us/health\\_care/epic/index.htm](http://www.health.state.ny.us/health_care/epic/index.htm)

**Social Security Administration**  
[www.socialsecurity.gov/prescriptionhelp/](http://www.socialsecurity.gov/prescriptionhelp/)

**Social Security Administration “Extra Help” page**  
<https://s044a90.ssa.gov/apps6z/i1020/main.html>

**Families USA**  
[www.familiesusa.org/site/PageServer?pagename=Medicare\\_Drug\\_Law\\_Materials](http://www.familiesusa.org/site/PageServer?pagename=Medicare_Drug_Law_Materials)

**Medicare Rights Center**  
[www.medicareriights.org/newlawframeset.html](http://www.medicareriights.org/newlawframeset.html)

**Kaiser Family Foundation**  
[www.kff.org/medicare](http://www.kff.org/medicare)

**Center for Medicare Advocacy**  
[www.medicareadvocacy.org/FAQ\\_PartD.htm](http://www.medicareadvocacy.org/FAQ_PartD.htm)  
[www.medicareadvocacy.org](http://www.medicareadvocacy.org)

**HIV Medicine Association**  
[www.idsociety.org/HIVMA\\_Template.cfm?Section=Medicare&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=42&ContentID=7079](http://www.idsociety.org/HIVMA_Template.cfm?Section=Medicare&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=42&ContentID=7079)  
[www.hivma.org](http://www.hivma.org)

**Treatment Access Expansion Project**  
[www.taepusa.org/medicare\\_partd.html](http://www.taepusa.org/medicare_partd.html)

**American Academy of HIV Medicine**  
[www.aahivm.org](http://www.aahivm.org)