



## **Case Manager Talking Points**

### **When does the Medicare drug benefit begin?**

The new Medicare drug benefit takes effect January 1, 2006. While the benefit represents a significant change in the Medicare program, it is important to remember that this is a benefit where one did not exist before.

### **Is the benefit mandatory?**

The benefit is mandatory for beneficiaries who are eligible to receive services from both Medicaid and Medicare. These individuals, known as dual-eligibles, will be automatically enrolled in a prescription drug plan. For all other populations, the benefit is optional and must be applied for.

### **What will happen to my dual-eligible clients?**

Dual-eligibles will lose their Medicaid prescription drug coverage as of January 1, 2006. They will continue to receive other health care services through Medicaid and Medicare. The vast majority of their prescription drug benefits will be provided through Medicare.

### **How does my client sign-up for the Part D benefit.**

This depends on whether your client is dual-eligible or not. If your client is dual-eligible, those who are currently eligible to receive services through both Medicare and Medicaid, they will be automatically enrolled into a prescription drug plan starting late October 2005. CMS will notify each dual-eligible beneficiary of the plan they are enrolled in as soon as possible. It is possible for dual-eligibles to change their plan enrollment once a month.

Clients who are not dually eligibles, but may be eligible for the low-income subsidy, must apply for the subsidy as well as enroll in a plan. The election period for these clients is November 15, 2005 through May 15, 2006. After May 15, 2006 point there will be a penalty of late enrollment into a prescription drug plan. The "penalty" is in the form of increased premium costs of 1% for each month the individual delays enrollment. Your client can sign up through 1-800-MEDICARE or the [www.medicare.gov](http://www.medicare.gov) website. It is also possible to sign up directly through each prescription drug plan.

### **When will I know what drug plans are available in my area?**

Starting October 13, CMS will notify all Medicare beneficiaries of the Part D prescription drug plans (PDPs) that are available in their area. However, PDPs are allowed to start marketing to beneficiaries starting October 1<sup>st</sup>. The plan information will also be available through a comparison tool on [www.Medicare.gov](http://www.Medicare.gov).

### **What drugs will not be provided through Medicare?**

Medicare will cover all classes of drugs that were mandatory under Medicaid. However, CMS has only required prescription drug plans to cover two drugs from every class. Each prescription drug plan also has the leeway to develop tiers and cost-sharing arrangements. CMS has said that if a prescription drug plan put all antiretrovirals on the highest tier, they would consider that practice discriminatory and not allowable. Medicare will not cover drugs that were considered optional under Medicaid. These excluded drugs include: drugs for weight gain; barbiturates (used to treat seizures in older people); benzodiazepines (used to treat acute anxiety, panic attacks, seizure disorders, and muscle spasms); and over the counter medications. Medicare Part D will also not provide coverage for those drugs for which payment could be made under Medicare Part A or Part B. A beneficiary will be able to appeal if a drug is not included on their plan's formulary or if they feel the cost-sharing is too high.

### **What are the low-income subsidies?**

The Medicare Modernization Act includes generous subsidies for populations who have income up to 150% of the Federal Poverty Level (FPL). The subsidy level depends on an individual's income. People eligible for the low-income subsidy do not encounter the "donut hole" during their drug coverage. Please refer to the chart below.

Income Level	Dual-Eligibles	Income = 135% FPL AND Resources below \$6,000	Income = 135% FPL AND Resources below \$10,000	Income = 150% FPL AND Resources below \$10,000
Premium: \$37/month	\$0	\$0	\$0	Sliding scale based on income
Deductible: \$250	\$0	\$0	\$50	\$50
Cost Sharing	Co-pays: \$0 if institutionalized \$1/\$3 if = 100% FPL \$2/\$5 if > 100% FPL	\$2/\$5 co-pay	15% coinsurance	15% coinsurance
Catastrophic Coverage	\$0	\$0	\$2/\$5 co-pay	\$2/\$5 co-pay

2005 guidelines for the FPL will be used in determining eligibility for low-income subsidies for 2006.

### **What is the benefit structure for my clients not eligible for low-income subsidies?**

Medicare eligible beneficiaries not eligible for low-income subsidies can apply for and enroll in the standard benefit. The standard benefit requires that the beneficiary pay a \$250 deductible. When the deductible is met the beneficiary then pays 25% of the cost of all prescriptions up to the initial coverage limit of \$2,250. At this point the beneficiary enters what is known as the "donut hole" and must pay the full cost of each medicine until they spend a total of \$3,600 in out-of-pocket expenses (including the deductible and the initial coinsurance). After the beneficiary hits the "catastrophic limit" of \$5,100 in total drug expenses the beneficiary will pay \$2 for a generic drug and \$5 for all other drugs or 5% coinsurance, whichever is greater.

**Will HIV-related medications be included on the formularies?**

The Centers for Medicare and Medicaid Services (CMS) has said that they will not approve a drug plan's formulary if it does not include all FDA-approved antiretrovirals. The following explanation comes directly from CMS:

We are looking for "all or substantially all" HIV/AIDS antiretrovirals on plan formularies. If they do not include all, we will ask for clinical justification as to why a drug is not included. That justification will be reviewed by a group of clinicians for viability. For all drugs on a plan's formulary, they will have to provide dosages to meet all needs, and they will be required to include all dosage forms (except that they won't have to have both tablets and capsules, which are generally interchangeable).

It is unknown what the coverage of other HIV-related medications, such as Opportunistic Infection drugs will be.

**How does my client apply for the low-income subsidy?**

Both Social Security Administration (SSA) and state Medicaid offices are authorized to take low income subsidy applications. The SSA has begun to mail letters to identified low income beneficiaries to inform them that they may be eligible to get extra help in paying for their prescriptions through the Medicare drug benefit. The criteria used by SSA and Medicaid offices are very similar to the criteria used to evaluate applications for Supplemental Security Income (SSI). Applications will also be taken on [www.medicare.gov](http://www.medicare.gov) and through the 1-800-MEDICARE line.

**What will count towards income and resources for the low-income subsidy?**

SSA will review income for both the applicant and the applicant's spouse who live with them. Both unearned and earned income will be counted. Only liquid resources (resources that can be converted to cash within 20 days) will be counted. The home in which a person lives and its land are excluded. Other excluded resources are: non-liquid resources; business or other property necessary for support; housing assistance; and up to \$1500 set-aside for burial expenses.

**For my clients above 150% of FPL, will the state ADAP pay for expenses not covered by Medicare, including premiums and co-pays?**

[To be filled in by each state.]

**If a client is Medicare eligible, will the state ADAP require the client to enroll in a Medicare PDP?**

[To be filled in by each state.]

**For more information, who should I contact?**

[To be filled in by each state.]