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### **Are you on Medicare and Medical Assistance? Here's how the new Medicare prescription drug benefit will affect you:**

- **Starting January 1, 2006, persons who are dually eligible for Medical Assistance (MA--Medicaid) and Medicare *must* receive their *prescription drug benefits* through the Medicare program—not through MA.** The new federal law, called Medicare Part D, or MMA-D, does not permit Medical Assistance to be used for medications that could be covered under Medicare Part D. Medicare Part D benefits will be provided through private health plans, unlike Medicare A and B.
  - Medicare will **not** cover certain drugs, including barbiturates, benzodiazepines, drugs for weight loss/gain, cough and colds, and vitamins.
  - Medical Assistance **will** still cover over the counter drugs and those drugs covered by MA but not Medicare Part D.
  - 6.4 million dually eligible persons will lose Medicaid drug coverage on 1/1/2006.
- **Enrollment is mandatory, not voluntary, for full dually eligible persons. Automatic enrollment into a designated plan will start in the fall of 2005.** If you wish to switch to a different plan, open enrollment will be from November 15 to December 31, 2005. *If you are fully dually eligible for MA and Medicare, you can switch plans at any time.*
- **Dually eligible individuals will be deemed eligible for low-income assistance, called “extra help”:** this includes full duals, spenddowns, MA-EPD, SLMB, QMB, QI, State Prescription program. This group will **not** have premiums, deductibles, or a donut hole.
  - ***Spenddown countable medical expenses will*** include part D premiums, deductibles, coinsurance, and co-payments.
  - ***Once the spenddown is met:*** the individual is deemed eligible for the full Part D subsidy for the remainder of the calendar year.
- **The \$20.00 per month co-pay cap you now have with MA will *not* apply to Medicare Part D drug benefit.** If your income is under 100% of poverty (annually \$9,310 single; \$12,490 couple) your co-pay will be \$1 generic/\$3 brand name; if over 100% it will be \$2 generic and \$5 brand name. Co-pays may increase in future years.

- **The Medical Assistance co-pay exclusion for anti-psychotic medications will NOT apply** under Medicare Part D, so these medications will now have co-pays.
- **The new Medicare law and regulations only requires that two drugs from each class be made available to enrollees.** Thus, persons may not have access to the drug or combination of drugs that works best for them. You can request an “exception” to the plan’s formulary and *can appeal a denial* of the exception request or other med requests.
  - **The Center for Medicare/Medicaid Services (CMS) just issued guidelines requiring Part D plans to cover “all, or substantially all” drugs in the antidepressant, antipsychotic, anticonvulsant, anticancer, immunosuppressant and HIV/AIDS categories in 2006; this policy will be re-evaluated for 2007.**
  - **CMS expects plans to NOT use prior authorization or step therapy for patients already stabilized on these drugs, unless there are “extraordinary circumstances”.**
- **It is not clear at present what your pharmacy choices will be under Part D.** You may not be able to keep the same pharmacy. Some plans will have a limited pharmacy network. Mail ordering of medications is likely in many areas of the country.
- **“Medicare Advantage” (Medicare +Choice) plans and combined Medicare/Medicaid managed care plans for special populations (MnDHO and MSHO) will be providing prescription benefits.** These plans may be a good option for some individuals on MA and Medicare. However, if you choose one of these plans you will need to get *all* health care through that plan. If you are on a MA waiver, you will need to trade your waiver in to participate in this option.

**Are you on Medicare and low income, but not on Medical Assistance? Here are some things to know about Part D:**

**MEDICARE PART D IS A VOLUNTARY PROGRAM OFFERED THROUGH PRIVATE HEALTH PLANS, WITH PREMIUMS OF ~\$32 PER MONTH FOR 2006.** However, if you are eligible but do not enroll, you will have a penalty of 1% additional premium cost for every month you did not enroll. (For example, if you put off enrollment for 2 years, your premium would always be 24% higher –24 months x 1%-- than someone who did not delay.) The penalty won’t apply to “actuarially equivalent” plans such as retirement or employer plans. Your employer or retirement plan **must** let you know if your plan is equivalent to Part D.

**STANDARD ANNUAL DRUG PROGRAM COSTS (without low income subsidy):**

- **You pay about \$384 per year in premiums**

- **For the first \$2,250/YEAR IN TOTAL DRUG COSTS:**
  - You pay **\$250 annual deductible**
  - You pay **25% co-pay up to \$500 total; plan pays up to \$1500.**
- You pay *all* of the next \$2,850/year in drug costs (“THE DONUT HOLE”)
- When your total out of pocket costs reaches \$3600 ( \$250+ \$500 +\$2,850= \$3600) **“CATASTROPHIC COVERAGE” KICKS IN:**
  - Total prescription costs to you and your plan at this point are **\$5100.**
  - Your plan then will pay **95%; you pay 5% (or \$2/\$5 if on partial subsidy).**
- **THE WHOLE PROCESS STARTS AGAIN JANUARY 1 OF THE NEXT YEAR.**

**WITH PART D LOW INCOME SUBSIDY, CALLED “EXTRA HELP”.** Social Security will look at the income/assets for the applicant and spouse. You can get subsidy applications from your Social Security office or the SSA website at <http://www.socialsecurity.gov> .

**FULL SUBSIDY:** those who are dually eligible and those with incomes up to 135% FPL (\$13,160/yr for one; \$17,561/yr for two in 2005) and resources below \$6,000/\$9,000 will have **no premium and no deductible.**

- Those with incomes at or below 100% FPL (\$9,810/yr for one) **will have co-pays** of \$1 and \$3.
- Those with incomes over 100% **will have copays** of \$2 and \$5.

**PARTIAL SUBSIDY:**

- Those with incomes between 135% and 150% FPL (\$14,595/yr for one, \$19,485/yr for two; assets of \$10,000/\$20,000) and resources below \$10,000 for one will have a sliding scale premium depending on income, a deductible of \$50, 15% coinsurance up to OOP of \$3600, then copays of \$2/\$5.

**ASSETS:** Social Security will count “liquid resources” that can be converted to cash within 20 days. Your home and the land it is on are excluded, as are business or other property necessary for support, any housing assistance, and \$1500 burial expenses.

- There is concern that a significant number of low-income persons will be excluded from the subsidy due to their assets.

## **SOME THINGS *EVERYONE* SHOULD KNOW ABOUT MEDICARE PART D.**

- **It is not clear at present what your pharmacy access will be under Medicare Part D.** Minnesota is in a region with ND, SD, IA, NE, MT, WY. There must be at least two plans in the region. Mail ordering of medications is likely in many areas of the country.

- **You will have to use a different appeals process for medication decisions than the one under Medical Assistance. *You will not be able to receive medications pending appeal.*** Plan decisions regarding medication requests must be made in 72 hours (24 if expedited). Here are some other differences:
  - There will be a specific “exceptions” request process for drugs that are not on the plan’s formulary.
  - You must appeal an adverse determination to your health plan first. This is called a “redetermination” and can take 7 days or 72 hours if expedited.
  - Further appeal is called “reconsideration” and is made to a contracted “Independent Review Entity”. Same timelines.
  - After that, you may appeal to an administrative law judge at the federal Department of Health and Human Services (HHS), and then federal court.
  - HHS has just taken the administrative review function from Social Security, so it is itself learning this process. In addition, in person hearings will be restricted to only four sites nationally, and will be primarily by phone.
  
- **Drug plans are able to offer “tiered” plans, with more expensive tiers offering a wider range of medications at a *higher premium*.** Low-income beneficiaries may find themselves in a lower tier with not as many choices.
  
- **Drug plans will be able to change their formularies on a regular basis, with 60 days notice.** Having one’s medication removed from the formulary is not a basis to change plans outside of the enrollment period.

#### **ADVOCACY TIPS FOR YOU AND FOR HELPER ORGANIZATIONS:**

- Which plans will cover all/most of your medications?
  
- Where will the pharmacies be located?
  
- Were you auto-enrolled in a plan that doesn’t have coverage as good as that of another plan? You may switch before January 1, 2006.
  
- What access assistance is available from the different plans? TDD? Language assistance? Extra help for those with cognition problems?
  
- Do you need help working with physicians and other providers to get needed documentation to get a drug approved?

August 29, 2005

Page 5

**IMPORTANT RESOURCES FOR FURTHER INFORMATION:**

- **Senior/Disability Linkage Line: 1-800-333-2433; [www.MinnesotaHelp.info](http://www.MinnesotaHelp.info)**
- **Subsidy Q's: Social Security; 1-800-772-1213; [www.socialsecurity.gov](http://www.socialsecurity.gov)**
- **Part D benefit Q's: [www.medicare.gov](http://www.medicare.gov) ; 1-800-MEDICARE.**
- **Advocacy Updates and Q's: [www.medicareadvocacy.org](http://www.medicareadvocacy.org)**
- **Good general info about Part D, Medicare and Medicaid: Kaiser Family Foundation at [www.kff.org](http://www.kff.org).**