

Medicare Part D Update

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What is Medicare?

- Federal Health Insurance Program
 - People over 65 years of age
 - People with disabilities
 - People with end-stage renal disease

Medicare

- Administered by the Centers for Medicare and Medicaid Services (CMS) within the federal department of Health and Human Services (HHS)
- Covers ~ 41M people – 35M older adults and 6M under the age of 65
- Benefit decisions made by U.S. Congress
- Social Security Administration (SSA) or Railroad Retirement Benefits handles enrollment

Medicare Modernization Act (MMA) of 2003

- Signed into law December 8, 2003
- Largest Expansion of Medicare since 1965
- Includes new options for prescription drug coverage
- Medicare Part D/Medicare Rx
- Prescription drug coverage benefits begin 1/1/06

Medicare Part D

- Voluntary benefit
- Enroll in a Prescription Drug Plan (PDP) that only covers medications or
- Leave the Medicare fee-for-service program and join a managed care plan (MA-PDP) which would cover all Medicare benefits including prescription drugs
- Open Enrollment 11/15/05 – 5/15/06
- Until June 30, 2006 for Medicare Advantage Plans

Medicare Part D

- Open Enrollment is six months this year because they have 41 Million to enroll
- Next year enrollment is 11/15-12/31
- Penalty assessed for late enrollment beyond 5/16/06
- Your premium will go up 1% a month for every month you wait to enroll in Medicare Part D

Medicare Part D

- Patient/Client out of pocket costs will vary depending on your income and which drug plan you choose
- All drug plans must offer coverage as good as the Medicare minimum standard coverage
- Plans may offer better coverage than the standard and have different premiums and cost sharing

Minimum Standard Drug Coverage

- All plans are required to have:
 - All FDA approved antiretrovirals (including Fuzeon) that have been approved as of January 1, 2006
 - There may be prior authorization required for very expensive drugs
 - A minimum of 2 drugs in each of the 209 therapeutic drug classes (418 drugs)
 - A procedure for your MD to appeal for meds you need that may not be on the plan

Medicare Part D

- Do you currently have Medicare and receive drugs through Medicaid?
- If so you are considered a dual eligible
- Beginning on 1/1/06 dual eligibles will no longer get their medications from Medicaid
- Instead they will get their medications from Medicare Part D
- No longer limited to 3 scripts/unlimited

Medicare Part D

- Dual eligibles will be automatically enrolled in a PDP
 - Will get a letter from CMS and TX HHSC
- They have the opportunity to change plans monthly
- All PDPs are required to have all FDA approved antiretrovirals on their drug formularies
- Min Required to have 2 drugs in each of the 209 therapeutic drug classes
- PDP differences include formulary choices, premiums, co-pays, deductibles

Medicare Part D

- Do you currently have Medicare and Medicaid helps with paying your Medicare Premium (QMB, SLMB, QI)?
- If so you are a Partial Dual eligible.
- If Partial Dual Eligibles are not enrolled in Medicare Part D by May 15, 2006, Medicare will automatically enroll them in a PDP at that time

Medicare Part D

- Partial Dual Eligibles will be eligible to receive their prescription medications from Medicare Part D on 1/1/06
- They will also be eligible to receive unlimited prescription drugs each month
- People on SSI fall into the Partial Dual Eligible category
- Opportunity to change plans monthly

Dual/Partial Dual Eligibles

- No Premiums
- No deductibles
- < 100% of FPL (< \$775/month) \$1-\$3 co pays per script
- >100% of FPL (> \$775/month) \$2-\$5 co pays per script
- 100% coverage and no co-pays for drugs after reaching \$5,100 in drug costs

Prescription Drug Plans

- PDPs and drug formularies publicly released 10/13/05
- PDPs will not carry some drugs
 - Drugs for anorexia, weight loss, weight gain, fertility, cosmetic purposes, hair growth, symptomatic relief of cough or colds, vitamins and minerals (except prenatal vitamins and fluoride preparations, non-prescription drugs, barbiturates, benzodiazepines)

Medicare and Incomes <135% of FPL (< \$1,046/month)

- May be eligible for low income subsidy/extra help (Most likely)
- Extra Help assists with premiums, co-pays and deductibles
- A separate Low Income Subsidy application must be submitted that includes questions about your assets
- \$7,500 single/\$12,000 couple

Low Income Subsidy/Extra Help

- Dual and Partial Dual Eligibles are automatically enrolled for the LIS/extra help
- **All other Medicare beneficiaries must apply for extra help**
- You can complete and submit the application for extra help online at www.socialsecurity.gov or
- You can request an original app and mail it in to SSA
- If you need an app or help completing it call SSA at 1-800-772-1213
- **Everyone should apply for the extra help no matter what your income is**

Medicare and Incomes <135% Applies for and Receives Extra Help

- No Premiums
- No deductibles
- \$2-\$5 co-pays for drugs
- 100% coverage and no co-pays for drugs once \$5,100 in drug costs have been reached
- Need help with co-pays for 3-4 months (\$15-\$50) month

ADAP /Medicare Part D Issues

- About 2,600 Texas ADAP clients have Medicare
- About 1,800 are dual and partial dual eligibles or have incomes < 135% of FPL (< \$1,046/month)
- TX ADAP is still in the process of identifying all clients on the ADAP who have Medicare

Medicare Part D Issues

- Texas HIV Medication Program (THMP) clients that have Medicare and are dual eligibles, partial dual eligibles, or qualify for the full low-income subsidy will be moved off of THMP and onto Medicare Part D
- Medicare Part D will provide these clients with access to comprehensive medications, including antiretrovirals

Medicare Part D Issues

- These groups of clients will have better drug coverage than ADAP provides
- ADAP has 41 drugs on its formulary and basic Medicare Prescription Drug plans are required to have a minimum of 418 drugs
- These groups of clients will have the same or less out of pocket costs than they currently have with ADAP (\$1-\$5/script up to \$5,100)
- They will need help with the co-pays (\$15-\$50/month for 3-4 months)

Medicare Beneficiaries with Incomes Between 135% and 150% of FPL

- (\$1,046 - \$1,163 per month)
- Will need to apply for Medicare Part D coverage/not automatically enrolled
- Premium \$0 - \$390/year depending on if they are eligible for LIS/extra help
- Will need to apply for LIS/Extra Help/not auto enrolled
- Asset test \$10,000 single/\$20,000 couple
- Annual deductible of \$50

**Incomes between
135% and 150% of FPL**

- 15% co-payment on the first \$5,100 of drug costs (\$765/yr)
- Catastrophic coverage kicks in after the first \$5,100 of drug costs/expenses and clients only have to pay a co-pay of \$2 for generics and \$5 for brand
- OOP costs can be as high as \$1,205/year (including the cost of premiums)

**Medicare Beneficiaries with Incomes
Greater than 150% of FPL (Standard Benefit)**

- > \$1,163/month
- Will need to apply for Medicare Part D coverage/not auto enrolled
- Should apply for LIS/extra help though will most likely be denied/Keep denial letter
- Estimated premium (\$390/yr)
- \$250 annual deductible
- 25% of the next 2,000 drug costs (\$5)

**Incomes Greater than 150% of FPL
(Standard Benefit)**

- Clients must pay 100% of the next \$2,850 in drug expenses
- Referred to as the doughnut hole
- Adds up to a minimum of \$3,790 OOP costs
- Once these “true” out of pocket costs are met
- Clients progress to “catastrophic” coverage and pay 5% of their monthly med costs

ADAP/Medicare Issues

- Federal Ryan White dollars can be used to meet cost sharing requirements
- Ryan White dollars can be used to pay the cost of premiums, deductibles and co-pays
- HRSA is requiring enrollment in Medicare Part D for those Medicare Beneficiaries needing assistance with out of pocket costs or meds from ADAP or other Ryan White funded agencies
- HRSA states that Ryan White Funds are to be used as the payer of last resort and entitlement programs like Medicare/Medicaid are to be used first

ADAP/Medicare Issues

- Important point is that the wrap-around assistance that ADAP helps clients with is not considered “True Out of Pocket Costs”
- Any Ryan White dollars do not apply to TrOOP
- True out of pocket costs are those paid by the client, family, friends, or in some cases State Pharmacy Assistance Programs, charities, programs and agencies funded with local funds

What About Medicare Clients with Incomes >135% FPL and ADAP

- Any costs that THMP pays to Medicare Prescription Drug Plans (PDPs) are not considered True Out of Pocket Costs
- As a result, clients don’t get out of the doughnut hole once they get in if THMP pays these costs
- This could result in THMP paying more money to Prescription Drug Plans for drug coverage than it costs (about double the costs) for THMP to provide the drugs to clients

Medicare Clients with Incomes > 135% of FPL

- THMP has looked at and analyzed various scenarios to see which is the most cost effective and logistically feasible.

THMP Phase I Plan

- Our goal is to ensure clients have no disruption to their HIV medication regimen during this transition period
- Our plan is to move dual/partial duals and <135% of FPL who are eligible for the full LIS/extra help off THMP and for THMP to continue providing meds for those clients with incomes greater than 135% of FPL that don't qualify for the full low income subsidy

THMP Phase I Plan

- Our rationale for this plan is that THMP doesn't have an internal or external infrastructure set up to interface with multiple PDPs to pay premiums, co-pays, or deductibles for hundreds of clients
- THMP purchases drugs in bulk and distributes those drugs directly to clients through participating pharmacies

Medicare Part D Issues

- To go out for a bid with a Pharmacy Benefits Management program would cost the Texas HIV Medication Program about \$45 per prescription

THMP Phase I Plan

- Work with community partners - RW Title I EMAs, Title II, Title III and Community HIV/AIDS Service Agencies to develop the best plan for Texas Medicare clients that will ensure clients have access to the meds they need with minimal out of pocket costs

THMP Phase I Plan

- Texas Medicare beneficiaries with incomes >135% of FPL (>\$1,046/month) and who are not eligible for the full Low Income Subsidy/Extra Help will continue to receive their HIV related meds through THMP

THMP Phase I Plan

- These Medicare Beneficiaries will still need financial assistance through their local communities because:
 - HRSA has stated that they must enroll in Medicare Part D in order to receive assistance from ADAP
 - If they are required to enroll in Medicare Part D they will need help with premiums, co-pays and deductibles for medications they are prescribed that are not on THMP's formulary

Standard Beneficiary Assistance

- Keep in mind that
 - How your current funds/spending patterns for any local agency Medication/Insurance Assistance will change
 - Spending should not go up during this Part D transition phase but should change from purchasing medications for clients to paying premiums, co-pays, and deductibles

Standard Beneficiary Assistance

- Also keep in mind that those clients eligible for Part D are usually the most treatment experienced and are on multiple medications
- Now, instead of having to purchase meds for all these clients, many will be eligible for the full LIS/extra help and only have \$1-\$5 co-pays for the first 3-4 months of the year

Standard Beneficiary Assistance

- For those not eligible for the LIS/Extra help THMP will still cover their expensive HIV related meds
- They will still need help with monthly premiums
- They will still need help with deductibles and co-pays for drugs THMP doesn't cover
- Most will not get into the doughnut hole as THMP is covering their expensive HIV meds

Standard Beneficiary Assistance

- These clients will need to know where to go (what agencies) in the community to get assistance with premiums, co-pays and deductibles.

What Should I do Now?

- Review the Prescription Drug Plans at www.medicare.gov click on "Search Tools"
- Review and assess what plans are best for you /and or your clients/PDP Online Tool
- Compare PDPs – Formularies, Premiums, Co-pays, Deductibles, participating Pharmacies – Some plans avoid deductibles and doughnut hole by higher premiums
- Read mail from SSA, CMS, THMP
- Apply for LIS/Extra help
- THMP Case Workers Manual for Part D
