



Medicare Rx:

Questions and Answers for Texas HIV Case Managers

What is Medicare Rx?

On January 1, 2006, Medicare is offering a new prescription drug benefit called Medicare Rx (also known as “Medicare Part D”). All Medicare beneficiaries are eligible for this new drug coverage program. This benefit will offer comprehensive drug coverage for HIV medications.

What are important dates and deadlines?

October 2005

*Clients will receive the **Medicare and You** handbook from CMS with Medicare Rx plan information*

October 13, 2005

***Finding A Medicare Prescription Drug Program** interactive Web site and comparison tool launched*

November 15-December 31, 2005

Enrollment Period

January 1, 2006

Medicare Rx program begins

May 15, 2006

Last day to enroll without penalty

What will happen to my clients who have Medicaid Only?

This new program is only available to clients with Medicare. Benefits for Medicaid-only recipients will not change.

What will happen to my clients who have both Medicaid and Medicare benefits? (MQMB or Collect both SSI and SS benefits)

This group is often referred to as *full dual eligible*. On January 1, 2006 these clients will begin to receive their prescriptions through Medicare Rx. They will no longer receive Medicaid prescription coverage; however, Medicaid will continue to pay for other medical costs. With this benefit they will not be limited to three prescriptions a month.

This group will be automatically enrolled in Medicare Rx. Clients will be randomly assigned to a plan, but they will be able to change plans. In October, it will be important for them to review the plans available in their area and select one that best meets their medication needs. There will be some out-of-pocket costs for clients associated with this program. There is a \$1 to \$3 co-pay per prescription for which the client will be responsible. Once the value of a client’s medications reaches the *catastrophic limit* of \$5,100, that client will have no more out-of-pocket costs for the plan year.

What will happen to my clients who have state assistance with their Medicare premiums? (QMB, SLMB, QI - See Page 4)

This group is often referred to as *partial dual eligible*. This group will now be able to access full prescription coverage through the new Medicare Rx program.

Since the state is currently assisting this group with Medicare premiums they automatically qualify for assistance with their premiums, deductibles and coinsurance costs. For the standard benefit, there will be a \$2 to \$5 co-pay per prescription for which the client will be responsible. Once the value of a client’s medications reaches the *catastrophic limit* of \$5,100, that client will have no more out-of-pocket costs for the plan year.

This group will **not** be automatically enrolled in Medicare Rx on January 1, 2006. In October clients will need to review the plans available in their area and select one that best meets their medication needs. Clients will need to select a plan by December 31, 2005. If a client does not enroll in a plan by May 15, 2006, CMS will randomly assign a plan to them.

What will happen to my clients that have Medicare Only?

These clients will have the opportunity to enroll in this new benefit. This will allow them access to prescription coverage.

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All clients currently receiving assistance from the Texas HIV Medication Program (THMP) will be required to enroll in Medicare Rx. Under this new drug coverage, clients will have out-of-pocket costs including premiums, deductibles, coinsurance and co-pays. THMP is currently working to develop ways to assist our clients with these out-of-pocket costs. Until this is finalized, all THMP clients in this group will need to apply for the Extra Help. For more information, refer to question “What kind of help will clients have with their out-of-pocket costs?”

What is the standard Medicare Rx benefit?

The standard benefit will provide prescription drug coverage to beneficiaries. Plans will have a monthly premium, estimated at \$37.00. The client is responsible to meet a \$250 yearly deductible for the initial coverage to begin. After the client meets the deductible, the client will pay 25% of their yearly drug costs, from \$250 to \$2,250 and the plan will pay the other 75% of these costs. Then the client will pay 100% of the next \$2850 in drug costs (until they have \$3,600 in out-of-pocket costs). Once the client has met the \$3,600 in out-of-pocket costs, the client will pay 5% of their drug costs or a small co-payment, whichever is higher for the rest of the calendar year (refer to the chart on the last page).

In addition to the standard Medicare Rx benefit, prescription drug plans have the option of offering enhanced benefits whose cost structure will differ from the standard benefit. Details about these enhanced plans will not be available until October 2005.

Is Medicare Rx mandatory?

Medicare Rx is mandatory for beneficiaries who are eligible to receive services from both Medicaid and Medicare. These individuals, known as full dual-eligibles, will be automatically enrolled in a prescription drug plan. For all other populations, the benefit is optional and must be applied for. However, **THMP clients are required to enroll in Medicare Rx.** Refer to question “Will my clients who are on THMP and eligible for Medicare Rx be affected?” for additional information on this requirement.

How does my client enroll in a Medicare Rx plan?

Clients can sign up for Medicare Rx by calling 1-800-MEDICARE (1-800-633-4227). You can also sign up by visiting the Medicare website www.medicare.gov. Clients may also sign up by calling the individual drug plan directly. Remember that drug plans will not be available until October.

What happens if a client does not enroll by December 31, 2005?

With the exception of dual eligibles who will be automatically enrolled, clients who do not enroll by December 31, 2005 will have until May 15, 2006 to enroll in a plan. After May 15, 2006, there will be a late enrollment penalty. The “penalty” is in the form of increased premium costs of 1% for each month the individual delays enrollment. After May 15, 2006, clients will have to wait until the next open enrollment period to enroll.

What kind of help will clients have with their out-of-pocket costs?

The Medicare Modernization Act includes generous subsidies (called “Extra Help”) for populations who have income up to 150% of the Federal Poverty Level (FPL), which is around \$14,000 a year for a single person. The amount of assistance will depend on the individual’s income and resources. The Extra Help will cover 80% to 100% of the drug costs. Most people who are eligible for this Extra Help will pay no premiums, no deductibles and no more than \$5 for each prescription.

To apply for the Extra Help, you and/or your client can contact Social Security by calling 1-800-772-1213 or visit their website at www.ssa.gov. There is also a paper application. Please note, SSA will only accept original copies. You will need to contact them if you wish to have applications mailed to you. Some clients may have already received an application in the mail.

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What will count toward income and resources for the Extra Help (low-income subsidy)?

The criteria used by SSA and Medicaid offices are very similar to the criteria used to evaluate applications for Supplemental Security Income (SSI). 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 a \$1,500 set-aside for burial expenses.

Will my clients who are on THMP and eligible for Medicare Rx be affected?

The Texas HIV Medication Program, which is funded by the Ryan White Care Act, is considered to be the payer of last resort. Therefore, the Health Resources and Services Administration (HRSA) mandates that THMP insure that clients access all available medication resources before accessing THMP.

Per HRSA's mandate, all clients currently receiving assistance from THMP will be required to enroll in Medicare Rx. For clients who are dual eligible, partial dual eligible, and those who qualify for the Extra Help, THMP anticipates that they will no longer need assistance from our program. For clients who are not eligible to receive Extra Help, THMP is currently working to develop ways to assist them.

All clients who aren't full or partial dual eligible will need to apply for Extra Help through the Social Security Administration. It is important for clients to keep any approval or denial letters for Extra Help. THMP will provide information about any additional assistance we can offer as it becomes available. During this transition, the goal of THMP is to continue to insure that clients have no interruptions in accessing their medications.

How will THMP notify clients?

THMP will be sending out letters to all active clients identified as having Medicare. Three letters have been developed to target the full dual eligibles, partial dual eligibles, and Medicare only populations. Each letter specifically informs clients about their particular situation and how THMP will work with them. Additional information will be mailed as THMP finalizes how we will provide support to affected clients.

Will enrolling in Medicare Rx affect any other benefits clients may be receiving such as food stamps, VA, Medicaid Spend Down, HUD Housing?

Yes, this could affect some of the client benefits. The Centers for Medicare and Medicaid have developed tip sheets for these populations. Visit the following Web site for more information: www.cms.hhs.gov/medicarereform/factsheets.asp.

For more information, who should I contact?

For more information about Medicare Rx, call 1-800-MEDICARE (TTY: 1-800-486-2048) or visit www.texasmedicarerx.org. For more information on who can get Extra Help with Medicare Rx prescription drug costs and how to apply, call the Social Security Administration at 1-800-772-1213 (TTY: 1-800-325-0778), or visit www.socialsecurity.gov. You can also contact the THMP program directly at 1-800-255-1090.

More online resources:

Medicare Web site: www.medicare.gov

Medicare Information for Beneficiaries/Caregivers: www.medicare.gov/medicarereform/default.asp

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Cost Structure of Medicare Rx

| | Low-Income Subsidies | | | Standard Benefit |
|---|---|---|--|--|
| Income Level | Dual Eligible MQMB, SSI, QMB, SLMB, QI | Income below 135% of FPL and resources below \$6,000 | Income below 150% of FPL and resources below \$10,000 | Income above 150% of FPL |
| Premium | \$0 | \$0 | Sliding scale based on income | \$37 per month |
| Deductible | \$0 | \$0 | \$50 | \$250 |
| Initial Coverage Period (deductible met to \$2,250 in Rx Costs) | Co-pay: \$1 to \$5 | Co-pay: \$2 to \$5 | 15% coinsurance | 25% coinsurance |
| Coverage Gap (between \$2,250 and \$5,100 in Rx costs) | No coverage gap/ Continue to pay co-pay | No coverage gap/ Continue to pay co-pay | No coverage gap/ Continue to pay 15% | No prescription drug coverage |
| Catastrophic (after \$3,600 in out-of-pocket costs) | \$0 | \$0 | Co-pay: \$2 to \$5 | The greater of: \$2 generic \$5 brand or 5% |

Glossary of Medicare Acronyms

QMB = Qualified Medicare Beneficiaries, which pays Medicare Part A and B premiums, deductibles and coinsurance.

SLMB = Specified Low-income Medicare Beneficiaries, which pays the Medicare Part B premium.

QI = Qualified Individuals, which pays part or all of the Medicare Part B premium.

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