



The COEI Advisor

September 21, 2005

Medicare Part D: *Medicare's Prescription Drug Benefit*

Prescription drug coverage will be available through Medicare to all Medicare beneficiaries beginning January 1, 2006. As this date approaches, DMH clients with Medicare (including Medi/Medi) might come to you with questions about the new Medicare drug benefit. Below are general answers to some of the questions your clients might ask.

- **What is Medicare Part D?**

- ☞ Medicare Part D is the Prescription Drug Benefit for the Medicare program. It is a voluntary insurance covering prescription drugs for enrolled Medicare beneficiaries. Clients who have Medicare Part A and/or Medicare Part B are eligible to enroll in Medicare Part D.
- ☆ Those enrolled in a Medicare Advantage program **must** receive prescription drug coverage from their Medicare Advantage program's Prescription Drug plan. If the client's Medicare Advantage program does not have a Part D plan, the client may enroll in another Part D Prescription Drug Plan,
- ☞ Medicare prescription drug coverage begins **January 1, 2006**.
- ☆ Medicare Part D will become the sole source of prescription drug coverage for clients with both Medicare and Medi-Cal. Medi-Cal's drug benefit for medications covered by Medicare Part D will end December 31, 2005 for clients with Medicare AND Medi-Cal only.

- **How can clients with Medicare enroll in this program?**

- ☞ Enrollment: Unless your client is Medi/Medi (also known as dual eligible) or opts not to enroll in a Medicare prescription drug plan, he or she will need to enroll in Medicare Part D to receive this benefit.
- ☞ Enrollment period: The Medicare Part D enrollment period for 2006 coverage is November 15 through December 31, 2005. Clients must enroll by December 31, 2005 for Medicare Part D coverage to begin on January 1, 2006. If your client enrolls after December 31, then Part D coverage will not begin until the first day of the month after they enroll.
- ☆ Medi/Medi clients will not have to worry about a lapse in drug coverage because they will automatically be enrolled in one of the prescription drug plans in California.

- **Who will administer coverage? What drugs are covered?**

- ☞ Prescription Drug Plan (PDP) refers to the prescription drug insurance coverage offered by a private company. Medicare Advantage Prescription Drug plan (MA-PD) refers to Part D coverage for those enrolled in Medicare Advantage programs. Formulary refers to the list of prescription drugs (brand and generic) covered by the PDP.



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- ☆ *The Federal Government requires that every formulary contain "all or substantially all" of each of the following six therapeutic categories of drugs: antidepressants, antipsychotics, anticonvulsants, antiretrovirals, immunosuppressants, and antineoplastics.*
- ☆ *Medicare Part D will **not** cover benzodiazepines, barbiturates, over the counter medications. California DHS will continue covering drugs excluded from Part D coverage but covered under Medi-Cal for Medi-Cal beneficiaries including benzodiazepines, barbiturates, and certain over-the-counter drugs.*
- **What will the benefit cost clients with Medicare?**
 - ☞ *Medicare's prescription drug coverage carries a premium, deductible, and co-pay. The benefit premium varies by PDP. The initial annual deductible is \$250. After the deductible is met, the plan will pay 75% of prescription drug costs (the client is responsible for the remaining 25%) up to \$2250 (\$500 out of pocket). There is no coverage of prescription drug expenses between \$2250.01 and \$5100.*
 - ☆ *Catastrophic coverage begins after \$5100.01 of drug costs (\$3600 out of pocket). The benefit covers 95% of drug costs and there is not upper limit.*
 - ☞ *A Low Income Subsidy (also known as Extra Help) is available for dual eligibles and those enrolled in a Medicare savings program (QMB, SLMB, QI-1). The subsidy will cover the beneficiary's premium and deductible and lower the co-pay to \$1-\$3.*
 - ☆ *A partial subsidy is also available for those individuals with low incomes who are not Medi/Medi and who are not enrolled in a Medicare savings program. These clients must apply for this subsidy. Premiums for these clients are on a sliding scale with the deductible is set at \$50 per year and a co-pay of 15% of the cost of each prescription.*
 - ☆ ***Medi/Medi clients automatically get the low income subsidy and will not have to apply for Help.***
- **Should my clients enroll?**
 - ☞ *What we can say about this coverage to our clients. While we cannot tell clients which plan is best for them, we can provide them with tools to help them choose a plan that covers all of their current prescription medications.*
 - ☆ *A Prescription Drug Plan Finder will be available at www.medicare.gov beginning **October 13, 2005**. The Plan Finder will also tell users which pharmacies are in their PDP network.*
 - ☞ *Clients with other prescription drug coverage can enroll at any time without being penalized if they have creditable coverage. Clients have creditable coverage if their current coverage is at least as good as coverage by a Medicare prescription drug plan. The current plan will notify clients about whether their current coverage is at least as good as a Medicare PDP in their area.*
 - ☆ ***Medigap may not be considered creditable coverage.** The current plan will notify clients about whether their current coverage is at least as good as a Medicare PDP in their area.*



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- ⊞ Penalties. *There are penalties for not enrolling in Medicare Part D when they are first eligible for coverage. If clients do not have creditable coverage AND choose not to enroll in Medicare Part D, their premiums will increase 1% for each month they could have been enrolled. This increased premium will continue for as long as they are enrolled in a Medicare prescription drug plan.*
- ⊞ Medi/Medi clients *can be automatically enrolled in a PDP. Medicare will encourage dual eligibles to choose a PDP for themselves. However, a PDP will be selected for them if they do not choose one so they will have prescription drug coverage when the Medi-Cal drug coverage ends December 31, 2005.*

Questions? Need more info?

This fall, COEI will offer an overview of Medicare's new prescription drug benefit to directly operated programs throughout the county. In preparation for the Part D enrollment period that begins November 15th, COEI's overview will detail available information on the new benefit and how it will affect DMH clients.

Look for meeting dates in your Service Area in a future COEI Advisor or contact your District Chief.



For additional information,
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Retain for Reference

DMH 05-05

9/19/05

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