

Medicare Part D: Helping Beneficiaries to Make the Right Choices in 2011

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Medicare Part D



Medicare Part D is the outpatient prescription drug benefit, which is only available through Medicare private drug plans or Medicare private health plans.

A Little History



- ▶ President Truman introduced the idea of Medicare benefits in 1945 and 1948 and again after his election in '48.
 - AMA fiercely opposed the idea equating the concept with socialized medicine.
- ▶ 1951 the head of the Federal Security Administration proposed a health insurance program for the elderly
- ▶ Congressional hearings were held in the House Ways and Means Committee and Senate Finance Committee annually from 1958 – 1965 on proposals to offer hospital insurance
- ▶ The election of President Johnson in 1964 and the largest Democratic majority in the House and Senate almost insured the passage of legislation and the establishment of a program to coverage healthcare for older populations.

Early Medicare Proposals



- ▶ Democrats
 - Cover cost of hospitalizations
 - Universal social insurance mechanism
- ▶ Republicans
 - Voluntary enrollment
 - Financed by premiums paid by the beneficiaries and subsidized by general revenues
 - Physician services
 - Prescription drugs
- ▶ AMA proposed a means-tested program for “impoverished” seniors

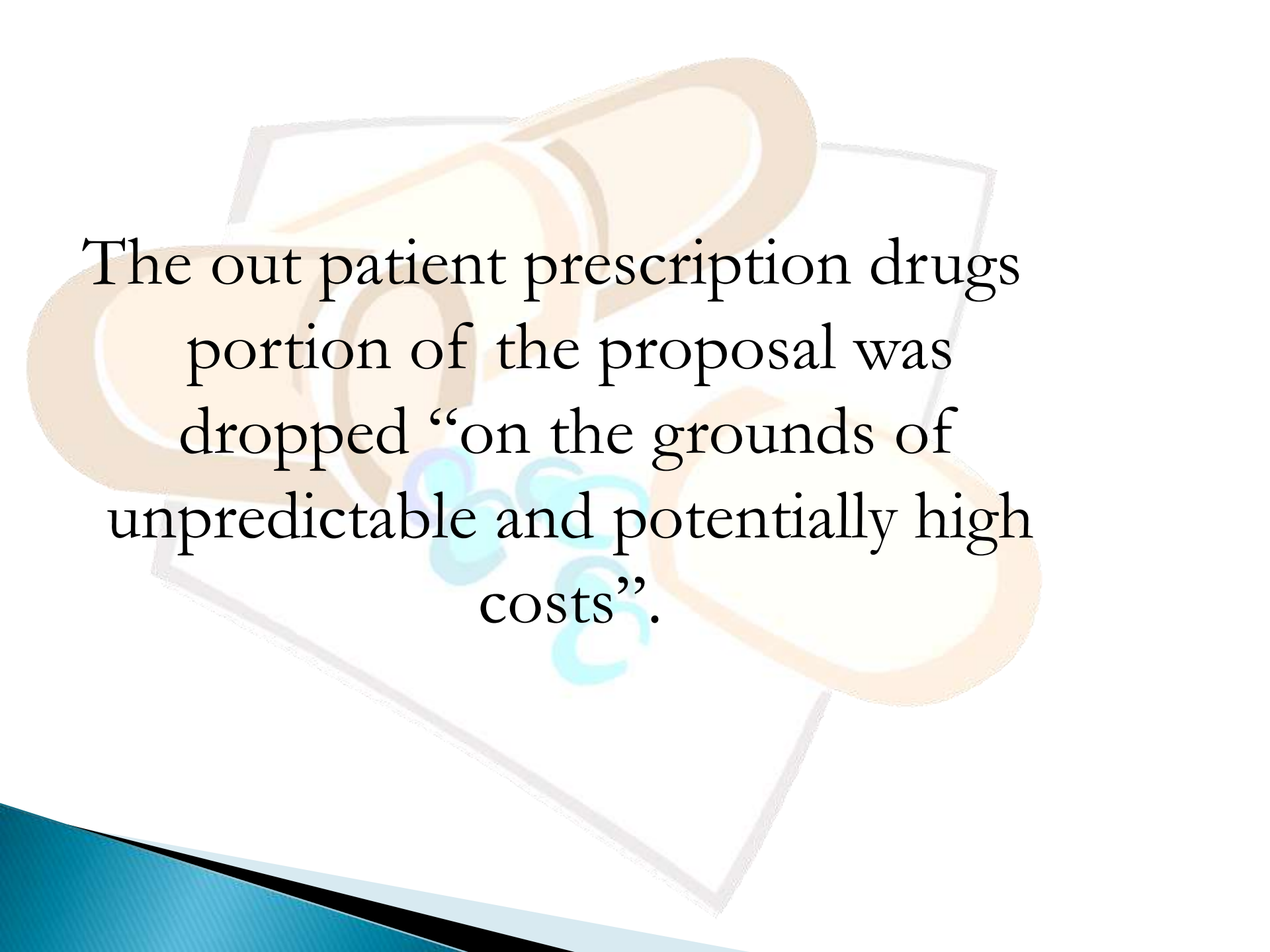
Medicare is Born



- ▶ Rep. Wilbur Mills suggested that the Democratic and Republican proposals be combined into Title XVIII of the Social Security Act
 - Medicare Program
 - Part A – hospitalization
 - Part B – supplementary medical insurance
 - Medicaid



PRESCRIPTION DRUGS???

The background features several overlapping, semi-transparent shapes in shades of orange, yellow, and light blue. A prominent shape is a large, rounded rectangle with a light blue border. At the bottom left corner, there is a blue wave-like graphic element. The text is centered within the large orange shape.

The out patient prescription drugs portion of the proposal was dropped “on the grounds of unpredictable and potentially high costs”.

The Fight Continued



- ▶ 1960s – Johnson was faced with proposals to expand Medicare (prescription drug coverage)*
- ▶ Late 60s – early 1970s - Nixon Administration: Bombshell Policy
- ▶ Late 70s/80s – Carter: The economic troubles of this period transformed the politics of federal programs serving the elderly. In short, from the Carter years onward, legislators would face no more “easy votes” on programs affecting the elderly
- ▶ 1980s –Reagan - The Medicare Catastrophic Coverage Act of 1988
 - Congress repealed most of the MCCA’s major provisions in November 1989, including the prescription drug benefit.



The Fight Continued...



- ▶ 1990s – Clinton: Health Security Act of 1993
 - Died in September 1994

The issue of a Medicare drug benefit became a prominent issue in the 2000 presidential campaign

- ▶ 2000s – Bush: Medicare proposals were made in the context of a projected federal budget surplus
 - Economic downturn – 2001
 - Trillion-dollar tax cut promoted by Bush and enacted by the Republican-controlled Congress in 2001



War in Iraq

Four Decades in the Making

- ▶ 38 years to authorize Medicare coverage for such a critical component of modern medicine
 - Why was the decision to address this gap finally made?
 - Why did it take the form
 - What issues remain?

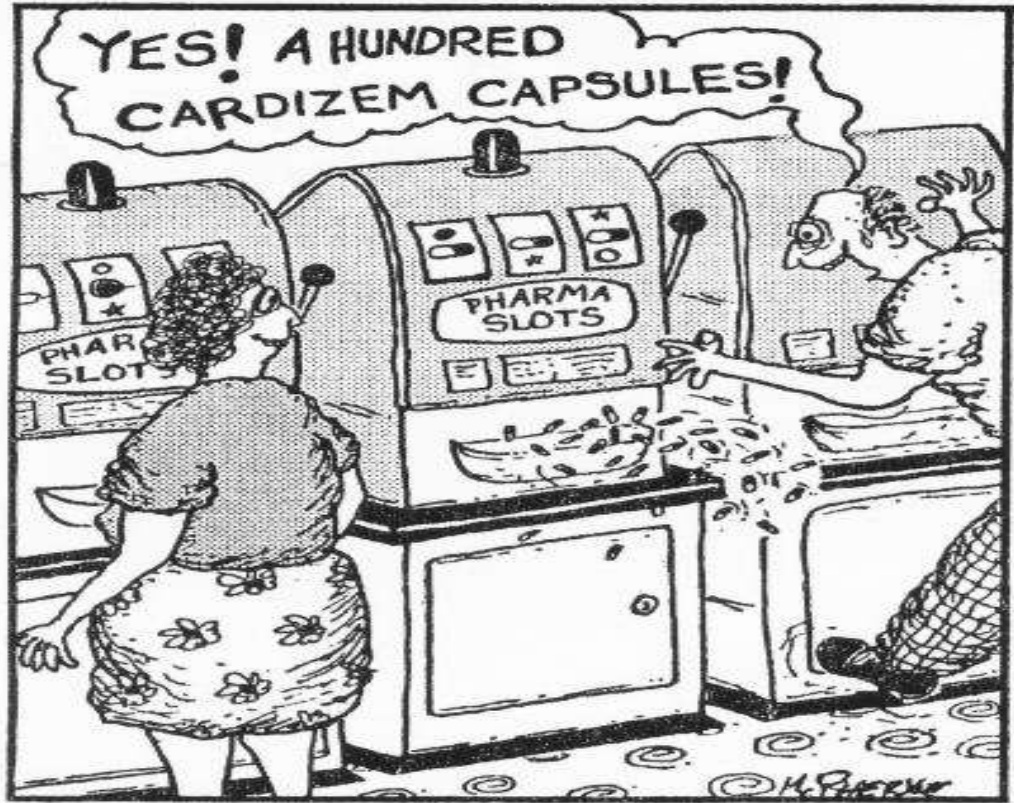


Close to Home

Thursday

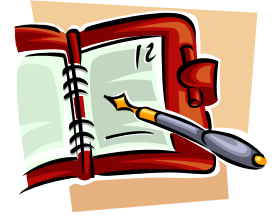
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August



With the price of prescription medications continuing to skyrocket, many casinos have installed pharmaceutical slot machines.

Medicare Prescription Drug, Improvement, and Modernization Act of 2003



Public Law 108-173 - Enacted December 8, 2003)

- ▶ Overview
 - Voluntary outpatient prescription drug coverage
 - Drugs to be provide through stand-alone prescription drug plans or comprehensive plans
 - Provides subsidies to sponsors of retiree plans
 - Provides incentives to HMOs and PPOs
 - Transfers healthcare coverage for “dual-eligible” seniors from Medicaid to Medicare

Prescription Drug Coverage



- ▶ Started January 1, 2006
- ▶ Most people must choose and enroll in a plan to get coverage
 - Private fee for Service
 - Managed Care Plan (Medicare Advantage)
- ▶ Many people with limited incomes and resources will get extra help
- ▶ Beneficiaries with coverage through an employer or union, or other creditable plan may keep their prescription drug coverage
- ▶ To avoid a penalty, it's important for beneficiaries to join a plan when they are first eligible

Part D – The Larger Benefit Picture

- ▶ Many older people need help paying for prescription drugs, health care, utilities and other basic needs.
- ▶ Developed and maintained by The [National Council on Aging](#) (NCOA), BenefitsCheckUp is the nation's most comprehensive Web-based service to screen for benefits programs for seniors with limited income and resources.
- ▶ BenefitsCheckUp includes more than 1,700 public and private benefits programs from all 50 states and the District of Columbia



Benefits Checkup

As of Wednesday, October 27, 2010 we have helped 2,617,503 people find over \$9 billion worth of the annual benefits they deserve.

www.benefitscheckup.org



Get all the benefits you deserve!

The BenefitsCheckUp website helps you find and enroll in programs that help pay for prescriptions, utility bills, meals, health care and more.

Go to www.benefitscheckup.org >

Benefit Checkup Questionnaire

- ▶ Comprehensive Web-based questionnaire to screen for benefits programs for seniors with limited income and resources
 - Series of 33 questions
 - Does not ask for identifying information, e.g. name, address
- ▶ Based on information provided, a list of programs/services are generated along with applications for many of the programs
- ▶ Descriptions, eligibility requirements, where to apply



The screenshot shows a web interface for a questionnaire. At the top, there is a red banner with a blue pencil and a small image of a person. Below the banner, the word "Questionnaire" is displayed in a dark font. Underneath, the section "Personal Information" is highlighted in red. The form contains several fields with labels: "1. Your occupation:", "2. Your gender:", and "3. Do you make most of the better purchasing decisions for your organization?". There are also some small icons and a logo in the top right corner of the interface.

Part D 2011



Open Enrollment...

- ▶ Starts - November 15, 2010
- ▶ Ends – December 31, 2010



Plan Changes

- ▶ CMS project for 1.2 million beneficiaries will have to change plans
 - Plans leaving the market
 - Reducing their service area
 - 925,000 are in PFFS
- ▶ 2011 cost for drugs
 - The donut hole will be discounted 50%
 - Co-insurance for generic drugs will be reduced from 100% to 93%
 - Donut hole will close completely in 2020
 - **Members will get out of the donut hole sooner**
 - People receiving the LIS are not eligible for the rebate (\$250) or discount



Top 3 Changes to 2011 MA plans

- ▶ Medicare Advantage Enrollment periods are changing
- ▶ Medicare Advantage plans to have new maximum out-of-pocket (MOOP) limits
- ▶ Private Fee-for-service plans (PFFS) will not renew in 2011 or see premium increases



What's next...

- ▶ Annual Notice of Change (ANOC)
 - Notice mailed by October 31, 2010
 - How will the plan's formulary change
 - Drugs added
 - Drugs removed
 - Will the premium go up or down
 - Can you still afford the cost
 - Does the plan still qualify for the full-LIS premium subsidy
 - Will the deductible go up or down
 - Can you afford the cost
 - Medication cost sharing (tiered co-payment)
 - If you received an exception to add drugs to your formulary
 - Are you still taking the drug
 - Do you need to re-apply for the exception
 - Transition coverage



What's new with Part D in Ohio

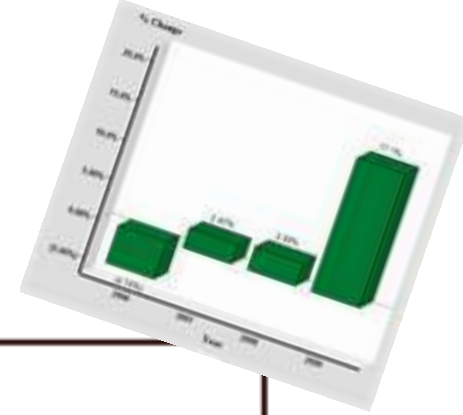


▶ 2011 Ohio Plans

- PDPs = 31
 - Cost range from \$14.80- \$111.50
 - 1 plans will cover *all* generics
 - 3 plans will cover *many* generics
 - 2 plans will cover *some* generics
 - 2 plans will cover *few* generics
 - 1 plans will cover *some generics and some* name brands
 - 20 plans have no gap coverage
 - 2 plans with cover many generics and some name brands
 - 13 plans have a \$0 deductible
 - 13 plans have a deductible up to \$310
 - 5 plans have a deductible ranging from \$50 - \$250
- 7 plans for LIS beneficiaries to choose from
- Medicare Advantage and Special Needs plans vary by county

- ▶ National average cost for prescription drug cost is \$29.67 in Ohio the average cost is \$32.34

Standard Benefit



Cost	Beneficiary Pays	Part D Plan Pays	Spending on Part D Plan-Covered Drugs	
Deductible	\$310	\$0	\$310	
Co-Insurance or Co-pays	\$632.50	\$1,897.50	\$2,840	75% paid by the plan; %25 paid by the beneficiary
Coverage Gap	\$3,607.50	\$0		Doughnut Hole
Out-of-Pocket Threshold	\$4,550	\$1,897.50	\$6,447.50	Catastrophic Coverage

Who should enroll...

- ▶ Medicare beneficiaries with no prescription drug coverage and do not qualify for the LIS
 - Penalty still applies
- ▶ Income is below \$1,354 (single)
\$1,822(couple)/per month in 2010 (These amounts will change when the 2011 FPL is released)
- ▶ Beneficiaries with other prescription coverage should check with their benefit manager before switching





Low Income Subsidy

provides assistance with Medicare prescription drug (Part D) plan cost for people with limited incomes and assets)

LIS in Review

- ▶ LIS Co-payments

Institutionalized	\$0
Up to or at 100% FPL	\$1.10 - \$3.30
Other LIS	\$2.50 - \$6.30
Partial LIS Deductible/Cost-Sharing	\$63 - 15%



Help with Medicare Part D



If You Have...	Your Assets	You Pay
Medicaid <u>and</u> income below 100% FPL (below \$903 a month for singles and \$1,215 a month for couples in 2010)	Ohio – less than \$1,500 (\$2,250 Couples)	<ul style="list-style-type: none">· No monthly premium· No deductible· \$1.10/generic \$3.30/brand-name \$0 after \$6,447.50 in total annual drug costs
Medicaid <u>and</u> income above 100% FPL (above \$903 a month for singles and \$1, 215 a month for couples in 2010)	Ohio – less than \$1,500	<ul style="list-style-type: none">· No monthly premium· No deductible· \$2.50/generic \$6.20/brand-name \$0 after \$6,447.50 in total annual drug costs

Help with Medicare Part D



If You Have...	Your Assets	You Pay
<p>Income below 135% FPL and <u>do not</u> have Medicaid</p> <p>(below \$1,219 a month for singles and \$1,640a month for couples in 2010³)</p>	<p>Below \$8,100 for individuals and \$12,910 for couples⁶</p>	<p>No monthly premium²</p> <p>No deductible</p> <ul style="list-style-type: none"> · \$2.50/generic · \$6.20/brand-name <p>\$0 after \$6,447.50 in total annual drug costs</p>
<p>Income between 135% and 150% FPL and <u>do not</u> have Medicaid</p> <p>(between \$1,219 and \$1,354 a month for singles, or \$1,640 and \$1,822 a month for couples in 2010³)</p>	<p>Below \$12,510 for individuals and \$25,010 for couples⁶</p>	<p>Sliding scale monthly premium</p> <p>15% of Medication cost</p>

Redeeming and Redeterminations

- ▶ Those on Ohio's state's Medicaid and MSP file or SSA's SSI-only file for July or August are **automatically** “redeemed” eligible for Extra Help/LIS for 2011
- ▶ Those not listed in the July or August files to CMS from states or SSA may **NOT** be deemed eligible for LIS for 2011
 - CMS has sent letters (**grey** colored paper) to these beneficiaries letting them know that they will no longer automatically receive LIS and what they can do.
- ▶ Roughly 400,000 people nationwide received redetermination letters and forms
 - Ohio 16,408



Letters

- ▶ Extra Help/LIS status-change letter on **orange** paper– early Oct
 - You are renewed for Extra Help/LIS but at a different level.
- ▶ Plan re-assignment letter (on **blue**-colored paper – early Nov
 - If current plan is leaving Medicare, OR
 - If current plan’s 2011 premium will exceed the 2010 regional low-income benchmark– *and only goes to those receiving full LIS who are still in the plan to which CMS assigned them.*
 - You are reassigned will get a notice comparing cost and coverage between current and reassigned plan in early December.
 - Exception for plans adopting the optional *de minimus* policy.
- ▶ “Choosers” letter on **tan**-colored paper – mid-Nov
 - You chose a plan on your own or with assistance . You will receive this letter if your current plan’s 2011 premium will exceed the 2011 regional low-income benchmark.
- ▶ You will also receive a letter if your plan does not sign new contract with Medicare



Medicare Plan Finder

- ▶ Search and compare coverage options
 - Prescription drug plans
 - Medicare Advantage plans
 - Medigap plans
- ▶ Find formularies

www.medicare.gov



Medicare.gov

The Official U.S. Government Site for Medicare

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Step 2 of 4: Enter Your Drugs

To show accurate plan costs, we need to know which drugs you take, including quantities and dosages. This site does not show pricing for over the counter drugs or diabetic supplies.

[I don't want to add drugs now](#)

My Current Profile

Zip Code: 44110

Current Coverage: Humana Standard S5884-072 (PDP) (S5884-072-0)

Current Subsidy: Full Dual

Future Subsidy: Full Dual

Name of Drug:

[Find My Drug](#)

Retrieve My Saved Drug List:

Your drug list ID isn't tied to your personal information. Medicare doesn't share the drug information you enter.

Problems, Problems and More Problems

- ▶ The pharmacist says you're not enrolled in a plan
- ▶ Your medication cost is higher than expected
- ▶ The plan does not cover a new med prescribed by your doctor
- ▶ You have exceeded your quantity limit
- ▶ The plan says that you have to take a drug not prescribed by your doctor before they will pay for one prescribed by your MD...

What's a senior to do???



Reminders



- ▶ Compare needed drugs to the drugs on the formulary
 - Prior authorization
 - Quantity limits
 - Step therapy
- ▶ Will coverage be needed in the donut hole
 - 2011 – 50% coverage in the donut hole
- ▶ Is there name brand and/or generic drug coverage in the gap
- ▶ Compare annual cost
 - Premium
 - Deductibles
 - Co-pays
- ▶ Don't assume that a deductible will make the plan more expensive
- ▶ Don't assume that mail order is always less expensive
- ▶ If the beneficiary travels, look for a national plan



Thank you!



Questions

