

# Information About Medicare Part D Prescription Drug Coverage

DPA Program and Policy Development Team

March 29, 2005

## OVERVIEW

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established a new Medicare Part D program for prescription drug coverage. This benefit begins on **January 1, 2006**, and allows all people with Medicare to sign up for drug coverage through a prescription drug plan (PDP). Drug plans and their costs will vary depending on the plan that the person selects. Medicare Part D also includes a subsidy program that will help low-income people with premiums, deductibles, and cost sharing.

## KEY ISSUES

- ✓ The Social Security Administration (SSA) will soon begin mailing applications with a postage-paid, return-addressed envelope to individuals potentially eligible (whose income appears to be less than 150% FPL) for the Medicare Low-Income Subsidy (LIS) program.
- ✓ SSA will begin processing subsidy applications and will notify applicants of their eligibility during an advanced filing period starting **July 1, 2005**. Although we expect SSA to take the lead in processing these applications, states are also expected (if requested by the applicant) to take and process applications for this new program. We are currently working on developing a process for handling these applications.
- ✓ Medicaid recipients who are also Medicare eligible will not be sent the Low-Income Subsidy application. Recipients who are already in a Medicare Savings Program, such as QMB, SLMB or SLMB Plus, or receiving SSI are “deemed eligible” for the subsidy and do not need to apply.
- ✓ The Divisions of Public Assistance and Health Care Services will exchange data about Medicaid recipients with CMS. It is important for caseworkers to review APA related Medicaid cases for QMB eligibility (under 100% FPG) and ensure the MERE screen is correctly coded. Recipients who are QMB eligible will qualify for the low-income subsidy and the lower drug co-payments. Refer to Aged, Disabled & LTC Medicaid MS 580-A for QMB eligibility policy.
- ✓ The Medicare Part D program initial enrollment period is **November 15, 2005 through May 15, 2006**. Although individuals can begin enrolling in a prescription drug plan (PDP) on November 15, 2005, prescription drug coverage does not begin until **January 1, 2006**.
- ✓ On **January 1, 2006**, Medicaid will no longer pay for prescription drug coverage for people with Medicaid and Medicare (dual eligibles). Centers for Medicare & Medicaid Services (CMS) will auto-enroll and assign “dual eligibles” to a Medicare PDP, and send a letter telling them about their prescription drug plan coverage. Individuals may switch plans to better meet their needs throughout the year.

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- ✓ Coverage Gap/Doughnut Hole. A major drawback of the new benefit is that individuals who do not qualify for the low-income subsidy will have a large gap in coverage known as the “doughnut hole”. More information about this gap in coverage is available from the AARP web site at [http://www.aarp.org/health/medicare/drug\\_coverage/Articles/a2004-03-30-newdrugbenefit.html](http://www.aarp.org/health/medicare/drug_coverage/Articles/a2004-03-30-newdrugbenefit.html) and the Kaiser Family Foundation website at <http://www.kff.org/medicare/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=33325>.

It is important to encourage Medicare eligible people with low incomes to apply for the LIS program and enroll in a PDP to get extra help and avoid this gap. *Note: The “doughnut hole” does not apply to Medicaid/Medicare “dual eligible” recipients.*

### **OUTREACH PLANS**

- ✓ Starting in May, Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA) will conduct approximately 125 outreach events in communities around the state.
- ✓ In June, the Senior Care Information Office will conduct a Medicare training seminar focusing on prescription drug coverage for senior Medicare volunteers, care coordinators, and providers. Other outreach activities include advertising campaigns through flyers, newspapers, and public service announcements.

### **QUESTIONS?**

Please refer recipients to call the CMS Helpline at 1-800-MEDICARE (633-4227) for questions about the new Medicare benefits. TTY users should call 1-877-486-2048. Information is also available online at [www.medicare.gov](http://www.medicare.gov) and at <http://www.cms.hhs.gov/medicarereform/>.

For questions about this informational paper, please contact the Policy and Program Development Team at: [dpapolicy@health.state.ak.us](mailto:dpapolicy@health.state.ak.us).