Medicare Part D & Today's Veterans

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What's a SHIC (aka SHIP)

- Part of a National Program currently under CMS & transitioning to (the former Admin. On Aging) Administration for Community Living
- Goal is to provide all Medicare beneficiaries with free counseling services
- Program's focus is to help beneficiaries of all ages to navigate through the confusing information regarding Medicare

What SHIC Does for Beneficiaries

- Provides educational materials & brochures
- Helps them understand Medicare, organize their records, file claims and appeal decisions
- Encourages them to assess their needs so they can make informed decisions about health insurance policies
- Informs them as to their rights & benefits as a beneficiary or health insurance policyholder
- Shows them how to evaluate Medicare Part D, supplements and other plans currently available
- Holds statewide open enrollment events for Part D

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More of What SHIC Does

- Functions as a liaison between beneficiaries and CMS, private insurance plans & other agencies
- Refers consumers to appropriate agencies where they can get help with other needs
- Assists low income consumers with finding help to:
  - pay for prescriptions; “Extra Help” or LIS, Prescription Connection
  - pay for Part B; Medicare Savings Program (MSP)
- Provides help interpreting bills, (medical or insurance)
- Outreach (PAM; presentations, booths, media publications)

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Current Trends

- A significant change with this program is in the type of consumer to be served
  - Current consumers have been very dependent and not very involved in their own decisions regarding healthcare and insurance
  - Baby-boomers are entering this group with a different level of understanding and desire to fully participate in such decisions
  - Balancing the two different groups will be a challenge for some time
- Continued increases in the number of dual eligible beneficiaries (Medicare & Medicaid)

Baby Boomers & Other Info

- On January 1, 2011 Baby Boomers (born between 1946 – 1964) began turning 65
  - Every day > 10,000 turn 65
  - This will continue every day for the next ~16 years
- 2010 Census placed those 65 years old and older as making up 13% of the population
  - This group is expected to ↑ over 20% in 30+ years

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Are we (they) prepared for 65?

- Currently 35% of people older than 65 live almost solely on Social Security
  - The monthly amount received is based on what was put in
- 3 out of 4 Americans start taking Social Security when they turn 62 (when 1st eligible)
  - This results in their receiving lower amounts
  - For people born before 1959 that reduction is 25%
  - For those born after 1959 it will be a 30% reduction

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Medicare Prescription Drug Coverage

- Also called Medicare Part D
- Prescription drug plans approved by Medicare
- Run by private companies
- Available to everyone with Medicare
- Must be enrolled in a plan to get coverage
- Two sources of coverage
  - Medicare Prescription Drug Plans (PDPs)
  - Medicare Advantage Plans with Rx coverage (MA-PDs)
    - And other Medicare health plans with Rx coverage

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Medicare Drug Plans

- Can be flexible in benefit design
- Must offer at least standard level of coverage
- May offer different or enhanced benefits
- Benefits and costs may change each year

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Medicare Drug Plan Costs

- Costs vary by plan
- In 2013, most people will pay
  - A monthly premium
  - A yearly deductible
  - Copayments or coinsurance
  - 47.5% for covered brand name drugs in coverage gap
  - 79% for generic drugs in coverage gap
  - Very little after spending $4,700 out-of-pocket

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Late Enrollment Penalty

- Higher premium if you wait to enroll
  - Å Additional 1% of base beneficiary premium
    - For each month eligible and not enrolled
    - For as long as you have Medicare drug coverage
  - Å Except if you had creditable drug coverage*
  - Å National base beneficiary premium
    - ~ $31.00 in 2013 (this can change each year)

* This does not apply if you have Veterans Pharmacy Benefits – considered creditable

Medicare Prescription Drug Coverage Premium

- A small number of people may pay a higher premium
  - Based on income
  - Fewer than 5% of all people with Medicare
  - Uses same thresholds used to compute income-related adjustments to Part B premium
    - As reported on your IRS tax return from 2 years ago

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Part D Income Related Monthly Adjustment Amount

Tier	Income Level (Individual tax returns)	2012 Amount	2013 Amount
0	Less than or equal to $85,000	$ 0	$ 0
1	> $85,000 and ≤ $107,000	$ 11.60	$ 11.60
2	> $107,000 and ≤ $160,000	$ 29.90	$ 29.90
3	> $160,000 and ≤ $214,000	$ 48.10	$ 48.30
4	> $214,000	$ 66.40	$ 66.60

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2013 Part B IRMAA

Beneficiaries who file an individual tax return with income	Beneficiaries who file a joint tax return with income	Income-related monthly adjustment amount	Total monthly Part B premium amount
Less than or equal to $85,000	Less than or equal to $170,000	$0.00	$104.90
Greater than $85,000 and less than or equal to $107,000	Greater than $170,000 and less than or equal to $214,000	$42.00	$146.90
Greater than $107,000 and less than or equal to $160,000	Greater than $214,000 and less than or equal to $320,000	$104.90	$209.80
Greater than $160,000 and less than or equal to $214,000	Greater than $320,000 and less than or equal to $428,000	$167.80	$272.70
Greater than $214,000	Greater than $428,000	$230.80	$335.70

Part D-Covered Drugs

- Prescription brand-name and generic drugs
  - Approved by Food and Drug Administration (FDA)
  - Used and sold in United States
  - Used for medically-accepted indications
- Includes drugs, biological products, and insulin
  - Supplies associated with injection or inhalation

How should Veterans Decide – Part D or NO Part D … That is the question

- VA Pharmacy benefit program = “Creditable” so Veterans don’t need a Prescription Drug Plan (PDP), it is their choice
  - Å If a Vet is comfortable with their VA drug coverage… they can go without a PDP
  - Å If some of their meds are not on the VA formulary – a PDP may benefit them
  - Å A PDP is “insurance” good for “just in case” situations
    - Vets can get the lowest monthly premium plans for the “just in case” situations

Required Coverage

- "All" drugs in 6 categories
  - Cancer medications
  - HIV/AIDS treatments
  - Antidepressants
  - Antipsychotic medications
  - Anticonvulsive treatments
  - Immunosuppressants
- All commercially-available vaccines
  - Except those covered under Part B (e.g., flu shot)

Drugs Excluded By Law Under Part D

- Anorexia, weight loss or weight gain drugs
- Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
- Fertility drugs
- Drugs for cosmetic or lifestyle purposes (e.g., hair growth)
- Drugs for symptomatic relief of coughs and colds
- Prescription vitamin and mineral products (except prenatal vitamins and fluoride preparations)
- Non-prescription drugs

Access to Covered Drugs

- Plans must cover a range of drugs in each category
- Coverage and rules vary by plan
- Plans can manage access to drug coverage through their drug lists and restrictions:
  - Formularies (list of covered drugs)
  - Restrictions
    - Prior authorization (doctor requests before service)
    - Step therapy (type of prior authorization)
    - Quantity limits (limits quantity over time)

Formulary

- A list of prescription drugs covered by the plan
- May have “tiers” that cost different amounts

Tier Structure Example		
Tier	**You Pay**	**Prescription Drugs Covered**
1	Lowest copayment	Most generics
2	Medium copayment	Preferred, brand-name
3	Highest copayment	Non-preferred, brand-name
Specialty	Highest copayment or coinsurance	Unique, very high-cost

Formulary Changes

- Plans may change categories and classes
  - Å Only at beginning of each plan year
  - Å May make maintenance changes during year
    - E.g., replacing brand-name drug with new generic
- Plan usually must notify you 60 days before changes
  - Å May be able to use drug until end of calendar year
  - Å May ask for exception if other drugs don't work
- Plans may remove drugs withdrawn from market
  - Å By manufacturer or FDA without 60 day notification

If Your Prescription Changes

- Get up-to-date information from plan
  - By phone or on plan's website
- Give doctor copy of plan's formulary
- If the new drug is not on plan's formulary
  - Can request a coverage determination from plan
  - May have to pay full price if plan still won't cover drug

Part D Eligibility Requirements

- To be eligible to join a Prescription Drug Plan
  - You must have Medicare Part A **or** Part B
- To be eligible to join a MA Plan with drug coverage
  - You must have Part A **and** Part B
- You must live in plan's service area
  - You cannot be incarcerated
  - You cannot live outside the United States
- You **must** be enrolled in a plan to get drug coverage

When You Can Join or Switch Plans

- When you become newly entitled to Medicare
  Å7-month Initial Enrollment Period (IEP) for Part D

3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The Month you turn 65	1 month after you turn 65	2 months after you turn 65	3 months after you turn 65
Sign up early to avoid a delay in coverage. To get enrolled the month you turn 65, you must sign up during the 1st 3 months before you turn 65.			If you wait until the last 4 months of your initial enrollment period to enroll, your coverage will be delayed until the beginning of the following month.			

When You Can Join or Switch Plans

Medicare's Open Enrollment Period ("Open Enrollment")	October 15 – December 7 each year Changes are effective January 1
January 1 – February 14	Between January 1–February 14, if you're in a Medicare Advantage Plan, you can leave your plan and switch to Original Medicare. If you switch to Original Medicare during this period, you will have until February 14 to also join a Medicare drug plan to add drug coverage. Coverage begins the first of the month after the plan gets the enrollment form.

When You Can Join or Switch Plans

Special Enrollment Periods (SEP)	▪ You permanently move out of your plan's service area ▪ You lose other creditable prescription coverage ▪ You weren't adequately informed your other coverage was not creditable or was reduced and is no longer creditable ▪ You enter, live in or leave a long-term care facility ▪ You have a continuous SEP if you qualify for Extra Help ▪ You belong to a State Pharmaceutical Assistance Program (SPAP) ▪ Or in other exceptional circumstances

5-Star Special Enrollment Period (SEP)

- Can enroll in 5-Star Medicare Advantage (MA), Prescription Drug Plan (PDP), or MA-PD
- Enroll at any point during the year
  - Once per year
- New plan starts first of month after enrolled
- Plan ratings granted on calendar basis
  - Ratings assigned in October of the preceding year
  - Use Medicare Plan Finder to view plan ratings
    - Look at Overall Plan Rating to identify eligible plans

What is Extra Help?

- Program to help people pay for Medicare prescription drug costs
  - Also called the Low-Income Subsidy (LIS)
- If you have lowest income and resources
  - Pay no premiums or deductible, and small or no copayments
- If you have slightly higher income and resources
  - Pay reduced deductible and a little more out-of-pocket
- No coverage gap if you qualify for Extra Help

Qualifying for Extra Help

- You automatically qualify for Extra Help if you
  - Have full Medicaid coverage
  - Receive Supplemental Security Income (SSI)
  - Get help from Medicaid paying your Medicare premiums
- All others must apply
  - Online at www.socialsecurity.gov
  - Call SSA at **1-800-772-1213** (TTY 1-800-325-0778)
    - Ask for "Application for Help with Medicare Prescription Drug Plan Costs" (SSA-1020)
  - Contact your state Medicaid agency

2013 Income and Resource Limits

- Income
  - Below 150% of the Federal poverty level (FPL)
    - $1,436.25/mo or $17,235/yr for an individual*, or
    - $1,938.75/mo or $23,265/yr for a married couple*
    - Based on family size
    - Results in Partial Subsidy
- Resources
  - Up to $13,300 for an individual, or
  - Up to $26,580 for a married couple
    - Counts savings and investments
    - Does not count home you live in

Medicare and Full Medicaid

- You are auto-enrolled in a plan unless you
  - Å Are already in a Medicare drug plan
  - Å Choose and join a plan on your own
  - Å Are enrolled in employer/union plan receiving subsidy
  - Å Call the plan or 1-800-MEDICARE to opt out
- You are covered 1st month you are covered by
  - Å Medicaid and are entitled to Medicare
- Will get auto-enrollment letter (yellow paper)
- You have a continuous Special Enrollment Period

Re-establishing Eligibility for People Who Automatically Qualify

- CMS re-establishes eligibility each fall for next calendar year
  - Å If you no longer automatically qualify
    - CMS sends letter in September (gray paper)
      - Includes SSA application
  - Å If you automatically qualify, but your copayment changed
    - CMS sends letter in early October (orange paper)

Things to Consider Before Joining a Plan

- Important questions to ask
  - Å Do you have other current health insurance coverage?
  - Å What about current prescription drug coverage?
    - Is any prescription drug coverage you might have as good as Medicare drug coverage?
  - Å How does your current coverage work with Medicare?
    - Could joining a plan affect your current coverage?
      - Or affect a family member's coverage?

Healthcare Reform Impact

- The Patient Protection and Affordable Care Act (PPACA) is changing many things about Medicare
- Some changes beneficiaries consider positive :
  - Decreasing the “Donut Hole”
  - Adds Preventive Care as a Covered Service
  - Establishes quality measures related to improved care
  - Increases the emphasis on Anti-Fraud activities
- The establishment of Health Insurances Exchanges within the states may result in greater competition and therefore lower costs … this has not been tested
- The establishment of “Navigators”

PPACA – cont'

- **Challenges**
  - Å As the result of the “mandate”–there will be increasing #’s of previously uninsured who will be in the Medicaid system
  - Å Keeping Medicare solvent is critical
  - Å A significant challenge is the task of creating a health insurance exchange or “Marketplace”
    - The allowable timeline is very short needs to be approved in 2013 and up and running in 2014
    - Lack of resources to accomplish the tremendous number of required tasks
    - Creating a list of **Essential Health Benefits** that all Health plans must offer that do not cause them to be unaffordable

Medicare Prescription Drug Coverage Resource Guide

Resources

www.medicare.gov
1-800-MEDICARE
(1-800-633-4227)
(TTY 1-877-466-2048)

Prescription Drug Benefit Manual
www.cms.gov/PrescriptionDrugCovContra/12_PartDManuals.asp

PDP Enrollment and Disenrollment Guidance
http://www.cms.gov/MedicarePresDrugEligEnrol/01_Overview.asp

Local State Health Insurance Programs
www.medicare.gov/contacts

Centers for Medicare & Medicaid Services
www.cms.gov

Social Security
1-800-772-1213
www.socialsecurity.gov

LI NET Program
1-800-783-1307
1-877-801-0369 (TTY)
e-mail : MedicareLINET@cms.hhs.gov

Affordable Care Act
www.healthcare.gov/law/full/index.htm

RxAssist
www.rxassist.org

Medicare Part D Appeals
www.medicarepartdappeals.com

Determining the Part B income-related premium – SSA publication 10161 available at http://www.socialsecurity.gov/pubs/10536.pdf.

Information about drugs covered under Parts B & D
www.cms.gov/PrescriptionDrugCovContra/

Medicare Products

Medicare & You Handbook
CMS (Product No. 10050)

Your Guide to Medicare Prescription Drug Coverage
(CMS Product no. 11109)

Your Medicare Benefits
(CMS Product No. 10116)

Understanding True Out-of-Pocket (TrOOP) Costs
(CMS Product No. 11223)

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