

Medicare Part D Overview & Eligibility

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Session Objectives

- This session should help you
 - Differentiate Medicare Part A, Part B, and Part D drug coverage
 - Summarize Part D eligibility and enrollment requirements
 - Compare and choose drug plans
 - Describe Extra Help with drug plan costs
 - Explain coverage determinations and the appeals process

Medicare Prescription Drug Coverage

- Prescription drug coverage under Part A, Part B, or Part D depends on
 - Medical necessity
 - Health care setting
 - Medical indication (why you need it, like for cancer)
 - Any special drug coverage requirements
 - Such as immunosuppressive drugs following a transplant

Part A Prescription Drug Coverage

- Part A generally pays for all drugs during a covered inpatient stay
 - Received as part of treatment in a hospital or skilled nursing facility
- Drugs used in hospice care for symptom control and pain relief only

Part B Prescription Drug Coverage

- Part B covers limited outpatient drugs
 - Most injectable and infusible drugs given as part of a doctor's service
 - Drugs used at home with some types of Part B-covered durable medical equipment (DME)
 - Such as nebulizers and infusion pumps
 - Some oral drugs with special coverage requirements such as
 - Certain oral anti-cancer and antiemetic drugs
 - Immunosuppressive drugs, under certain circumstances

Part B Immunization Coverage

- Part B covers certain immunizations as part of Medicare-covered preventive services
 - Flu shot
 - Pneumococcal shot (to prevent pneumonia)
 - Hepatitis B shot
- Part B may cover certain vaccines after exposure to a disease or after an injury
 - Tetanus shot

Self-Administered Drugs in Hospital Outpatient Settings

- Part B doesn't cover self-administered drugs in a hospital outpatient setting
 - Unless needed for hospital services
- If enrolled in Part D, drugs may be covered
 - If not admitted to hospital
 - May have to pay and submit for reimbursement

Part D Covered Drugs

- Prescription brand-name and generic drugs
 - Approved by the U.S. Food and Drug Administration
 - Used and sold in the United States
 - Used for medically-accepted indications
- Includes drugs, biological products, and insulin
 - And supplies associated with injection of insulin
- Plans must cover a range of drugs in each category
- Coverage and rules vary by plan

Part D Medicare Prescription Drug Coverage

- Medicare drug plans
 - Approved by Medicare
 - Run by private companies
 - Available to everyone with Medicare
- You must join a plan to get coverage
- There are 2 ways to get coverage
 1. Medicare Prescription Drug Plans
 2. Medicare Health Plans with prescription drug coverage

Medicare Drug Plans

- Can be flexible in benefit design
- Must offer at least a standard level of coverage
- Vary in costs and drugs covered
 - Different tier and/or copayment levels
 - Deductible
 - Coverage for drugs not typically covered by Part D
- Benefits and costs may change each year

Standard Part D Benefit Parameters

Benefit Parameters	2015	2016
Deductible	\$320	\$360
Initial Coverage Limit	\$2,960	\$3,310
Out-of-Pocket Threshold	\$4,700	\$4,850
Total Covered Drug Spending at OOP Threshold	\$6,680	\$7,062.50
Minimum Cost-Sharing in Catastrophic Coverage	\$2.65/\$6.60	\$2.95/\$7.40
Extra Help Copayments	2015	2016
Institutionalized	\$0	\$0
Receiving Home and Community-Based Services	\$0	\$0
Up to or at 100% Federal Poverty Level (FPL)	\$1.20/\$3.60	\$1.20/\$3.60
Full Extra Help	\$2.65/\$6.65	\$2.95/\$7.40
Partial Extra Help (Deductible/Cost-Sharing)	\$66/15%	\$74/15%



Standard Structure in 2016

Ms. Smith joins a PDP. Her coverage begins on January 1, 2016. She doesn't get Extra Help and uses her Part D plan when she buys prescriptions. She pays a monthly premium throughout the year.

1. Yearly deductible	2. Copayment or coinsurance	3. Coverage gap	4. Catastrophic Coverage
<p>Ms. Smith pays the first \$360 of her drug costs before her plan starts to pay its share.</p>	<p>Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their combined amount (plus the deductible) reaches \$3,310.</p>	<p>Once Ms. Smith and her plan have spent \$3,310 for covered drugs, she's in the coverage gap. In 2016, she would get a 55% discount off brand name drugs and a 42% discount off generic drugs covered by her plan. What she pays (and the discount paid by the drug company) counts as out-of-pocket spending, and helps her get out of the coverage gap.</p>	<p>Once Ms. Smith's drug costs have reached \$7,062 the coverage gap ends. Now she only pays a small coinsurance or copayment for each covered drug until the end of the year.</p>



Improved Coverage in the Coverage Gap

Year	Discounts off Brand Name Drugs in the Coverage Gap	Discounts off Generic Drugs in the Coverage Gap
2016	55%	42%
2017	60%	49%
2018	65%	56%
2019	70%	63%
2020	75%	75%



Part D Premium and Income-Related Monthly Adjustment Amounts (IRMAA)

- Based on income above a certain limit
 - Fewer than 5% pay a higher premium
 - Uses same thresholds used to compute IRMAA for the Part B premium
 - Income as reported on your IRS tax return from 2 years ago
- Required to pay if you have Part D coverage
 - Failure to pay will result in disenrollment

Required Coverage

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

Drugs Excluded by Law Under Part D

- Drugs for anorexia, weight loss, or weight gain
- Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
- Fertility drugs
- Drugs for cosmetic or lifestyle purposes
- Drugs for symptomatic relief of coughs and colds
- Prescription vitamin and mineral products
- Non-prescription drugs



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	High copayment	Non-preferred, brand name
4 or Specialty	Highest copayment or coinsurance	Unique, very high cost

Formulary Changes

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

How Plans Manage Access to Drugs

Prior Authorization	<ul style="list-style-type: none">▪ Doctor must contact plan for prior approval and show medical necessity for drug before drug will be covered
Step Therapy	<ul style="list-style-type: none">▪ Must first try similar, less expensive drug▪ Doctor may request an exception if<ul style="list-style-type: none">• Similar, less expensive drug didn't work, or• Step therapy drug is medically necessary
Quantity Limits	<ul style="list-style-type: none">▪ Plan may limit drug quantities over a period of time for safety and/or cost▪ Doctor may request an exception if additional amount is medically necessary

If Your Prescription Changes

- Get up-to-date formulary information from your plan's
 - Website
 - Customer service center
- Give your doctor a copy of plan's formulary
- If the new drug isn't on the plan's formulary
 - Can request an exemption from the plan
 - May have to pay full price if plan still won't cover

Part D Eligibility Requirements

- You must have Medicare Part A and/or Part B to join a Medicare Prescription Drug Plan
- You must have Medicare Part A and Part B to join a Medicare Advantage Plan with drug coverage
- You must live in the plan's service area
 - You can't be incarcerated
 - You can't be unlawfully present in the U.S.
 - You can't live outside the United States
- You must join a plan to get drug coverage

Effective
1/1/2016

Creditable Drug Coverage

- Current or past prescription drug coverage
 - For example, employer group health plans, retiree plans, Veterans Affairs, TRICARE, etc.
 - Creditable if it pays, on average, as much as Medicare's standard drug coverage
- Plans inform yearly about whether creditable
- With creditable coverage you may not have to pay a late enrollment penalty

When You Can Join or Switch Plans

- Medicare's Open Enrollment Period is **October 15–December 7** each year
 - coverage starts January 1
- You can leave a Medicare Advantage Plan and switch to Original Medicare from January 1–February 14 each year
 - You have until February 14 to also join a Part D plan

Initial Enrollment Period (IEP)

- When you first become eligible to get Medicare
 - 7-month IEP for Part D

If You Join	Coverage Begins
During the 3 months <u>before</u> you turn 65	Date eligible for Medicare
During the month you turn 65	First day of the following month
During the 3 months <u>after</u> you turn 65	First day of the month after month you apply

Special Enrollment Period (SEP)

- Life events that allow an SEP include
 - You permanently move out of your plan's service area
 - You lose other creditable prescription coverage
 - You weren't properly told that your other coverage wasn't creditable, or your other coverage was reduced and is no longer creditable
 - You enter, live at, or leave a long-term care facility
 - You have a continuous SEP if you qualify for Extra Help

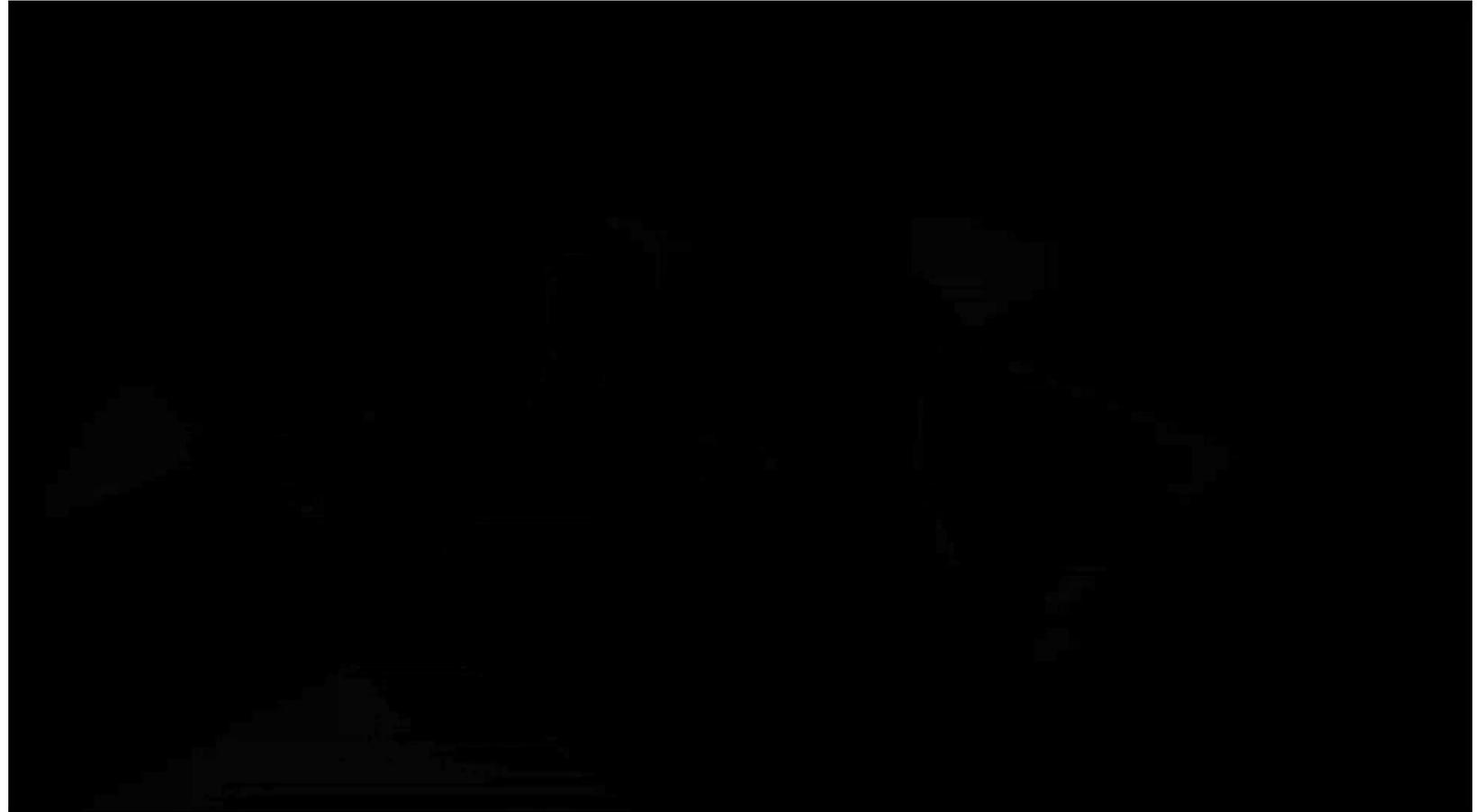
Part D Late Enrollment Penalty

- Higher premium if you wait to enroll
 - Exceptions if you have
 - Creditable coverage
 - Extra Help
- Pay penalty for as long as you have coverage
 - 1% of base beneficiary premium (\$34.10 in 2016)
 - For each full month eligible and not enrolled
 - Amount changes every year

What Is Extra Help?

- Program to help people pay for Medicare prescription drug costs
 - Also called the Low-Income Subsidy (LIS)
- For people with limited income and resources
 - Lower cost sharing (premiums, copays, etc.)
- No coverage gap or late enrollment penalty if you qualify
- Continuous Special Enrollment Period
 - Can enroll/change plans anytime

Extra Help



2016* Extra Help

Income and Resource Limits

- Income limits
 - Below 150% of the federal poverty level
 - \$1,471 per month for an individual
 - \$1,991 per month for a couple
 - Based on family size
- Resources limits
 - Up to \$13,640 for an individual, or \$27,250 for a married couple
 - Counts savings and investments
 - Real estate (except your home)

Qualifying for Extra Help

- You automatically qualify for Extra Help if you get
 - Full Medicaid coverage
 - Supplemental Security Income
 - Help from Medicaid paying your Part B premium (Medicare Savings Program)
- All others must apply
 - Online at [socialsecurity.gov/medicare/prescriptionhelp/](https://www.socialsecurity.gov/medicare/prescriptionhelp/)
 - Call SSA at 1-800-772-1213 (TTY 1-800-325-0778)
 - Ask for “Application for Help With Medicare Prescription Drug Plan Costs”

Changes in Qualifying for Extra Help

- Medicare reestablishes eligibility each fall for next year
 - If you no longer automatically qualify
 - Includes Social Security application to reapply
 - If your status changes and you again automatically qualify
 - If you automatically qualify, but your copayment changed

Medicare's Limited Income Newly Eligible Transition (NET) Program

- Designed to remove gaps in coverage for low-income individuals moving to Part D coverage
- Gives temporary drug coverage if you have Extra Help and no Medicare drug plan
- Coverage may be immediate, current, and/or retroactive
- Medicare's Limited Income NET Program
 - Has an open formulary
 - Doesn't require prior authorization
 - Has no network pharmacy restrictions

Annual Notice of Change (ANOC)

- All Medicare drug plans must send an ANOC to members by September 30
 - May be sent with Evidence of Coverage (EOC)
- Will include information for upcoming year
 - Summary of Benefits
 - Formulary
 - Changes to monthly premium and/or cost sharing
- Read ANOC carefully and compare your plan with other plan options

Coverage Determination Request

- Initial decision by plan
 - Which benefits you're entitled to get
 - How much you have to pay for a benefit
 - You, your prescriber, or your appointed representative can request it
- Time frames for coverage determination request
 - May be standard (decision within 72 hours)
 - May be expedited (decision within 24 hours) if life or health may be seriously jeopardized

Exception Requests

- Two types of exceptions
 1. Formulary exceptions
 - Drug not on plan's formulary, or
 - Access requirements (for example, step therapy)
 2. Tier exceptions
 - For example, getting a tier 4 drug at tier 3 cost
- Need supporting statement from prescriber
- You, your appointed representative, or prescriber can make requests
- Exception may be valid for rest of year

Requesting Appeals

- If your coverage determination or exception is denied, you can appeal the plan's decision
- In general, you must make your appeal requests in writing
 - Plans must accept oral (spoken) expedited requests
- An appeal can be requested by
 - You or your appointed representative
 - Your doctor or other prescriber
- There are 5 levels of appeals

Which of the following is NOT a way to get Part D coverage?

- A) Prescription Drug Plan (PDP)
- B) Medicare Advantage Plan
- C) Ohio Medicaid

Medicare Part D enrollment is automatic for most people

A) True

B) False

Where should someone compare Medicare Part D plans?

- A) www.insurance.ohio.gov
- B) www.medicare.gov
- C) www.cms.gov
- D) www.medicare.com

When is Medicare Part D's Annual Coordinated Election Period (Open Enrollment)?

- A) Oct 15th-Dec 31st
- B) Nov. 15th-Dec. 31st
- C) Oct 15th-Dec. 7th
- D) Anytime

What is not an example of a Special Election Period?

- A) Moving out of a plan's service area
- B) Being eligible for Extra Help
- C) Losing creditable coverage from a previous employer
- D) Forgetting to sign up during Open Enrollment

You can apply for Extra Help (LIS) at www.ssa.gov

A) True

B) False

Most people can sign up for a Medicare Part D Plan
anytime throughout the year

A) True

B) False

The late enrollment penalty imposed on those delaying Part D coverage is

- A) 10% per year
- B) 1% per month
- C) 10% per month
- D) 20% per year

All Part D plans cover the same drugs at the same prices

A) True

B) False

Someone should compare Part D plans
every year

A) True

B) False