



# SENIOR HEALTH NEWS



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The Pennsylvania Health Law Project Help-Line  
-800.274.3258



## Medicare Prescription Drug Plan Basics

Medicare Part D is the new Prescription Drug Benefit being offered to all Medicare beneficiaries starting January 2006. This is a voluntary benefit.

Medicare will approve private prescription drug insurance plans and Medicare Advantage (most commonly Medicare HMO's) to offer the Medicare Prescription Drug Benefit.

Each Medicare Prescription Drug plan will differ in terms of costs, drugs covered, and pharmacy network. Once the approved plans are announced in the fall of 2005, consumers will have to thoroughly compare plans to determine which plan best meets their needs. Consumers can begin to enroll into a Part D plan beginning November 15, 2005 for coverage beginning on January 1, 2006.

### **Who Must enroll in a Medicare Prescription Drug plan?**

All persons who have Medicare Part A and/or Part B can choose to enroll in Medicare Prescription Drug plan. The benefit is voluntary. Medicare consumers will need to review their existing prescription coverage and any proposed changes to their existing coverage in deciding whether or not to enroll in a Medicare Prescription Drug plan.

Consumers need to know that if they are eligible to enroll in a Medicare Prescription Drug plan and do not do so between November 15, 2005 and May 15, 2006, they may face increased premiums when they subsequently join a Medicare prescription drug

plan, as a penalty for not enrolling. Only those who have other prescription drug coverage that is as good as or better than the Medicare Prescription Drug coverage will not have a higher premium (due to penalty).

Medicare consumers who now get their prescription drugs through Medical Assistance (the ACCESS card) will have to enroll in a Medicare Prescription Drug plan. That is because Medical Assistance will no longer cover prescription drugs for those on Medicare after December 31, 2005. For more information about how people with both Medicare and Medical Assistance will be impacted, see the article on p. 4.

### **What will Medicare Prescription Drug coverage cost?**

The cost of Medicare prescription drug coverage will be substantial, and the costs will differ from one Medicare Prescription Drug plan to the next. The standard model of coverage is such that plans will charge:

- ? a monthly premium (estimated to average about \$37 in 2006),
- ? an annual deductible—fixed for 2006 only at \$250, and then
- ? Varying levels of cost-sharing

After meeting their deductible, consumers will have to pay for some or all of their drug costs until their total "out-of-pocket" expenses on drugs covered by their plan equal \$3,600.

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## Medicare Prescription Drug Plan Basics—continued

After they reach this amount, consumers will have small co-pays (no more than 5% of the cost of the drug) for the remainder of the year for covered drugs. Consumers will be responsible for 100% of the cost of drugs not covered by the consumers plan will.

### **Is there any help for consumers with limit incomes?**

Consumers with limited income and assets and those on Medical Assistance can get help with paying these costs. This help is called a “subsidy”. For more information on the subsidy, see the article on pages 4-5.

### **How do I enroll into a Medicare Prescription Drug plan?**

Once the approved plans are announced by Medicare in the fall, consumers will be able to enroll directly with the plan of their choices. Consumers with full Medical Assistance or “dual eligibles” will be autoenrolled if they do not make a choice with coverage starting January 1, 2006. For more information on how dual eligibles will be impacted, see the article on pages 6-7.

**Please see our fact sheet “Some Basic Facts About Medicare Part D” on our website ([www.phlp.org](http://www.phlp.org)) for more information or call the helpline at 1-800-274-3258.**



## How will Medicare Prescription Drug coverage impact people who have PACE?

The PACE program will continue to operate as it has been, providing secondary coverage to any other prescription drug coverage a person has. Thus, if a person enrolls in a Medicare Prescription Drug plan, the PACE program will pay for medications that the plan does not cover.

The PACE program is also working to identify a single preferred Medicare Prescription Drug plan for PACE program recipients. Although PACE program members would be able to choose a different plan, the PACE Preferred plan would work closely with PACE and its members to help insure access to medications and coordinate with PACE coverage.

PACE coverage is expected to be considered “as good as” the Medicare Prescription Drug plan. If so, individuals who choose to just keep their PACE without also enrolling in a Medicare Prescription Drug plan would not be subject to a higher premium upon later deciding to enroll into a Medicare Prescription Drug plan.

## At a glance:

### Standard Package of Coverage

	Consumer Pays	Plan Pays	Total drug costs
Premium	\$35/mo— estimated	\$0	
Annual Deductible	\$250	\$0	\$250
Initial Coverage	\$500 (25%)	\$1500 (75%)	\$2250
Doughnut Hole	\$2850 (100%)	\$0	\$5100
	<b>Total: \$3600</b>	<b>\$1500</b>	<b>\$5100</b>
Catastrophic Coverage	\$2/\$5 or 5% (greater amt)	95%	???



For more information about Medicare Prescription Drug Coverage, visit our website at [www.phlp.org](http://www.phlp.org).

## How to get help with the Costs of Medicare Prescription Drug Coverage?

The cost of prescription drug coverage under a Medicare Prescription Drug plan will depend on which plan you choose and how many drugs you take. Medicare Prescription Drug plans will charge a monthly premium (estimated to be about \$35 in 2006). In addition, you will need to meet an annual deductible. In 2006, the standard deductible will be \$250. Once you meet the deductible, you will have to pay for part or all of your drug costs until your total out of pocket expenses reach \$3600. After that, you will have only small co-pays for your prescriptions for the rest of the year.

If you are a Medicare beneficiary and also fit into any of the following groups, then you are eligible to get help with paying for many of the costs involved with Medicare Part D (a "subsidy"):

- Anyone who has Medical Assistance (including those who just get help with their Medicare Part B premium);
- Single persons with incomes no greater than \$14,355/year\*, *and* who have no more than \$10,000\* in assets;
- Married couples whose income is no greater than \$19,245/year\* (for a household of 2), *and* who have no more than \$20,000\* in assets.

\*Certain income and assets will not be counted when deciding if you are eligible for a subsidy.

### How do I get a subsidy?

Some people will automatically be approved for a subsidy; others will have to apply for it. If you are on Medicare and you also receive some help from Medical Assistance, (even if MA only pays for your Part B premium) you do not need to apply for a subsidy. You will get a letter in the mail telling you that you have been approved for a full subsidy and that the subsidy will start as soon as you are enrolled in a Medicare Prescription Drug plan.

If you are on Medicare but you **do not** get help from Medical Assistance, you or your personal representative must complete a subsidy application and send it in to see if you qualify for a subsidy. You will get a letter back telling you if you have been approved for a subsidy and how much help you will get.

The table on the next page shows what you will have to pay for Medicare Part D if you qualify for a full subsidy or a partial subsidy:



	<b>Full Subsidy</b>	<b>Partial Subsidy</b>
<b>Monthly Premium</b>	\$0 (as long as you pick a basic plan)	\$0 - \$35 (sliding scale depending on income)
<b>Annual Deductible</b>	\$0	\$50
<b>Co-Pays</b>		
Until you spend \$3600 "out of pocket"	\$0—\$5	15% of drug costs
After you spend \$3600 "out of pocket"	\$0	\$2 - \$5

### **How Do I Apply for the Subsidy to help cover my costs?**

The Social Security Administration (SSA) will start mailing applications to low-income consumers starting at the end of May 2005. If you receive an application in the mail, you should complete the application and mail it back in the envelope provided. You can also get a subsidy application by calling or visiting your local Social Security Office or your local County Assistance Office.

Applications for the subsidy can be processed either through the Social Security Administration or your local County Assistance Office. Starting July 1, 2005 you can apply online at [www.socialsecurity.gov/medicare](http://www.socialsecurity.gov/medicare), over the phone by calling your local Social Security office, or by submitting an application form to either the Social Security Administration or the local County Assistance Office ("CAO"). An application submitted to the local CAO will be processed for all other MA and cost-savings programs (like the Medicare Savings Programs) in addition to the subsidy.

After you apply for a subsidy, you will be sent a notice telling you if you qualify for a subsidy and how much the subsidy will be. If you are denied, or if you disagree with the amount of the subsidy awarded you, you can appeal the decision. Call the Pennsylvania Health Law Project at 800-274-3258 to seek information or assistance on how to appeal.

**Please see the fact sheet "How Can I Get Help With the Costs of Medicare Part D?" (on our website at [www.phlp.org](http://www.phlp.org)) for more information about the subsidy.**



Do you or someone you work with have Medicare and Medical Assistance? Are they having problems accessing services? Let us know! We are trying to find out what kinds of problems people with both Medicare and Medical Assistance face when trying to accessing medical services. Please e-mail us with the problems you see most at [jnix@phlp.org](mailto:jnix@phlp.org).

## The Impact of Medicare Prescription Drug Coverage on “Dual Eligibles”

“Dual eligibles” is a term that refers to Medicare beneficiaries who also have Medical Assistance (MA). How they will be impacted by Medicare Prescription Drug Coverage depends on what level of MA coverage they have. Dual eligibles will fall into one of two groups:

“Full dual eligibles” are those who qualify for prescription coverage from MA. This group includes low-income persons in the Healthy Horizons category, MA consumers in long term care facilities, individuals enrolled in the PDA waiver or another MA waiver, and persons enrolled in the Medical Assistance for Workers with Disabilities (MAWD) program.

“Other dual eligibles” are those who get some help from MA, but who do not qualify for prescription coverage. This group includes persons in one of the Medicare Savings Programs who only get help from MA with their Medicare Part B premium and Medicare deductibles and co-pays.

### **Losing MA prescription coverage**

On December 31, 2005, “full dual eligibles” will lose their prescription coverage under Medical Assistance. They will continue to be eligible for MA coverage for all their other health care costs. These persons will have to enroll into a Medicare Prescription Drug plan (or be auto-enrolled) for prescription drug coverage starting January 1, 2006. “Other dual eligibles” do not receive prescription coverage from MA and their MA coverage will not change.

### **Qualifying for a Subsidy**

“Full dual eligibles” as well as “other dual eligibles” automatically qualify for a full subsidy from Medicare that will cover almost all of the costs of Medicare Prescription Drug Cover-

age. These individuals do not need to apply for the subsidy. Instead, they will be notified by mail this Summer that they have been approved for the subsidy. The subsidy will start once the person enrolls into a Medicare Prescription Drug plan and it will last for one year.

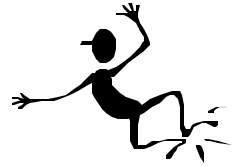
### **Enrolling Into A Part D Plan**

Because they will be losing prescription coverage under MA at the end of the year, the Medicare Prescription Drug plan regulations ensure that “full dual eligibles” will have coverage under Medicare Prescription Drug coverage beginning on January 1st. In Fall 2005, “full dual eligibles” will get a notice in the mail that they have been assigned to a Medicare Prescription Drug plan. These persons will be automatically enrolled into that Plan, and their coverage will start on January 1<sup>st</sup>, unless they choose to enroll in a different Medicare Prescription Drug plan before the end of 2005. If at all possible, consumers should compare the Medicare Prescription Drug plans that are available and make their own choice about which Plan would best meet their needs.

“Other dual eligibles” are treated a little differently. Anyone who has not enrolled in a Medicare Prescription Drug plan by Spring, 2006, will get a notice in the mail telling them they have been assigned to a Medicare Prescription Drug plan. The person will be automatically enrolled into that Plan, and their coverage will start June 1, 2006, unless they choose to enroll into a different Medicare Prescription Drug plan in the interim.

**A Fact Sheet on this Topic entitled “How Does Medicare Part D Affect Me If I Also Have Medical Assistance?” can be found on our website at [www.phlp.org](http://www.phlp.org).**

## Other Ways to Save on Medicare costs!



There are ways to save on your Medicare costs that you can apply for now! The Medicare Savings Programs may be able to help with your Medicare costs by covering your Medicare Part B premium or even your other Medicare costs, like your co-pays and deductibles. This is all at no charge to you. To be eligible for coverage of your Part B premium and your other Medicare cost sharing expenses, as well as durable medical equipment, transportation to and from doctor's appointments, dental coverage and prescription drug costs, your income must be below \$818 per month if you are single and \$1303 if you are married. Your resources, which means savings, IRAs, stocks, bonds or other cash, must be below \$2000 if you are single and \$3000 if you are married. You can qualify to have your Medicare Part B premium covered if your income is below \$1097 if you are single or below \$1463 if you are married. Your resources also have to be below \$4000 if you are single and \$6000 if you are married, as well. This can add up to a savings of over \$900 per year for you if you are eligible!

To apply, you will need to fill out an application and send it to your local County Assistance Office. You can get an application by calling your local County Assistance Office or by calling the Pennsylvania Health Law Project at 1-800-274-3258. You can also apply on-line at [www.compass.state.pa.us](http://www.compass.state.pa.us).

## Upcoming Medicare Part D Trainings in the SW

PHLP's Pittsburgh Office is conducting free trainings on Medicare Part D across Southwestern Pennsylvania. These trainings include an overview of the Part D program, information about who is eligible for a subsidy, how to apply for the subsidy and how it will work, and how to choose a Part D Plan.

These are some of the upcoming trainings already scheduled:

- May 2 - Allegheny County Area Agency on Aging
- May 3 - Uniontown Senior Center, Fayette County
- May 3 - Riverview Towers, Pittsburgh
- May 5 - PA Utilities & Aging Consortium Roundtable, Erie
- May 1 - Bullskin Senior Center, Fayette County
- May 12 - Mercy Hospital Parish Nurse Program, Pittsburgh
- May 13 - Connellsville Senior Center, Fayette County
- May 18 - Beverly Healthcare Community Open House, Oakmont
- May 26 - Jewish Family & Childrens Services, Pittsburgh
- June 8 - Westmoreland County Area Agency on Aging

If you are interested in scheduling a training for your staff and/or the consumers you work with, call PHLP at **(412) 434-5779** or **1-800-274-3258**.

## Important Dates coming up for Medicare Part D

**May 2005 Non dual-eligible Medicare consumers:** SSA starts mailing low-income consumers notices about the subsidy programs to help with the costs of Medicare Part D. The notices will include an application for the low income subsidies.

**June 2005 Dual-eligibles:** CMS starts sending notices to consumers who are deemed eligible for a subsidy to tell them they will be enrolled in the subsidy and do not need to apply.

**July 1, 2005 Non dual-eligibles:** Consumers can start applying for the Medicare Part D low-income subsidies at either the SSA or CAOs (County Assistance Offices).

**Don't forget! The Pennsylvania Health Law Project is holding a free presentation on Medicare Part D on Wednesday, May 4 at 10am - 12pm at the Philadelphia Bar Association at 1101 Market St., 11th flr, Philadelphia. This presentation is open to the public. Call 1-800-274-3258 to reserve a space!**



Pennsylvania Health Law Project  
924 Cherry Street, Suite 300  
Philadelphia, PA 19107