

Your New Medicare Prescription Drug Benefit

For Californians Living
with HIV/AIDS

LOW-INCOME BENEFICIARIES

October 18, 2005

This brochure is intended to provide a basic overview of the new Medicare drug benefit and does not cover every aspect of it. Because the changes to Medicare, Medi-Cal and ADAP are complex, there may be information you need that is not included and you may need to get more information and assistance.



Basic information about the new Medicare prescription drug benefit

GETTING STARTED . . .

- **STANDARD BENEFIT** Understanding the “standard” Medicare drug benefit (the benefit that most Medicare clients will receive) helps you know how it will work for you if you also have ADAP or Medi-Cal coverage. *Don't be alarmed about the expenses described below. You are probably eligible for help with these costs.*
- **MEDICATIONS** To get your medications you will need to sign up with a private prescription drug plan or a managed care plan. You will have many choices of plans and should review them and sign up for the one that best meets your needs.
- **PREMIUMS** Most—but not all—plans will have a premium, averaging about \$25 per month. In addition, there will be a deductible of \$250 in 2006.
- **COVERAGE** Once the premium and deductible are paid, Medicare will cover 75% of your drug costs and you will pay 25% until your total drug costs reach \$2,250 (including the deductible). After that, there is a coverage gap (known as the *donut hole*) during which you are responsible for 100% of your drug costs until your total drug spending reaches \$5,100 and you have paid \$3,600 (including your deductible). Then, Medicare will pay 95% of all remaining drug costs for the year, while you will pay about 5%.

your new prescription drug benefit

Starting January 1, 2006, Medicare will offer prescription drug coverage.

Medicare Part D is the new program that will help you with prescription drug costs.

The federal agency that will administer this program is called the **Center for Medicaid and Medicare Services** (CMS).

If you have limited income and assets, this program will also offer “extra help,” also known as the Low Income Subsidy, to help with some of your drug costs.

If you are currently on ADAP, you will be required to enroll in **Medicare Part D** to keep your ADAP coverage. After January 1, 2006, you will receive a portion of your drug coverage from both Medicare and ADAP.

IMPORTANT INFORMATION ABOUT ADAP COVERAGE

- ADAP can help pay co-pays and deductibles **only** for those drugs that are **also** on the ADAP formulary.
- To receive assistance from ADAP, you will have to go to a pharmacy that is in your Prescription Drug Plan (PDP) or Managed Health Care Plan with Prescription Drug Coverage (MA-PD) and is also in the ADAP pharmacy network.
- If you have a Medicare Part D premium, you will have to pay it before ADAP can provide assistance.

How Low Income Subsidy (LIS) and ADAP will help with Medicare Part D costs

FULL EXTRA HELP (LIS)

If you earn at or below 135% of the Federal Poverty Level (see chart, p. 3) and have assets at or below \$6,000 as a single or \$9,000 as a married couple, you will likely qualify for the **full** LIS. Some income and assets are not counted, so even if your income and/or assets are slightly higher you should still apply. If you qualify for the full LIS, you will **not** pay a **premium** (if you enroll in a plan that is fully subsidized) or a **deductible**.

As long as you maintain your ADAP, you can receive assistance with co-pays for prescription drugs also covered by ADAP as long as your pharmacy is in your plan **and** the ADAP network. For drugs **not** on the ADAP formulary, you will pay a co-pay of \$2 for generic and \$5 for brand name drugs.

PARTIAL EXTRA HELP (LIS)

If you earn at or below 150% of the Federal Poverty Level (see chart, p.3) and have assets between \$6,000–\$10,000 for a single and between \$9,000–\$20,000 as a married couple, you will qualify for the **partial** LIS. Some income and assets are not counted, so even if your income and/or assets are slightly higher you should still apply.

If you qualify for the partial LIS you will pay a *sliding scale* premium. *Sliding scale* means that the amount of your premium will vary depending on your income. If you enroll in a plan with an average premium, your premium should not exceed \$300 in 2006 but will likely be much lower. If you enroll in a more expensive plan, your costs may be higher. ADAP cannot pay your premium.

Medicare Part D will require a \$50 annual deductible. However, ADAP may be able to pay this amount for you. Once the deductible is met, you will have to pay 15% of the cost of your prescriptions

until you reach \$5,100 in total drug spending, after which you will pay a co-pay of \$2 for each generic and \$5 for each brand name drug. You will have no *donut hole* or gap in coverage at any time in the year. ADAP can cover this cost for those prescriptions also covered by ADAP as long as your pharmacy is in your plan **and** the ADAP network.

2006 Federal Poverty Levels

Please see the chart below to help you determine if you are eligible for *extra help*.

Remember, if your income falls near 150% of the Federal Poverty Level and you have limited assets, you probably qualify for *extra help* and **should apply**.

Remember that you must also meet the financial assets limits in order to qualify for *extra help*, but some assets are not counted.

2006 FEDERAL POVERTY
LEVELS (FPL) CHART

FAMILY SIZE	100% OF FPL	135% OF FPL	150% OF FPL
1	\$9,810	\$13,160	\$14,595
2	\$13,070	\$17,561	\$19,485
3	\$16,330	\$21,962	\$24,375
4	\$19,590	\$26,363	\$29,265
5	\$22,850	\$30,764	\$34,155
6	\$26,110	\$35,165	\$39,045
7	\$29,370	\$39,566	\$34,935

Applying for *extra help*, also known as the Low Income Subsidy (LIS)

Medicare Part D offers financial assistance, known as *extra help* or the Low Income Subsidy, to some low income beneficiaries.

This *extra help* can reduce or eliminate premiums, the *donut hole*, deductibles and co-payments.

Depending on your income and assets, you may qualify for either the **full** Low Income Subsidy or a **partial** Low Income Subsidy.

If you earn 135% or less of the Federal Poverty Level (FPL) and have assets at or below \$6,000 as a single or \$9,000 as a married couple, you should be eligible for the **full** Low Income Subsidy. *Some income and assets are not counted, so even if yours are slightly higher you should apply for it!*

If you earn 150% or less of the FPL and have assets between \$6,000 and \$10,000 for a single and \$9,000 and \$20,000 as a married couple, you should be eligible for a **partial** Low Income Subsidy. *Some income and assets are not counted, so even if yours are slightly higher you should apply for it!*

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You may have received an application for *extra help* from the Social Security Administration (SSA). You can take the completed application to a Medi-Cal or Social Security Office, or return it to the SSA by mail.

If you don't have the application, you can apply at www.medicare.gov or www.ssa.gov or call 1-800-772-1213 to request another application.

Please see the other sections of this document to see how *extra help* will assist with your Part D costs.

What are Prescription Drug Plans (PDPs) and Medicare Advantage Managed Care Health Plans with Prescription Drug Coverage (MA-PD)?

PDPs and **MA-PDs** are the private insurance companies that will provide prescription drug coverage to you once you enroll in Medicare Part D.

PDPs will **only** provide prescription drug coverage.

Medicare Advantage Managed Care Health Plans (MA-PDs) will offer **both** primary care and prescription drug coverage. If you are currently in a Medicare Advantage Plan, it is likely that this will become an MA-PD and you can continue to receive your primary care and prescription drugs from that plan.

You can choose from among many PDPs and MA-PDs. Each plan will have a list of drugs (*formulary*) that they will cover. All formularies will include all currently available anti-HIV meds. However, they may not cover other drugs you need. You should review plan formularies and pick the plan that works best for you.

Each plan will also have specific pharmacies where you can pick up your prescription drugs. You should review all of the plans to see which one has the best pharmacy network for you.

If you qualify for *extra help*, you can join any subsidized plan to either reduce or eliminate your premium.

Some plans will be more expensive—or charge higher premiums than others. The higher cost plans may have more benefits.

If you have no premium under your subsidy and choose a plan that is not fully subsidized, you will have to pay the difference between the subsidy and the more expensive premium. If you have a sliding scale premium, you will pay it and the difference between the subsidy and the plan you choose.

You can sign up for a plan starting November 15, 2005.

You will need to choose your plan carefully because once you enroll, you can only change plans once per year.

Additional resources for information about Medicare Part D

CALIFORNIA RESOURCES

ADAP/Ramsell

(company that administers ADAP)
www.ramsellcorp.com or
1-888-311-7632

California Health Advocates

www.cahealthadvocates.org

California Medicare Information

www.CalMedicare.org

Disabilities Benefits 101

www.db101.org

Health Insurance Counseling and Advocacy Program (HICAP)

1-800-434-0222

NATIONAL RESOURCES

Medicare

www.medicare.gov or
1-800-MEDICARE
(1-800-633-4227)

Centers for Medicaid and Medicare Services

www.cms.gov

Medicaid

www.cms.hhs.gov/states/default.asp

Medicare Rights Center

www.medicarerights.org

Henry J. Kaiser Family Foundation

www.kff.org

Social Security

www.socialsecurity.gov

Treatment Access Expansion Project (TAEP)

www.taepusa.org

More information about plans, including pharmacy networks, formularies and other details, will be available in October. If you have any questions about Part D, talk to your case manager, benefits counselor or advocate; visit online at www.medicare.gov, or call 1-800-MEDICARE.

Medicare Part D: important dates to remember

MAY 2005

Applications for *extra help* were mailed. If you apply and qualify, you will get help in covering some of your drug costs.

If you have misplaced your application or did not receive it, see page 4 to find out how to get another application.

OCTOBER 2005

If you have employer-based coverage, contact your employer to find out if you should enroll in Medicare Part D and/or continue your current coverage.

Plan information will be posted online at www.medicare.gov.

You will receive the *Medicare & You 2006* handbook in the mail. This handbook will have information about the Medicare Prescription Drug Plans and Medicare Advantage Managed Care Health Plans in your area.

It is important that you keep this handbook. Discuss its contents with your case manager, advocate or benefit counselor and begin to evaluate the various plans available to you.

NOVEMBER 15, 2005

This is the first day you can enroll in a Medicare Part D prescription drug plan. To enroll, call either the plan that you choose or **1-800-MEDICARE** (1-800-633-4227).

Because ADAP cannot offer assistance unless you have enrolled in Medicare Part D, you should enroll before January 1, 2006 so that your prescription drug coverage continues.

JANUARY 1, 2006

Medicare Part D prescription drug coverage begins.

MAY 15, 2006

This is the last day to enroll in a Medicare Part D prescription drug plan without having to pay increased premiums. After May, your premium will increase 1% each month until you enroll unless you have other prescription drug coverage that is considered by CMS to be the same or better than the Medicare coverage.

Things to do by December 31, 2005

CHECK
THE
BOXES
ON THIS
LIST
WHEN
DONE

- Save and organize all of the letters and documents you receive from CMS, Social Security Administration (SSA), California Department of Health Services, Ramsell Corp. (ADAP), Medi-Cal services, and community groups concerning Medicare Part D.
- Apply to SSA for *extra help*. This is the low-income subsidy that may help cover some of your drug costs. (Please see page 4 for further explanation.) If possible, bring your application to your Medi-Cal eligibility office so you can also be screened for Medi-Cal services.
- Determine if you are eligible for Medi-Cal services.
- If you have employer-based health coverage, work with your employer to choose the best coverage for you. In October you will receive the *Medicare & You 2006* handbook. Carefully read it and bring any questions you have to your case manager, advocate or benefits counselor.
- If you can access the internet, visit online at www.medicare.gov for Medicare Part D information or call **1-800-MEDICARE** (1-800-633-4227) to discuss the plans with a Medicare representative. Be aware that this line deals primarily with seniors and may not have all the information you need to make a good plan decision.

- Work with your case manager, advocate or benefits counselor to evaluate the Prescription Drug Plans (PDPs) or Managed Health Care Plans with Prescription Drug Coverage (MA-PDs) that are available to you.
- Choose a plan that best covers the prescription drugs you need and will allow you to use a pharmacy that is easily accessible to you. To receive assistance from ADAP, your pharmacy must also be in the ADAP network.
- **It is important that you carefully choose a PDP or MA-PD because you will NOT be able to change plans for ONE YEAR!**
- If you are not currently enrolled in ADAP, you should apply. Talk to your case manager, advocate or medical provider about how to apply. You can visit online at www.ramsellcorp.com to review qualification requirements and locate the most convenient enrollment site, or call **1-888-311-7632**.

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of the following organizations:**



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San Francisco, CA 94103

415-558-8669 fax 415-558-0684

National HIV/AIDS Treatment Infoline
1-800-822-7422

EMAIL support@projectinform.org

WEBSITE www.projectinform.org



San Francisco AIDS Foundation
995 Market Street, #200
San Francisco, CA 94103

415-487-3000 fax 415-487-3009

EMAIL policy@sfaf.org

WEBSITE www.sfaf.org

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