

Your New Medicare Prescription Drug Benefit

For Californians Living with HIV/AIDS

MEDICARE-ONLY 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.

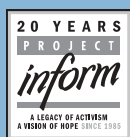


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Basic information about the new Medicare prescription drug benefit

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.

The new Medicare program that will help you pay for prescription drugs is called **Medicare Part D**.

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

If you have limited income, this program may offer “extra help,” also known as the Low Income Subsidy, to help with some of your drug costs. If your annual income is about \$15,000 for a single person or \$20,000 for a married couple, you may qualify. (See the brochure, *Your New Medicare Prescription Drug Benefit: Low-Income Beneficiaries*.)

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.

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IMPORTANT INFORMATION ABOUT ADAP COVERAGE

- ADAP will 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 (MA-PD) and also is used by ADAP.
- Any of your Medicare Part D costs covered by ADAP will not count toward your out of pocket spending for Part D coverage.

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

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

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

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 that offer prescription drug coverage. Each plan will have a list of drugs (*formulary*) that they will cover, and every formulary will include all currently available anti-HIV medications. However, they may not cover other drugs you need.

You should review formularies to see which one works best for you.

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

Some plans will charge higher premiums than others. The more expensive plans may have more benefits.

If you qualify for *extra help*, it can greatly reduce your out-of-pocket expense.

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 each year.

How will ADAP work with your Medicare Part D coverage?

You will have to pay a monthly premium of about \$25. This cost may be higher or lower depending on which plan you choose.

You will have to pay your premium before you can access Medicare Part D or ADAP coverage.

ADAP can cover costs associated with your yearly \$250 deductible for medications also on the ADAP formulary.

Once your deductible is paid, you pay 25% of your drug costs between \$251–\$2,250. ADAP can cover this 25%, but the drugs have to be on the ADAP formulary.

At \$2,251 of drug costs, you reach the coverage gap in Medicare. ADAP can continue coverage for drugs on its formulary.

If you spend more than \$3,600 out of your own pocket for prescription drugs during the plan year, you will receive Medicare catastrophic coverage. At that point, you will pay 5% of the cost of the medication. If ADAP covers any part of the \$3,600, you will not get more Medicare coverage; but ADAP can continue to cover the drugs on its formulary.

ADAP can continue to assist with co-pays for drugs also on the ADAP formulary.

Costs paid by ADAP do not count toward your true out-of-pocket expenses (TrOOP) to help you achieve Medicare catastrophic coverage. In general, only the money you spend out of your own pocket will count toward TrOOP.

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

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 think you may qualify, see the brochure entitled, *Your New Medicare Prescription Drug Benefit: Low-Income Beneficiaries*.

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 benefits 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 the plan 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, if you qualify. 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.
- Carefully read the *Medicare & You 2006* handbook when it arrives in October 2005.
- If you have access to the internet, visit www.medicare.gov for drug plan 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.

- 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 eligibility site, or call **1-888-311-7632**.
- Pay the premium for your Medicare Part D plan in order to continue receiving prescription drug benefits. ADAP will not pay your Medicare Part D premiums, but it can help with some co-pays and deductibles. You should keep your ADAP coverage (see p. 4).

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.

**This publication was produced as a joint project
of the following organizations:**



Project Inform
205 13th Street, Suite 2001
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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