

# Medicare Part D Drug Benefit and HIV Care

National Technical Assistance Call

Department of Health and Human Services  
Health Resources and Services Administration  
HIV/AIDS Bureau

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# Medicare and HIV/AIDS

## ➤ Approximately 60,000-80,000 Medicare beneficiaries with HIV/AIDS

- Qualify primarily through being on Social Security Disability Income (SSDI) for 2+ years
- Currently no prescription benefit

## ➤ 70-85% also qualify for Medicaid

- 'Dually eligible' or 'dual eligibles'
- Approximately 50,000-60,000 individuals
- Medicaid currently provides prescription drug coverage

# Medicare Modernization Act (MMA)

- Adds a prescription drug benefit to Medicare, known as Medicare Part D
  - Benefit starts January 1, 2006
  - Most Medicare beneficiaries must elect the benefit and choose a plan
  - Dual eligible beneficiaries will be automatically enrolled in Medicare Part D because prescription drug coverage will switch from Medicaid to Medicare January 1
  - Plan formularies must include all antiretroviral, antidepressant, antipsychotic, anticonvulsant, antineoplastic and immunosuppressant drugs

# Basic Prescription Drug Benefit

- This benefit is different for Medicare
  - The actual benefit will differ between Medicare beneficiaries, depending on Medicaid status, income and assets
  - This variance between benefits is due to low income subsidies (known as “extra help”) that Medicare pays to the plan
  - These four different Medicare Part D benefits require coordination between CMS, the Social Security Administration and State Medicaid Agencies
  - Medicare is secondary payer -- requires coordination with other drug plans

# Low-Income Subsidies

- Most Medicare beneficiaries with HIV/AIDS will qualify for some type of low-income subsidy
- Dual eligibles, Medicare beneficiaries on Supplemental Security Income (SSI) or in a Medicare Savings Program (QMB, SLMB, QI) will automatically be eligible
- Beneficiaries who aren't included in the group above but meet income and asset criteria need to apply to Social Security or Medicaid to qualify for a subsidy
- Subsidy counts toward out-of-pocket costs and reaching catastrophic coverage level

Full-benefit dual eligibles with income  $\leq$  100% FPL\*

\$5100 \$0 monthly premium and no deductible



Full-benefit dual eligibles with income  $>$ 100% FPL, SSI Recipients, Medicare Savings Programs Groups, Applicants with income  $<$  135% FPL who also meet resource test (\$7,500 individual / \$12,000 couple)

\$5100 \$0 monthly premium and no deductible



Applicants with income  $<$ 150% FPL who also meet resource test

\$50 (\$11,500 individual / \$23,000 couple) \$5100 Sliding scale premium assistance



# Case Study: Jane Matthews

- On SSDI, Medicare and Medicaid (dual eligible)
- SSDI benefit \$780/month (less than 100% FPL)
- Antiretroviral regimen is Efavirenz (Sustiva) + FTC/TDF (Truvada)
- Drugs cost \$1,300 per month
- Jane pays \$6 in co-pays per month for two scripts (income < 100% FPL so \$3 brand name co-pay applies) for three months
- By 4<sup>th</sup> month, total drug costs of \$5,200 exceeds \$5,100 catastrophic coverage level (\$1,300 x 4)
- No cost to Jane after that
- Jane pays \$18 for the year [3 months of \$6 co-pay]

Plan Pays  
Beneficiary Pays

\*Numbers are for 2006

Full-benefit dual eligibles with income  $\leq$  100% FPL\*

\$5100 \$0 monthly premium and no deductible



Full-benefit dual eligibles with income  $>$ 100% FPL, SSI Recipients, Medicare Savings Programs Groups, Applicants with income  $<$  135% FPL who also meet resource test (\$7,500 individual / \$12,000 couple)

\$5100 \$0 monthly premium and no deductible



Applicants with income  $<$ 150% FPL who also meet resource test (\$11,500 individual / \$23,000 couple)

\$50 \$5100 Sliding scale premium assistance



# Case Study: Joseph Black

- On SSDI and Medicare
- SSDI benefit is \$950/month (less than 120% FPL)
- Antiretroviral regimen is Sustiva + Truvada
- Drugs cost \$1,300 per month
- Joseph pays \$10 in co-pays per month for two scripts (\$5 brand name co-pay times two) for three months
- By 4<sup>th</sup> month, total drug costs of \$5,200 exceeds \$5,100 catastrophic coverage level (\$1,300 x 4)
- No cost to Joseph after that
- Joseph pays \$30 for the year [3 months of \$10 co-pay]

Full-benefit dual eligibles with income  $\leq$  100% FPL\*

\$5100 \$0 monthly premium and no deductible



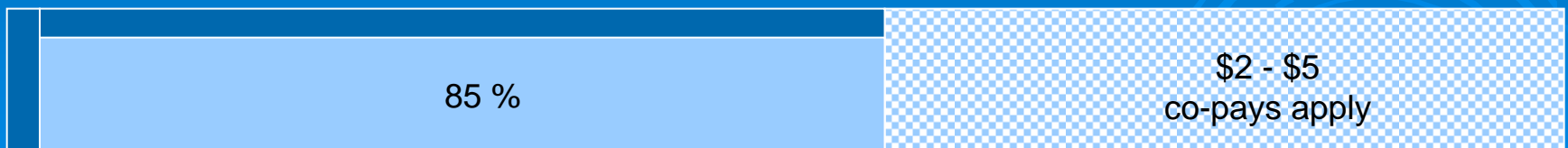
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\$5100 \$0 monthly premium and no deductible



Applicants with income  $<$ 150% FPL who also meet resource test (\$11,500 individual / \$23,000 couple)

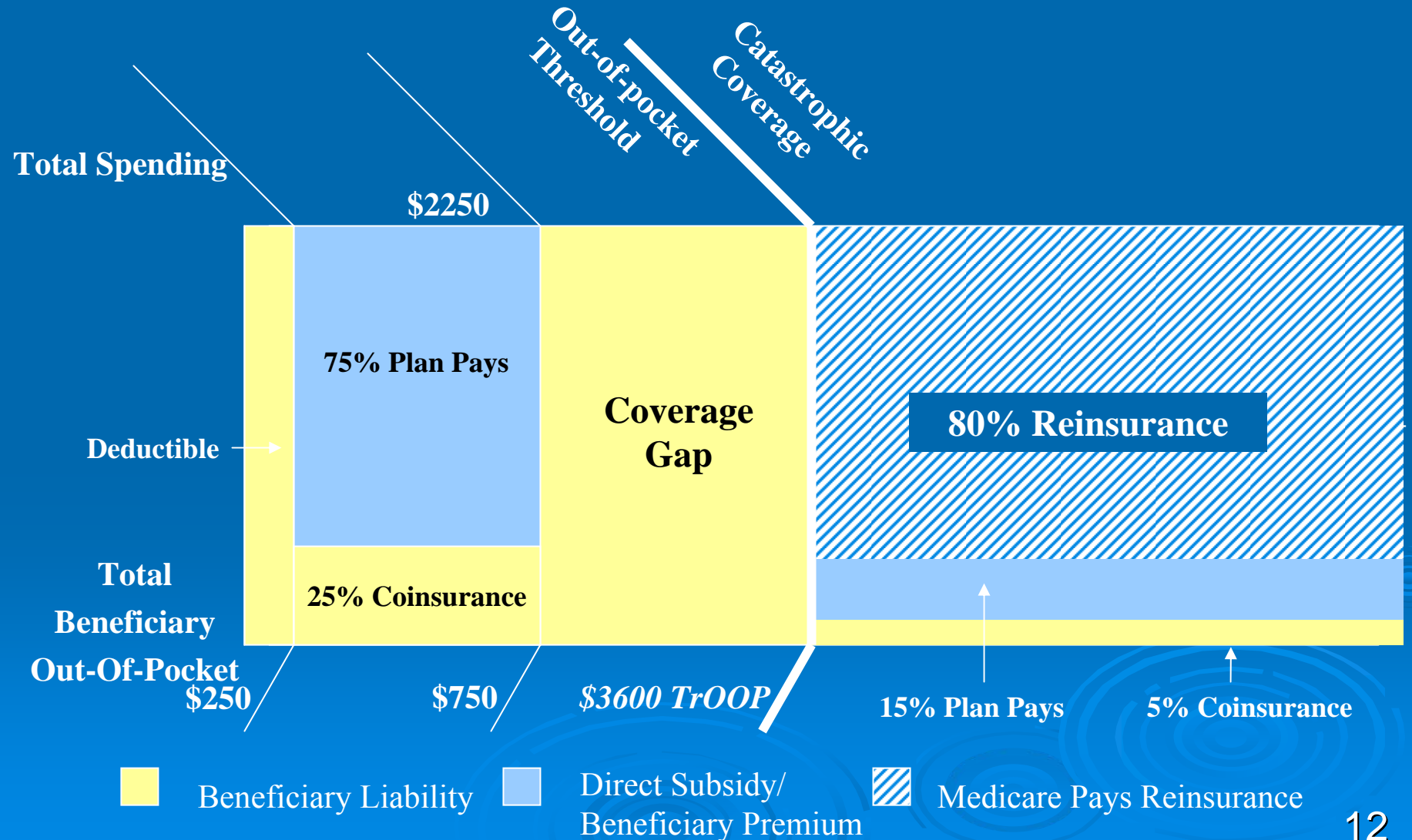
\$50 \$5100 Sliding scale premium assistance



# Case Study: Jason Smith

- On SSDI, Medicare and small private disability insurance benefit
- Income \$1,100 per month (138% FPL)
- Antiviral regimen is Sustiva + Truvada
- Drugs cost \$1,300 per month
- Jason pays:
  - \$8 per month in premiums (75% subsidy of \$32.20)
  - Month 1: \$50 deductible plus \$187.50 (15% coinsurance of \$1,250 balance)
  - Month 2: \$195 coinsurance (15% coinsurance of \$1,300)
  - Month 3: \$195 coinsurance (total drug costs \$3,900)
  - Month 4: \$180 coinsurance (on \$1200 balance of \$5100 total drug cost limit for catastrophic coverage level)
  - Months 5-12: \$10 per month (\$5 brand name co-pay on two scripts)
- Jason pays \$983.00 for the year [\$96 in premiums, \$807.50 in deductible and coinsurance, \$80 in co-pays]

# Standard Benefit in 2006



# Case Study: Peter Jones

- 65 years old, HIV positive, aged into Medicare
- Income \$1,600 per month (200% FPL)
- Antiretroviral regimen is Sustiva + Truvada
- Drugs cost \$1,300 per month
- Peter pays:
  - \$32.20 per month in premiums
  - Month 1: \$250 deductible plus \$262 (25% coinsurance) towards \$1050 balance
  - Month 2: \$237 coinsurance (25% of \$950 balance to reach \$2250 coinsurance limit) plus \$350 (100% coinsurance for balance of \$1300 pharmacy cost)
  - Month 3: \$1,300 prescription cost (100% coinsurance) [Peter has now paid \$2,399 out-of-pocket towards his drugs]
  - Month 4: \$1,201 prescription cost (100% coinsurance for a total of \$3,600 in out-of-pocket costs). Total drug costs are also \$5,200 (above the \$5,100 limit) so the catastrophic coverage level has been reached.
  - Months 5-12: \$65 per month (5% co-pay)
- Peter pays \$4,506.40 for the year [\$386.40 in premiums, \$3600 out-of-pocket and \$520 in co-pays]

# Further Help With Costs

- AIDS Drug Assistance Programs (ADAP), in accordance with State program policy, can pay:
  - Premiums
  - Deductible
  - Coinsurance (15%, 25% and 100%)
  - Co-pays
- ADAP contributions do not count toward the \$3,600 in out-of-pocket costs needed to reach the catastrophic coverage level

# What Counts Toward TrOOP?

## ➤ Payments made by:

- The beneficiary
- Another individual (e.g. family or friends)
- Certain charities
- A State Pharmacy Assistance Program (SPAP)
- A personal health savings vehicle (Flexible Spending Accounts, Health Savings Accounts, and Medical Savings Accounts)
- Co-pays waived by a pharmacy
- CMS to the plan as low income subsidies

# What Doesn't Count Toward TrOOP?

- Premiums
- Payments made by:
  - Group health plans (employer/retiree plans)
  - Federal government programs (Indian Health, Medicaid, Tricare, VA, Ryan White, etc.)
  - State-run programs that are not SPAPs
    - e.g. Workman's Compensation
- Drugs:
  - Not covered by the Medicare drug plan and not obtained through the exceptions and appeals process
  - Purchased outside the U.S.
  - Not covered under Medicare Part D

# It's Happening Fast

- **May-June 2005**
  - CMS mails notices to people with Medicare who automatically qualify for the low income subsidy and do not need to apply
  - Applications for subsidies accepted
- **Summer**
  - SSA mails applications to potential eligibles who don't automatically qualify
- **October 2005**
  - 2006 "Medicare and You" handbook with comparative drug plan information mailed to every beneficiary
  - Online tool to help select plan on [www.Medicare.gov](http://www.Medicare.gov)
  - CMS notifies dual eligibles of the plan Medicare will enroll them in if they do not choose one on their own by December 31, 2005
- **November 15, 2005**
  - Beneficiaries can begin enrollment in Medicare Part D by choosing and enrolling in a Medicare plan
- **January 1, 2006**
  - All dual eligibles switched to Medicare
- **April 2006**
  - CMS notifies other people who qualify for the low-income subsidy that if they do not choose a plan by May 15<sup>th</sup>, 2006, CMS will facilitate their enrollment in a plan on their behalf, with coverage effective June 1, 2006
- **May 15, 2006**
  - Initial enrollment period for Medicare Part D complete

# Website Resources

- <http://www.cms.hhs.gov/medicarerereform/pdbma>
  - Information about Medicare Part D
- <http://www.cms.hhs.gov/medicarerereform/AIDS.pdf>
  - Medicare HIV/AIDS Fact Sheet
- <http://www.medicare.gov>
  - Click on “Learn About Your Medicare Prescription Coverage Options”
  - Information for Medicare beneficiaries
- <http://hab.hrsa.gov/specialprojects.htm>
  - Medicare Part D webpage
  - Qs & As
  - Powerpoint slide presentations for training
  - Links