



Information Partners Can Use on:

PEOPLE WITH MEDICARE AND HIV/AIDS

New Medicare Prescription Drug Coverage

As of July 5, 2005

If you have Medicare and have HIV/AIDS, you need to know

1. Starting January 1, 2006, Medicare prescription drug coverage becomes available to everyone with Medicare.
2. You may qualify for extra help paying for your Medicare prescription drug costs.
3. All Medicare prescription drug plans will cover all antiretroviral medications.
4. Even if you don't qualify for extra help, you should join a Medicare prescription drug plan by May 15, 2006, to pay lower premiums.

1. What is a Medicare prescription drug plan?

Medicare prescription drug coverage becomes available to everyone with Medicare. Medicare prescription drug plans provide insurance coverage for prescription drugs. These plans will be offered by insurance companies and other private companies. Plans will cover both generic and brand-name prescription drugs. At least two Medicare prescription drug plans will serve people in your area. You can choose the plan that meets your needs.

There are two types of Medicare prescription drug plans. There will be prescription drug plans that add coverage to the Original Medicare Plan. There will also be prescription drug coverage that is part of Medicare Health Plans (like HMOs and PPOs). You would get all of your Medicare health care through these plans.

People with HIV/AIDS can benefit substantially from Medicare's new drug coverage. Medicare will cover about 50% of the drug bill for the average beneficiary

and even more, 96%, for those with limited incomes and resources. For most people, joining now means you will pay a lower monthly premium than if you wait to join until later.

2. Do you qualify for extra help paying prescription drug costs?

You may qualify for extra help if you have limited income and resources. Medicare beneficiaries also receiving Medicaid, a Medicare Savings Program, or SSI automatically qualify and do not need to apply. Others with limited incomes and resources need to apply:

What are the income limits?

- If your annual income is below \$14,355 (or \$19,245 if you are married and living with your spouse), you may qualify. These amounts may be higher if
 - you provide at least half of the support of other relatives living in your household or
 - you reside in Alaska or Hawaii or
 - you are working

There are also income exclusions for the working blind and disabled.

What are the resource limits?

- To get the extra help with Medicare prescription drug plan costs your countable resources generally must be valued below \$11,500 (or \$23,000 if you are married and living with your spouse). The resource limits include \$1,500 per person for burial expenses. Resources include the value of things you own. Some examples of countable resources are
 - real estate (other than your primary residence)
 - bank accounts, including checking, savings and certificates of deposit

- stocks
 - bonds, including U.S. Savings Bonds
 - IRAs
 - mutual funds
 - cash at home, or anywhere else
- Some things are not counted as resources, such as
- your primary residence
 - your vehicle(s)
 - your household goods and personal possessions
 - resources you could not easily convert to cash, such as farm machinery and livestock, jewelry and home furnishings
 - federal income tax refunds
 - property you need for self-support such as rental property, or land you use to grow produce for home consumption
 - life insurance policies owned by an individual with a combined face value of \$1,500 or less. An individual and spouse could have a total of \$3,000.

Starting the end of May and through August 16, 2005, the Social Security Administration (SSA) is sending people with certain incomes an application for extra help paying for Medicare prescription drug coverage. If you think you may be eligible fill out the application and return it in the postage paid envelope. If you don't get an application in the mail, you can request one by calling SSA at 1-800-772-1213. Beginning July 1, 2005, you can go to www.socialsecurity.gov on the web to apply online. After you apply, you will get a notice in the mail that tells you if you qualify for extra help.

If you live in the territories, each territory will design their own program for low income populations.

If you qualify for extra help

- you need to join a Medicare prescription drug plan in your area that meets your drug needs. You can enroll in a plan beginning November 15, 2005. If you don't choose and enroll in a plan by May 15, 2006, Medicare will enroll you in a plan so you don't miss out on this important coverage.

If you don't qualify for extra help

- you can still join a Medicare prescription drug plan that meets your drug needs. You will have to pay a monthly premium (generally around \$37 per month in 2006), the deductible, and copayments. You can enroll in a plan beginning November 15, 2005.

- if you don't currently have prescription drug coverage that is at least as good as a Medicare prescription drug plan, you should enroll in a Medicare prescription drug plan by May 15, 2006, to avoid paying the late enrollment penalty in future years. Your future opportunities to enroll may be limited to November 15–December 31 of each year. The late enrollment penalty is 1% more per month for your premium for every month you waited to enroll. You will have to pay this penalty for as long as you have Medicare prescription drug coverage.

3. Questions and answers for people on Medicare with HIV/AIDs

Access to drugs

Question: Can I get the prescription drugs I need?

Answer: All Medicare prescription drug plans will be required to cover all anti-retroviral drugs. This includes single chemical entities as well as combination products.

Question: What happens if a drug I need is not on my plan's formulary? What happens if my drug is "non-preferred" and has a higher co-pay?

Answer: Medicare drug plans may use formularies (lists of covered and non-covered drugs) and other tools to manage drug utilization in order to keep the cost of the drug benefit affordable. If any of these tools interfere with your ability to get the drugs that you need, then you should first talk with your physician about which drugs are best for you and then contact your drug plan and, if need be, request an exception. If your physician determines that the preferred drug(s) on the plan's formulary for treatment of your condition would not be as effective as the non-preferred drug or would have an adverse effect on you, or both, the plan will have a process for granting an exception.

Bottom line: you can get the drugs you need to take care of your medical conditions, including drugs you need for HIV/AIDS.

Question: How long does the plan have to grant my exception?

Answer: Medicare drug plans are required to make decisions as rapidly as your medical condition requires.

Upon request, there is an expedited appeals process for urgent situations.

AIDS Drug Assistance Programs (ADAP)

Question: What if I get help from ADAP? How does my ADAP coverage work with Medicare? Should I sign up for a Medicare drug plan?

Answer: ADAPs vary by state so you should contact your ADAP to learn how it will co-ordinate with Medicare's prescription drug coverage.

Most ADAPs only cover HIV/AIDS related medications—not all drugs a Medicare beneficiary may need — so it is not as good as Medicare coverage. If you do not have coverage at least as good as Medicare and delay joining a Medicare plan, you will have to pay a higher premium later.

Question: Since the new Medicare plan is voluntary, can I not join a Medicare drug plan and remain on ADAP ?

Answer: While participation in Medicare's drug plans is voluntary, ADAP is the payer of last resort for HIV medications. If a client on ADAP has access to insurance that could help pay for HIV medications, your state ADAP may require you to enroll in Medicare Part D in order to receive ADAP benefits. ADAPs can cover Medicare drug plan premiums, deductibles,

coinsurance and co-pays to help you with your prescription drug costs. Check with your ADAP to see if they require you to enroll in a Medicare drug plan or help to pay for these costs.

Most people on Medicare with HIV/AIDS will qualify for extra help in paying for the Medicare drug plan, and choosing to enroll will cover medications you need that are not covered by ADAP. If you do not join a Medicare drug plan by May 15, 2006 and decide to join later you will have to pay a late enrollment penalty if you were not covered under other comparable coverage. Private insurance with coverage for prescription drugs purchased by the ADAP program may meet the definition of comparable coverage – check with your ADAP.

Co-payments

Question: If I am receiving Medicare's extra help, will I have to pay the equivalent of one or three copayments for a 90-day supply of covered Part D drugs obtained either at a mail-order or retail pharmacy? Will that option be left to plan discretion?

Answer: No, this is not an option for plans to decide. Medicare requires drug plans to apply the equivalent of one copayment to each pharmacy transaction for beneficiaries receiving Medicare's extra help regardless of whether the supply of drugs is for 30, 60, or 90 days.

For more information about Medicare prescription drug coverage...

Read the "Medicare & You 2006" handbook you get in the mail in October 2005. It will include more detailed information about Medicare prescription drug plans, including which plans will be available in your area. After that time, if you need help choosing a Medicare prescription drug plan that meets your needs, you can

- Visit www.medicare.gov on the web and select "search tools" to get personalized information.
- Call your State Health Insurance Assistance Program (SHIP). (See your copy of the "Medicare & You 2006" handbook for their telephone number) You can also call 1-800-MEDICARE (1-800-633-4227), or look at www.medicare.gov on the web to get their telephone number. TTY users should call 1-877-486-2048.
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For more information about AIDS Drug Assistance Programs...

- Visit www.hab.hrsa.gov/programs/t2roster.htm to find the contact information for your state ADAP.