

Illinois's AIDS Drug Assistance Program and Medicare Part D Frequently Asked Questions

This set of Frequently Asked Questions is intended for HIV-positive Medicare beneficiaries and their service providers. Medicare Part D will only affect individuals who receive Social Security Disability Insurance (SSDI) or Social Security Administration (SSA) retirement benefits. People who only receive Social Security Income (SSI) are not affected by these changes and should disregard this document.

1. What is the AIDS Drug Assistance Program?

The **AIDS Drug Assistance Program (ADAP)** provides HIV-related medications to Illinoisans living with HIV who lack adequate prescription drug coverage or resources to afford life-extending HIV therapies. The federal Ryan White CARE Act and the State of Illinois jointly fund ADAP. The federal Health Resources and Services Administration sets national policies related to state ADAPs in accordance with federal law. In Illinois the program is administered by the Illinois Department of Public Health. Illinois residents may apply for ADAP by calling 1-800-825-3518 or by completing an application available online at www.idph.state.il.us/health/aids/adap.htm.

2. What is Medicare Part D?

Medicare is the nation's health insurance program for 41 million disabled workers and retirees. Beginning in 2006, Medicare beneficiaries can receive prescription drug coverage through a new program known as Part D. Part D is a complex benefit with two overarching characteristics: choice and cost sharing. Enrolled beneficiaries may choose among various insurance products sold by private companies with approval from Medicare. Insurance plans differ in price, covered medications, and benefits. In addition, all plans require beneficiaries to bear a portion of their drug costs. Plans may charge premiums, deductibles, co-payments, and co-insurance (a portion of actually drug costs). Learn more at the official Medicare website (www.medicare.gov) or www.medicarerights.org.

3. What is "Extra Help?"

Some low-income beneficiaries are eligible for Part D federal subsidies—known as *Extra Help*—that dramatically reduce, but do not eliminate, out-of-pocket Medicare prescription drug costs. Individuals who are dually eligible for Medicaid and Medicare automatically receive *Extra Help*. Individuals not automatically enrolled in *Extra Help* may apply at any Public Aid or Social Security office or online at <https://s044a90.ssa.gov/apps6z/i1020/main.html>.

4. **What is the so-called “donut hole” (also referred to as the “gap in coverage”)?**

Part D benefits change based upon the amount of drug costs incurred by an individual in a given year. In most plans, the individual pays the first \$250 of drug costs (known as the “deductible”) and then 25% for drug costs up to \$2,250. The individual then pays the next \$2,850 in drug costs entirely out-of-pocket, i.e., zero insurance coverage. This gap in coverage is often referred to as the “donut hole.” Once an individual has paid a total of \$3,600 in out-of-pocket costs (\$750 *before* the donut hole and \$2,850 to get *out of it*), the plan covers 95% of any additional drug costs for the rest of the year. Monthly premiums, which can vary from \$13 to \$66 depending on the plan, do not count toward meeting out-of-pocket costs.

5. **What does this mean for people with HIV?**

Because of the high cost for antiretroviral medications (\$13,000-\$18,000 per year, on average), people with HIV/AIDS on Medicare are likely to reach the donut hole (period of no coverage) by the second or third month of the year. Many low-income people with HIV/AIDS will not be able to afford the \$750 out-of-pocket required to obtain \$1,500 in drug coverage at the start of the plan, much less the next \$2,850 in medication expenses.

6. **Many people with HIV will not be able to afford Part D coverage. What options exist to help people with HIV obtain their needed medications?**

Individuals with annual incomes up to about \$15,000 should apply for *Extra Help*. People eligible for *Extra Help* will not be subjected to a “donut hole.” They will be charged \$2-\$5 per prescription and may be exempt from paying premiums and the annual deductible. Other state-level programs, including ADAP, can assist Medicare beneficiaries. Read below for more information about these other programs.

7. **Do federal rules allow state ADAPs to assist people eligible for Medicare Part D?**

Yes. Federal ADAP rules allow states to provide ADAP services to Medicare-eligible clients who *are enrolled in Part D*. States may also pay Part D premiums, deductibles, co-payments, and co-insurance for ADAP clients. It is up to each state to decide whether and how much assistance to provide.

While ADAPs can help individuals pay their Part D costs, these expenditures *do not* count as approved out-of-pocket costs. Therefore, individuals will still be required to pay \$3,600 out-of-pocket, beyond the assistance they may receive from ADAP, before Part D covers 95% of drug costs.

8. **How will Illinois ADAP interact with Medicare Part D?**

For Illinois ADAP, the HIV-positive Medicare-eligible population falls into two categories: (1) **Very Low-Income Clients:** those with annual incomes *under* 135% of Federal Poverty

(approximately \$13,000) and (2) **Low Income Clients:** those with annual incomes *above* 135% of Federal Poverty.

9. **What rules apply for the first group—those with incomes under 135% of Federal Poverty?**

Beginning on February 1, 2006, Illinois ADAP will no longer assist HIV-positive Medicare-eligible individuals with incomes *below* 135% of Federal Poverty. Currently, ADAP clients who meet these criteria have been notified that their ADAP services will end at the end of January. In addition, Illinois ADAP has encouraged these clients to apply for *Extra Help*.

10. **What is the rationale for this policy?**

According to state officials, most of these clients will be eligible for full *Extra Help*. Full *Extra Help* recipients will have no gap in coverage (i.e., no donut hole), no premiums, and no annual deductibles. **They will, however, have to pay co-payments of \$2 to \$5 per prescription.**

11. **Will there be any exceptions?**

Yes. State officials have told AIDS advocates, including the AIDS Foundation of Chicago, that it will consider exceptions to this rule on a case-by-case basis for clients who:

- Apply for *Extra Help* but are denied. (*For example*, these clients may have assets beyond the federal limits to qualify for the federal subsidy).
- Are enrolled in a Part D plan that does not cover an ADAP-covered medication they are prescribed.

12. **What rules apply for the second group—those with incomes *above* 135% of Federal Poverty)?**

Medicare-eligible clients and applicants with incomes *above* 135% of Federal Poverty will be able to stay in ADAP **so long as they enroll in a Part D plan.**

13. **What is the rationale for this policy?**

According to state officials, clients with annual incomes above 135% of Federal Poverty will face enormous difficulties paying Part D out-of-pocket costs. Therefore, ADAP will continue to be available to them.

14. **When will people in the *above* 135% population be required to prove their enrollment in Part D for purposes of ADAP eligibility?**

Illinois ADAP will require **low-income** Medicare-eligible clients to demonstrate enrollment in Part D when their annual reapplication is reviewed. Individuals whose annual ADAP re-

application falls between January and May 2006 will not be required to document Part D enrollment until their 2007 reapplication.

Because many **low-income** Medicare-eligible clients will enroll but not be able to afford their Part D benefits, they should pick a Part D plan and enroll no later than May 15, 2006, the deadline to enroll without accruing a penalty. (After May 15, Medicare will apply a 1% increase in premiums for each month a beneficiary is not enrolled in Part D. Exceptions exist for beneficiaries who have another healthcare plan, e.g., from retirement or work, with benefits of equal or greater value.) Individuals who need non-ADAP medications and can afford the out-of-pocket costs should select and enroll in Part D as soon as possible.

15. What other types of assistance are available?

Illinois has combined two programs, previously known as Circuit Breaker and SeniorCare, into a single program designed to help low-income Part D beneficiaries pay some of their out-of-pocket costs. Unlike ADAP, these expenditures *will count* toward the \$3,600 in annual out-of-pocket payments required before plans reach “catastrophic coverage,” i.e., plan pays 95% of drug costs. This new state-funded program is called *Illinois Cares Rx*.

16. Who should apply for Illinois Cares Rx?

HIV-positive Medicare-eligible individuals who are not receiving *Extra Help* should apply for Illinois Cares Rx *if* their annual incomes are below about \$20,000. If they qualify, the state will pay the cost of their monthly Plan D premiums (the standard amount). Learn more about the program and download an application form at www.illinoisbenefits.org/ilcares.html.

Illinois Cares Rx is also coordinating with two private plans—PacifiCare and United—to provide additional benefits. Clients who enroll in one of the two plans will receive coverage for their annual deductibles and a limited number of medications during the donut hole. *Illinois Cares Rx* will cover 80% of drug costs during the donut hole for clients over age 65. Clients below age 65 can also receive coverage for 80% of drug costs during the donut hole, but only for medications in ten categories (the old “Circuit Breaker” program). The categories are: Alzheimer’s disease, arthritis, cancer, diabetes, cardiovascular disease, glaucoma, lung disease and smoking-related disorders, multiple sclerosis, osteoporosis, and Parkinson’s disease. Unfortunately, no medications on the ADAP formulary are covered for clients under age 65.

17. What tips can agencies provide Very Low-Income clients (those with annual incomes below 135% Federal Poverty)?

- Apply for *Extra Help*. Apply at any Public Aid or Social Security office or online at <https://s044a90.ssa.gov/apps6z/i1020/main.html>.
- Select and enroll in a Medicare Part D plan by January 31, 2006. Review plan options, paying special attention to plans’ coordinating pharmacies and covered drugs (all

antiretroviral medications must be covered but other needed medications may not be on plan formularies). Learn about available plans and apply online at www.medicare.gov.

- Clients should be advised that their **ADAP services will end on January 31, 2006**. Exceptions will be made on a case-by-case basis if:
 - a. They receive a denial letter for *Extra Help*. Clients should make sure to keep all such letters.
 - b. The Part D plan they select does not cover an ADAP-covered medication they are prescribed.
- **Clients who are deemed eligible for *Extra Help* should be advised that they will have to pay mandatory co-payments to receive their medications through Medicare Part D.** Co-payments will range from \$2 to \$5 per prescription.
- Clients should immediately ask their physicians to write them prescriptions for **90-day or 100-day supplies** in order to lower their out-of-pocket costs. This is because co-payments (\$2 for generic medications and \$5 for brand name drugs) are required every time a medication is *dispensed*. Clients can significantly lower their out-of-pocket costs by switching to 90-day supplies of medications they take regularly. This is especially relevant for clients who need multiple medications.
- Clients who need individual counseling about Medicare Part D should contact the **AIDS Legal Council of Chicago** at 312-427-8990 or **Health & Disability Advocates** at 312-223-9600 to schedule an appointment. Both agencies can also provide referrals to expert benefit counselors available across the state.
- State officials have agreed to explore the possibility of ADAP paying Medicare Part D co-payments for the poorest of ADAP clients. **Please call and/or write your state senator and representative and Governor Rod Blagojevich to urge the State to pay Medicare Part D co-payments for low-income ADAP clients. Enter your address at www.vote-smart.org to learn who represents you.**

18. **What tips can agencies provide Low-Income clients (those with annual incomes *above* 135% of Federal Poverty)?**

- If your annual income is below 150% of Federal Poverty, apply for *Extra Help*. Individuals with incomes between 135% and 150% of Federal Poverty may be eligible for *Partial Extra Help*. Apply at any Public Aid or Social Security office or online at <https://s044a90.ssa.gov/apps6z/i1020/main.html>.
- Apply for *Illinois Cares Rx*. Download an application at www.illinoisbenefits.org/ilcares.html. If you qualify, *Illinois Cares Rx* will pay your monthly premium (up to the standard amount) for any plan you select. You can also receive more generous assistance if you enroll in one of two Part D plans coordinating with *Illinois Cares Rx*.
- Select and enroll in a Medicare Part D plan no later than May 15, 2006. Review the list of Illinois plans and enroll online at www.medicare.gov. Pay special attention to plan costs (such as the monthly premium amounts; annual deductible, if any; and plans' co-payments and co-insurance amounts to obtain covered medications), coordinating pharmacies, and drugs covered by each plan (all antiretroviral medications must be covered but other needed medications may not be on plan formularies).

- Continue to comply with all ADAP rules and regulations and rely on the program as needed without interruption or mandated co-payments.
- Provide ADAP proof of your enrollment in Medicare Part D as part of your next annual reapplication.
- Clients who need individual counseling about Medicare Part D should contact the **AIDS Legal Council of Chicago** at 312-427-8990 or **Health & Disability Advocates** at 312-223-9600 to schedule an appointment. Both agencies can also provide referrals to expert benefit counselors available across the state.
- Clients who enroll in Medicare Part D must make sure monthly premiums are paid. If you do not qualify for *Illinois Cares Rx*, you will need to pay premiums out-of-pocket, in which case you should carefully consider plans with low premiums. Failure to pay premiums can make you ineligible for ADAP and can make Medicare Part D more costly in the future. (ADAP will require proof of enrollment as part of its reapplication process. After May 15, Medicare will apply a 1% increase in premiums for each month a beneficiary is not enrolled in Part D. Exceptions exist for retirees with healthcare benefits of equal or greater value.)
- State officials have agreed to explore the possibility of ADAP paying Medicare Part D premiums, deductibles, co-payments, and co-insurance. Doing so could save Illinois ADAP money by shifting more of the costs onto Medicare Part D. **Please call and/or write your state senator and representative and Governor Rod Blagojevich to urge the State of Illinois to pay Medicare Part D co-payments for low-income ADAP clients. Enter your address at www.vote-smart.org to learn who represents you.**

19. **What should people who are dually eligible for Medicaid and Medicare know about Part D coverage?**

In accordance with federal law, people who are dually eligible for Medicaid and Medicare will no longer receive *prescription drug coverage* through Medicaid as of January 1, 2006. Dual eligible beneficiaries will continue to have Medicaid coverage for routine medical care, such as doctor's visits, but will need to rely on Medicare Part D for their drug coverage.

Dual eligible beneficiaries should have already received a letter in the mail notifying them of the change from Medicaid to Medicare Part D for their prescription drug benefits on January 1, 2006. Medicare clients can verify dual-eligible status online at www.medicare.gov or consult with a benefits counselor for individual assistance via the **AIDS Legal Council of Chicago** at 312-427-8990 or **Health & Disability Advocates** at 312-223-9600. Both agencies can also provide referrals to expert benefit counselors available across the state.

To ensure uninterrupted pharmacy coverage, all dual-eligible beneficiaries should have been auto-enrolled in one of the Part D plans and should have already received another letter notifying them of the private plan to which they have been assigned. All dual-eligible beneficiaries should go online to www.medicare.gov and carefully evaluate whether their assigned plan covers all the medications they need and their cost. Dual-eligibles should also review the pharmacies coordinating with their assigned plan to ensure they are

convenient. All Part D plans are required to include all anti-retroviral medications in their formularies, so individuals should pay special attention to ensuring the non-HIV medications they require are on the plan they choose. Most medications will cost dual-eligibles \$1 to \$5 per prescription, however, some medications not in the plan may be listed at their retail price. Dual-eligibles should consider switching plans to obtain better coverage for the medications they need.

20. What other resources are available about these topics?

The Chicago-based Make Medicare Work Coalition has helpful fact sheets posted on its website, www.makemedicarework.org:

Illinois Specific Fact Sheet and Resources

www.hdadvocates.org/MMW/1Main/Resources/illinois_specific_medicare_resources.htm

Guide to Extra Help

www.hdadvocates.org/MMW/1Main/Resources/medicare_partD_extra_help.htm

Medicare Part D Extra Help and IL Cares Rx At-A-Glance

[www.hdadvocates.org/MMW/1Main/Resources/Illinois_Cares_RX/PDF/IL_Care_Chart_Final_102405\[1\].pdf](http://www.hdadvocates.org/MMW/1Main/Resources/Illinois_Cares_RX/PDF/IL_Care_Chart_Final_102405[1].pdf)

Choosing a Drug Plan

http://www.hdadvocates.org/MMW/1Main/Resources/prescription_drug_plans.htm

Medicare Part D & HIV/AIDS Issues

http://www.hdadvocates.org/MMW/1Main/Resources/medicare_partD_and_HIVAids_Issues.htm

Special thanks to Health & Disability Advocates and the AIDS Legal Council of Chicago for assistance developing this document. Find other HIV-related materials regarding Medicare Part D online at <http://www.aidschicago.org/advocacy/medicare.php>.