

Medicare Part D Drug Benefit and HIV/AIDS Care

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Medicare 101 Topics Covered

- Medicare prescription drug program
 - Benefit structure
 - Low income subsidies
 - Formulary requirements
 - Implications for those on both Medicare and Medicaid
 - Role of the AIDS Drug Assistance Program
 - Cost sharing information for 2007
- Slides cover only the basics

Medicaid versus Medicare

	Medicaid	Medicare
Structure	Federal and State program with State flexibility	Federal program
Means Test	Yes - takes into account financial resources	No
Eligibility	Poor AND <ul style="list-style-type: none"> ➤ Disabled on Supplemental Security Income (SSI) ➤ Parents, children, pregnant women ➤ Medically Needy 	65 or older OR Permanently disabled (under 65 and receiving Social Security Disability Income (SSDI) for 2 years)
Eligible with HIV/AIDS	266,247 with HIV/AIDS (about 50% of those in care)	Approx 100,000 with HIV/AIDS (25% of those in care); more likely to have AIDS diagnosis and CD4 count 0-199*

* CMS estimates, March 2006

Medicare and HIV/AIDS

- There are about 100,000 Medicare beneficiaries with HIV/AIDS
 - Most qualify by being on Social Security Disability Income (SSDI) for 2+ years
 - 70% of Medicare eligible PLWH (60-70,000 people) also qualify for Medicaid and are called “dually eligible”

Medicare Modernization Act (MMA)

- Added a prescription drug benefit to Medicare, known as Medicare Part D
 - Most Medicare beneficiaries must elect the benefit and choose a plan
 - Dual eligible beneficiaries are automatically enrolled in Medicare Part D plans because prescription drug coverage switched from Medicaid to Medicare

Part D Is Different for Medicare

- Benefit will differ depending on beneficiary's residence
- Benefit requires coordination with the Centers for Medicare and Medicaid Services (CMS), the Social Security Agency (SSA) and State Medicaid Agencies to ensure people are enrolled in Part D and get extra help
- Medicare is not the primary payer
- Actual plans offered will vary from standard plan structure but must be actuarially equivalent

Part D Drug Benefit Varies

- Differences exist in the Part D benefit received by Medicare beneficiaries depending on their Medicaid status, income and assets
- Variance due to low income subsidies (known as “extra help”) that Medicare pays to the plan the person is enrolled in
- Four types of benefits
 - Full subsidy dual eligible <100% FPL
 - Full subsidy
 - Partial subsidy
 - Standard benefit

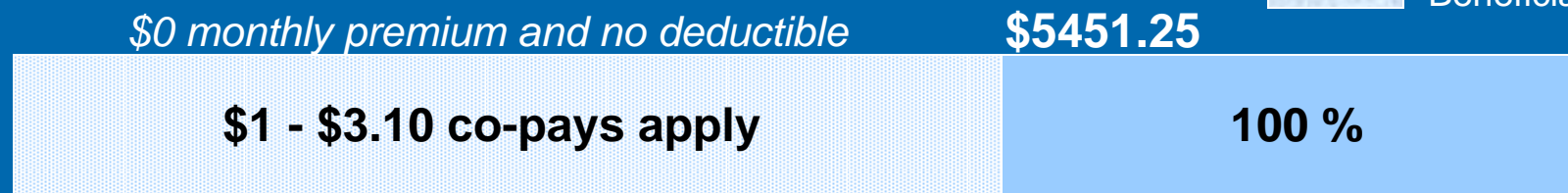
Low-Income Subsidies

- 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) are automatically 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

Variations in Benefits, Full/Partial Subsidies, 2007

Full subsidy dual eligibles with income \leq 100% FPL*

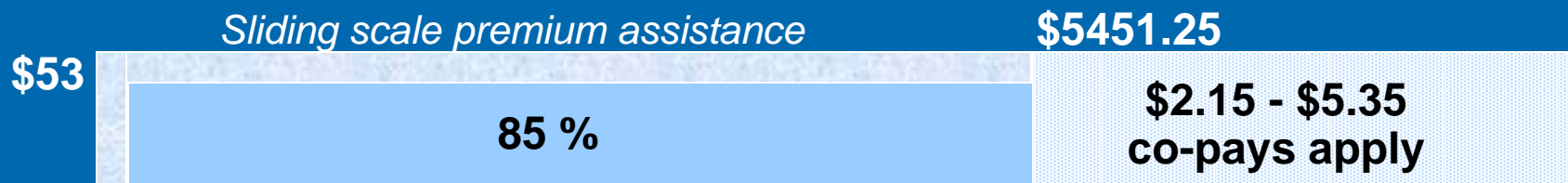
Plan Pays
 Beneficiary Pays



Full subsidy: dual eligibles with income >100% FPL, SSI Recipients, Medicare Savings Programs Groups, Applicants with income < 135% FPL who also meet resource test



Partial subsidy: applicants with income <150% FPL who also meet the resource test



Case Study #1: Jane Matthews

Full Subsidy Dual Eligible <100% FPL

- 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 \$1,200 per month
- Jane pays \$6.20 in co-pays per month for two scripts (income < 100% FPL so \$3.10 brand name co-pay applies) for four months
- By 5th month, total drug costs of \$6,000 exceeds \$5,451.25 catastrophic coverage level (\$1,200 x 5)
- No cost to Jane after that
- Jane pays \$24.80 for the year [4 months of \$6.20 co-pay]

Variations in Benefits, Full Subsidy, 2007

Full subsidy – this includes:

- Dual eligibles with income >100% FPL
- SSI Recipients
- Medicare Savings Programs Groups
- Applicants with income < 135% FPL who also meet resource test

\$0 monthly premium and no deductible

\$5451.25

**\$2.15 - \$5.35
co-pays apply**

100 %

 Plan Pays
 Beneficiary Pays

Case Study #2: Joseph Black

Full Subsidy >100% FPL

- On SSDI and Medicare
- SSDI benefit is \$950/month (less than 120% FPL)
- Antiretroviral regimen is Sustiva + Truvada
- Drugs cost \$1,200 per month
- Joseph pays \$10.70 in co-pays per month for two scripts (\$5.35 brand name co-pay times two) for four months
- By 5th month, total drug costs of \$6,000 exceed \$5,451.25 catastrophic coverage level (\$1,200 x 5)
- No cost to Joseph after that
- Joseph pays \$42.80 for the year [4 months of \$10.70 co-pay]

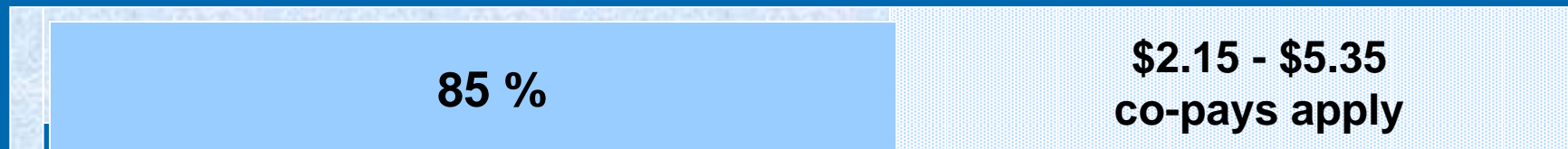
Variation in Benefits: Partial Subsidy, 2007

Partial subsidy: applicants with income <150% FPL who also meet the resource test

Sliding scale premium assistance

\$53

\$5451.25



Plan Pays
Beneficiary Pays

Case Study #3: Jason Smith

Partial Subsidy

- On SSDI, Medicare and small private disability insurance benefit
- Income \$1,100 per month (138% FPL)
- Antiviral regimen is Sustiva + Truvada
- Drugs cost \$1,200 per month
- Jason pays:
 - \$8 per month in premiums (75% subsidy of \$32)
 - Month 1: \$225.05: \$53 deductible plus \$172.05 (15% coinsurance of \$1,147 balance [$\$1,200 - \$53 = \$1,147$])
 - Month 2: \$180: 15% coinsurance of \$1,200
 - Month 3: \$180: 15% coinsurance of \$1,200
 - Month 4: \$180: 15% coinsurance of \$1,200 (total drug costs are \$4,800)
 - Month 5: \$97.69: 15% coinsurance on \$651.25 balance to bring total drug costs to catastrophic coverage level of \$5451.25 [$\$4,800 + 651.25 = \5451.25]
 - Months 6-12: \$10.70 per month (\$5.35 brand name co-pays times two)
- Jason pays \$1033.64 for the year (\$96 in premiums, \$862.74 in deductible and coinsurance, \$74.90 in co-pays)

Sliding Scale Premium Assistance

FPL & Assets	% of Premium Subsidy Amount
Income at or below 135% FPL, and meet the resource test for individuals or couples	100%
Income above 135% FPL but at or below 140% FPL, and meet the resource test for individuals or couples	75%
Income above 140% FPL but at or below 145% FPL, and meet the resource test for individuals or couples	50%
Income above 145% FPL but below 150% FPL, and meet the resource test for individuals or couples	25%

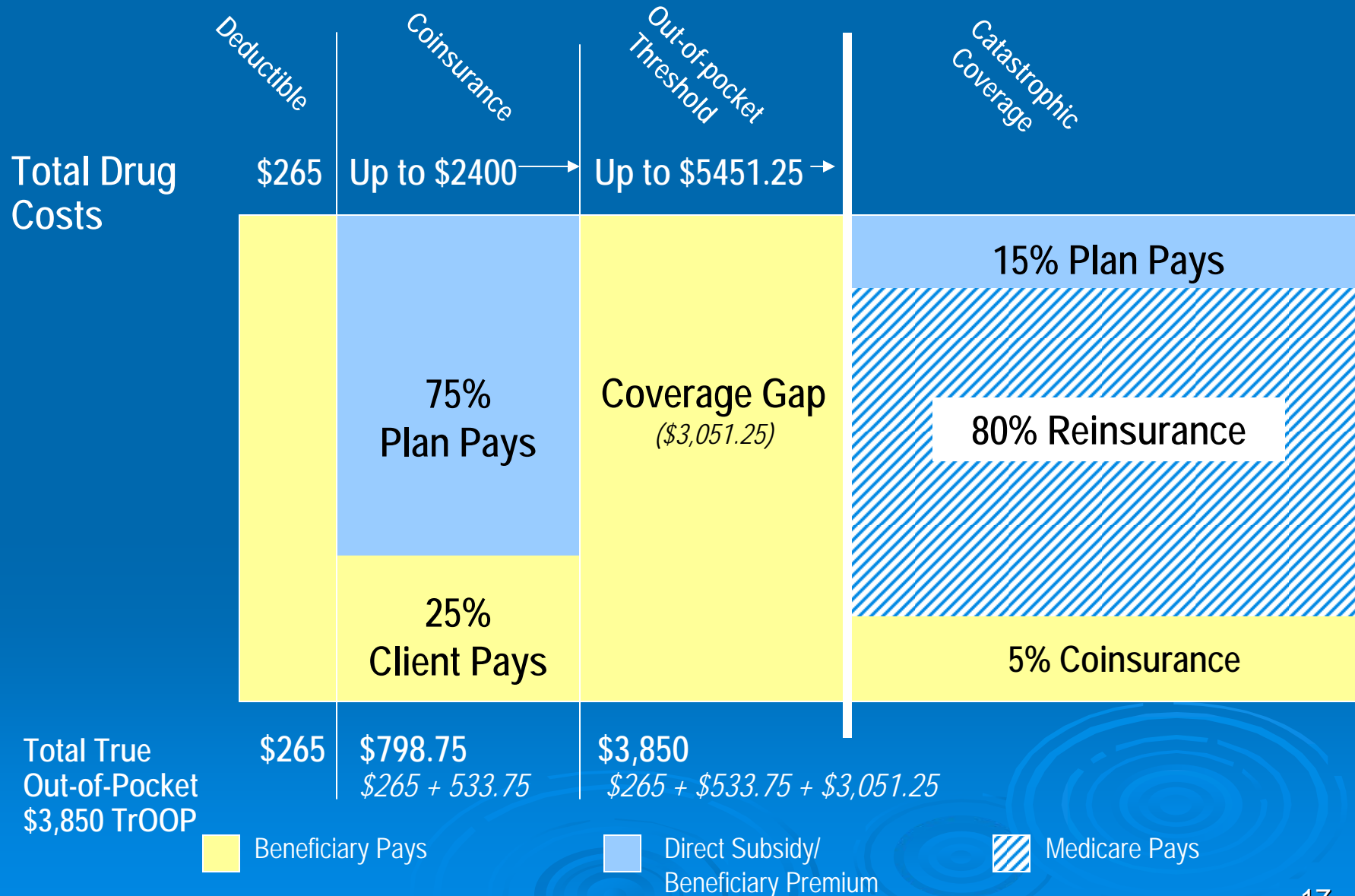
Standard Benefit, 2007

Beneficiary Cost Excluding LIS

- **Monthly premium**
- **\$265 deductible**
- **25% coinsurance > \$266 to \$2,400***
- **100% coinsurance > \$2,401 to \$5,451.25 (coverage gap—the “donut hole”)**
- **Catastrophic coverage level: co-pay of 5% or \$2.15/\$5.35 (whichever is greater) after total drug costs reach \$5,451.25 AND beneficiary has paid \$3,850 in true out-of-pocket costs (TrOOP)**

•Coinsurance is a term used in Medicare Part D that refers to the beneficiary's contribution toward prescription drug costs until the catastrophic coverage limit has been reached

Standard Benefit in 2007



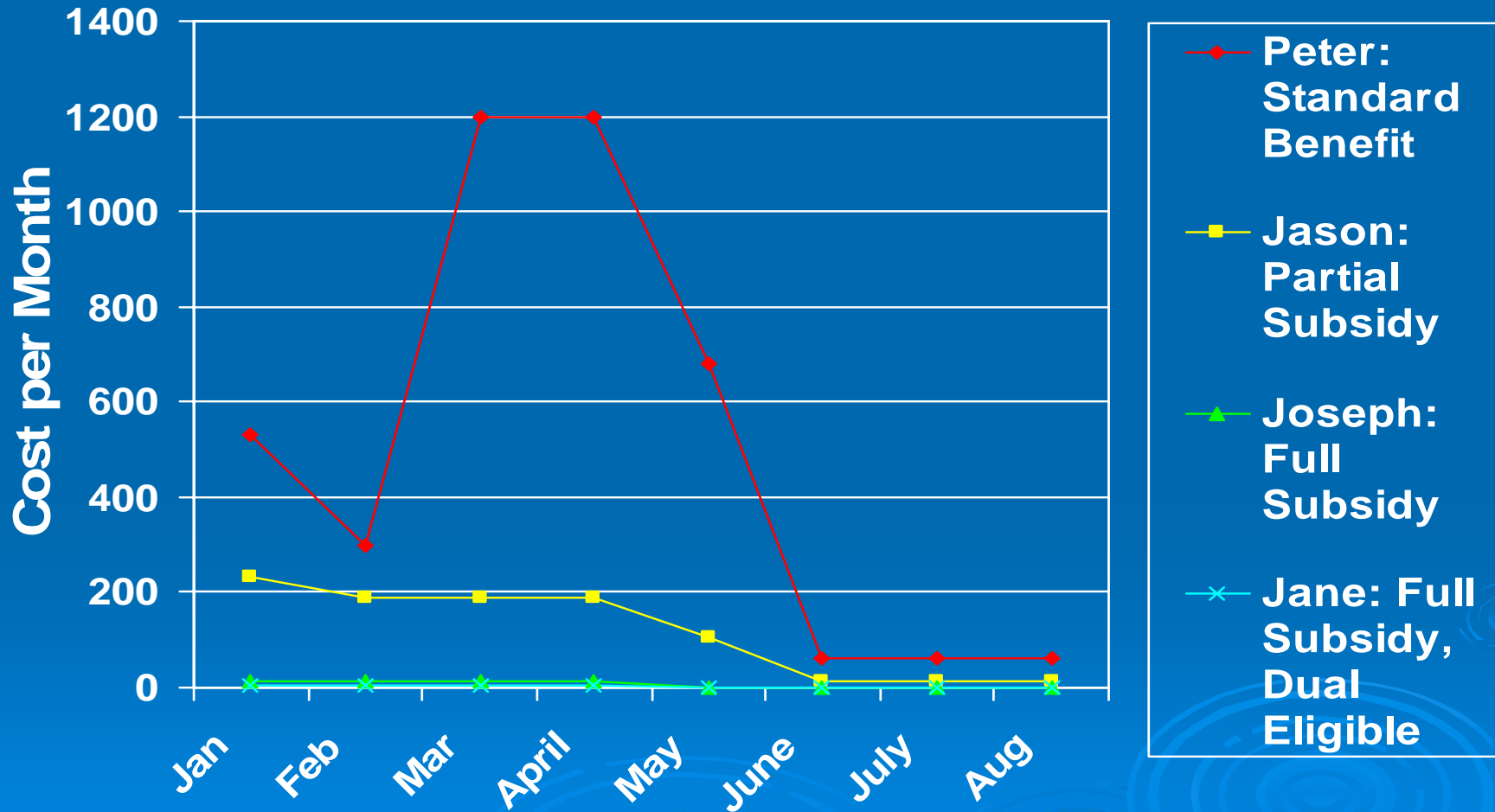
Case Study #4: Peter Jones

Standard Benefit

- 65 years old, HIV positive, aged into Medicare
- Income \$1,600 per month (200% FPL)
- Antiretroviral regimen is Sustiva + Truvada
- Drugs cost \$1,200 per month
- Peter pays:
 - \$32 per month in premiums
 - Month 1: \$265 deductible plus \$233.75 (25% coinsurance on \$935 balance) [\$498.75]
 - Month 2: \$300 coinsurance (25% of \$1,200) Drug costs have reached the \$2,400 co-insurance limit) [total out-of-pocket \$798.75]
 - Month 3: \$1,200 prescription cost (100% coinsurance) [Peter has reached the donut hole]
 - Month 4: \$1,200 cost [total out-of-pocket \$3,198.75]
 - Month 5: \$678.69 (100% of the balance of \$651.25 to reach the catastrophic coverage level of \$3,850 in out-of-pocket costs, plus \$27.44, which is the 5% co-pay on the \$548.75 balance of the \$1,200 prescription cost [$\$1,200 - \$651.25 = \$548.75$])
 - Months 6-12: \$60 per month [5% co-pay] for seven months
- Peter pays \$4,654 for the year [\$384 in premiums, \$3850 out-of-pocket and \$420 in co-pays]

Variance in Part D Costs

From Standard Benefit to Partial/Full Subsidies



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 \$3,850 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)
 - CMS to the plan as low income subsidies
- Co-pays waived by a pharmacy

What Does NOT Count Toward TrOOP?

➤ Premiums

➤ Payments made by:

- Group health plans (employer/retiree plans)
- Federal government programs (e.g., Indian Health, Medicaid, Tricare, VA, Ryan White CARE Act)
- State-run programs that are not SPAPs (e.g., Workman's Compensation)

➤ Drugs:

- Not covered by the Medicare drug plan the person is enrolled in and not obtained through the exceptions and appeals process
- Purchased outside the U.S.
- Not covered under Medicare Part D

Drugs Covered by Part D: Required

- All FDA Approved Drugs with exceptions to follow
- In order to protect against discrimination, CMS will review six drug classes in the formulary to ensure there is access to all drugs in that class:
 - Antidepressants
 - Antipsychotics
 - Anticonvulsants
 - Antiretrovirals
 - Antineoplastics
 - Immunosuppressants
- Plans to cover all Part D drugs or use formulary
 - Part D covered versus Plan covered medications

Drugs NOT Covered by Part D

- Part A and Part B drugs
- Barbiturates
- Benzodiazepines
- Non-prescription drugs (over the counter)
- Drugs for anorexia, weight loss or weight gain (except for cachexia due to AIDS or cancer)
- Fertility drugs
- Drugs for cosmetic purposes or hair growth
- Cough and cold medication
- Prescription vitamins and minerals, except fluoride and prenatal vitamins

ADAP Considerations

- Medicare beneficiaries must enroll
- ADAPs determine their role
 - Number of Medicare clients
 - Cost-neutrality
 - Extra-help vs standard benefit (donut hole)
 - Switching back to ADAP
 - Plans with no coverage gap
- Communicating ADAP role to providers

Key Dates

- **November 15 – December 15 of each year—
open enrollment period to make plan
changes if any**
- **If creditable coverage is lost, individual has
63 days to enroll in Medicare Part D to avoid
a penalty**
- **Dual eligibles will be enrolled as they
become eligible**

Web Site Resources

- <http://www.cms.hhs.gov/medicarereform/pdbma>
 - CMS Information About Medicare Part D
- <http://www.cms.hhs.gov/partnerships/downloads/AIDS.pdf>
 - Tip Sheet: Information Partners Can Use on: People With Medicare and HIV/AIDS
- <http://www.medicare.gov>
 - Click on “Learn About Your Medicare Prescription Coverage Options”
 - Information for Medicare beneficiaries
- <http://www.hrsa.gov/medicare/HIV/about.htm>
 - Medicare Part D webpage, Qs & As, Powerpoint slide presentations for training, Links
- <http://careacttarget.org> – TARGET Center
 - TA Library of Medicare Part D resources

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