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

September 13, 2005
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 ≤ 100% FPL*

$0 monthly premium and no deductible

$5100

100 %

$1 - $3 co-pays apply

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)

$0 monthly premium and no deductible

$5100

100 %

$2 - $5 co-pays apply

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

$2 - $5 co-pays apply

85 %

*Numbers are for 2006
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 4th 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]
<table>
<thead>
<tr>
<th>Income Level</th>
<th>Premium Assistance</th>
<th>Sliding Scale Premium Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 100% FPL*</td>
<td>$0 monthly premium and no deductible</td>
<td>$1 - $3 co-pays apply 100%</td>
</tr>
<tr>
<td>&gt;100% FPL</td>
<td>$0 monthly premium and no deductible</td>
<td>$2 - $5 co-pays apply 100%</td>
</tr>
<tr>
<td>&lt;150% FPL</td>
<td>$50 $5100 Sliding scale premium assistance</td>
<td>$2 - $5 co-pays apply 85%</td>
</tr>
</tbody>
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*Numbers are for 2006
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 4th 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 ≤ 100% FPL*

- $0 monthly premium and no deductible
- $5100
- $1 - $3 co-pays apply
- 100%

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)

- $0 monthly premium and no deductible
- $5100
- $2 - $5 co-pays apply
- 100%

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

- Sliding scale premium assistance
- $5100
- $2 - $5 co-pays apply
- 85%

*Numbers are for 2006
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

- **Beneficiary Liability**
  - Deductible: $250
  - Coverage Gap: $750
  - Total Beneficiary Out-Of-Pocket: $3600

- **Out-of-pocket Threshold**
  - 75% Plan Pays: $2250

- **Catastrophic Coverage**
  - 80% Reinsurance
  - Medicare Pays Reinsurance

- **Total Spending**
  - ≈ 95%
  - 80% Reinsurance

- **Direct Subsidy/Beneficiary Premium**
  - $750

- **5% Coinsurance**
  - 15% Plan Pays

- **Medicare Pays Reinsurance**
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
  - 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 15th, 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/medicarereform/pdbma](http://www.cms.hhs.gov/medicarereform/pdbma)
  - Information about Medicare Part D

  - Medicare HIV/AIDS Fact Sheet

- [http://www.medicare.gov](http://www.medicare.gov)
  - Click on “Learn About Your Medicare Prescription Coverage Options”
  - Information for Medicare beneficiaries

- [http://hab.hrsa.gov/specialprojects.htm](http://hab.hrsa.gov/specialprojects.htm)
  - Medicare Part D webpage
  - Qs & As
  - Powerpoint slide presentations for training
  - Links