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

<table>
<thead>
<tr>
<th>Structure</th>
<th>Medicaid</th>
<th>Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal and State program with State flexibility</td>
<td>Federal program</td>
</tr>
<tr>
<td>Means Test</td>
<td>Yes - takes into account financial resources</td>
<td>No</td>
</tr>
<tr>
<td>Eligibility</td>
<td>Poor AND</td>
<td>65 or older OR</td>
</tr>
<tr>
<td></td>
<td>➢ Disabled on Supplemental Security Income (SSI)</td>
<td>Permanently disabled (under 65</td>
</tr>
<tr>
<td></td>
<td>➢ Parents, children, pregnant women</td>
<td>and receiving Social Security</td>
</tr>
<tr>
<td></td>
<td>➢ Medically Needy</td>
<td>Disability Income (SSDI) for 2</td>
</tr>
<tr>
<td>Eligible with HIV/AIDS</td>
<td>266,247 with HIV/AIDS (about 50% of those in care)</td>
<td>Approx 100,000 with HIV/AIDS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(25% of those in care); more</td>
</tr>
<tr>
<td></td>
<td></td>
<td>likely to have AIDS diagnosis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and CD4 count 0-199*</td>
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</tbody>
</table>

* 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 \( \leq 100\% \text{ FPL} \)
  - $0 \text{ monthly premium and no deductible}$
  - Beneficiary Pays: $5451.25
  - Plan Pays: $5451.25
  - $1 - $3.10 co-pays apply
  - 100%

#### Full subsidy

- Dual eligibles with income > 100\% FPL, SSI Recipients, Medicare Savings Programs Groups, Applicants with income < 135\% FPL who also meet resource test
  - $0 \text{ monthly premium and no deductible}$
  - Beneficiary Pays: $5451.25
  - Plan Pays: $5451.25
  - $2.15 - $5.35 co-pays apply
  - 100%

#### Partial subsidy

- Applicants with income < 150\% FPL who also meet the resource test
  - Sliding scale premium assistance
  - Beneficiary Pays: $5451.25
  - Plan Pays: $5451.25
  - 85%
  - $2.15 - $5.35 co-pays apply
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

$2.15 - $5.35 co-pays apply

100%

$5451.25
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]
Partial subsidy: applicants with income <150% FPL who also meet the resource test

Sliding scale premium assistance

<table>
<thead>
<tr>
<th>$53</th>
<th>$5451.25</th>
</tr>
</thead>
</table>

85% $2.15 - $5.35 co-pays apply

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 = $1147])
  - 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 = 5461.25]
  - 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

<table>
<thead>
<tr>
<th>FPL &amp; Assets</th>
<th>% of Premium Subsidy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income at or below 135% FPL, and meet the resource test for individuals or couples</td>
<td>100%</td>
</tr>
<tr>
<td>Income above 135% FPL but at or below 140% FPL, and meet the resource test for individuals or couples</td>
<td>75%</td>
</tr>
<tr>
<td>Income above 140% FPL but at or below 145% FPL, and meet the resource test for individuals or couples</td>
<td>50%</td>
</tr>
<tr>
<td>Income above 145% FPL but below 150% FPL, and meet the resource test for individuals or couples</td>
<td>25%</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Total Drug Costs</th>
<th>Deductible</th>
<th>Coinsurance</th>
<th>Out-of-pocket Threshold</th>
<th>Catastrophic Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$265</td>
<td>Up to $2400</td>
<td>Up to $5451.25</td>
<td></td>
</tr>
</tbody>
</table>

- **Beneficiary Pays**
  - Deductible: $265
  - Coinsurance: Up to $2400
  - Out-of-pocket Threshold: Up to $5451.25
  - Total True Out-of-Pocket: $3,850

- **Direct Subsidy/Beneficiary Premium**
  - Medicare Pays: $798.75

- **Out-of-pocket**
  - Client Pays: $265 + 533.75
  - Total True Out-of-Pocket: $3,850

- **Coverage Gap**
  - Plan Pays: 75%
  - Coinsurance: 25%
  - Total: 100%
  - Coverage Gap: ($3,051.25)

- **Catastrophic Coverage**
  - Plan Pays: 15%
  - Reinsurance: 80%

- **Total True Out-of-Pocket**
  - $3,850
  - TrOOP: $3,850

- **Medicare Pays**
  - Up to $2,400
  - Up to $5,451.25

- **Coinsurance**
  - 5% Client Pays

- **Total Drug Costs**
  - $265
  - $798.75
  - $3,850

- **TrOOP**
  - $3,850
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

Cost per Month

Peter: Standard Benefit
Jason: Partial Subsidy
Joseph: Full Subsidy
Jane: Full Subsidy, Dual Eligible
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

- **CMS Information About Medicare Part D**
  - [http://www.cms.hhs.gov/medicarereform/pdbma](http://www.cms.hhs.gov/medicarereform/pdbma)

- **Tip Sheet: Information Partners Can Use on: People With Medicare and HIV/AIDS**

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

- **Medicare Part D webpage, Qs & As, Powerpoint slide presentations for training, Links**
  - [http://www.hrsa.gov/medicare/HIV/about.htm](http://www.hrsa.gov/medicare/HIV/about.htm)

- **TA Library of Medicare Part D resources**
  - [http://careacttarget.org](http://careacttarget.org) – TARGET Center
Contact Information

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