

Socioeconomic tips

Medicare coverage of prescription drugs

by the Division of Advocacy and Health Policy

Medicare coverage for prescription drugs begins January 1, 2006. This article complements the article on page 18 of this issue by Mark McClellan, MD, PhD, Administrator of the Centers for Medicare & Medicaid Services (CMS), and contains basic information about the Medicare prescription drug program that surgeons and their staffs should know.

What are the basic features of the Medicare drug plan?

All people with Part A and/or Part B of Medicare are eligible to participate in the Medicare prescription drug program, which is known as Part D of Medicare. Beneficiaries must choose between a minimum of two drug plans this fall. Prescription drug coverage begins with drugs delivered on or after January 1, 2006, for those who enrolled in a plan by December 31, 2005. The drug plans will vary based on the following:

- The monthly premium (approximately \$37 in 2006)
- The drugs covered
- The beneficiary's copayment for the drugs
- The pharmacies a beneficiary may use

The initial enrollment period for current beneficiaries begins on November 15, 2005, and ends on May 15, 2006. There are special rules for beneficiaries with existing drug coverage from an employer, a union, or a Medigap policy. Special rules also apply to people with both Medicare and Medicaid. People with limited income and resources may apply for additional help with prescription drugs.

Of course, a beneficiary may decide not to join a plan at this time, but that beneficiary will be subject to a higher premium if he or she decides to join after May 15, 2006. A beneficiary may change plans each year between November 15 and December 31. People with Medicare Advantage will get additional drug benefits from their health plan.

Why are there special rules for people with existing drug coverage from an employer, a

Around the corner

September

- Economedix will hold teleconferences on Dealing with Difficult People on September 14 and on Maximizing Patient Collections on September 28. For more information and to register, go to <http://yourmedpractice.com/ACS>.
- ACS will sponsor basic and advanced coding workshops for surgeons and their office staff September 15 and 16 in Dallas, TX. To register, visit the ACS coding workshop Web page at <http://www.facs.org/ahp/workshops/index.html>.

October

- Medicare will implement the Correct Coding Initiative, version 11.3, on October 1.
- Economedix will hold teleconferences on Scheduling Techniques for Improved Productivity on October 12 and on ICD-9-CM Coding & ICD Changes for 2006 on October 26. For more information and to register, go to <http://yourmedpractice.com/ACS>.
- The ACS will sponsor basic and advanced coding workshops for surgeons and their office staff on October 17 and 18 at the Clinical Congress in San Francisco, CA. Also at the Clinical Congress, a practice management course, Charting a Sound Course for Surgical Practices, will be presented October 17. Advanced registration has closed but spaces may still be available for on-site registration.

union, or a Medigap plan, and those who are dually eligible for Medicare and Medicaid?

In the case of employer, union, or Medigap plans, the potential for duplicate insurance coverage exists. In September, employer, union, and Medigap plans will notify beneficiaries of how their plan compares with Medicare's plan and inform them of their options. People who are dually eligible for Medicare and Medicaid now get their prescription drugs covered under Medicaid but, starting Janu-

ary 1, their drug coverage under Medicare Part D will be their primary coverage. To avoid any lapse in coverage, they will be signed up automatically for a drug plan but can change their coverage if they do not like the plan chosen for them.

What is the benefit structure?

The first \$2,250 of drug costs is covered, with a \$250 deductible. The copayment amount depends on the specifics of the plan, but overall it must be 25 percent of the cost of the drug. The beneficiary is responsible for paying 100 percent of the next \$3,600 in drug costs. Medicare then pays 95 percent of all remaining drug costs, with the beneficiary responsible for the other five percent.

How will the plans be structured to meet the needs of beneficiaries?

Generally, plans will be required to include multiple drugs in every therapeutic category in their formularies. Each plan has to cover both generic and name-brand drugs. Each submitted formulary is checked against commonly used formularies, the drugs actually used by beneficiaries, and broadly accepted practice guidelines. CMS anticipates that plans will cover all or substantially all of the drugs used for human immunodeficiency virus/acquired immune deficiency syndrome, mental illnesses, immunosuppression, and other diseases where a specific medication or combination of medications could make a real positive difference for a patient and where transitions in medications could have a negative impact. Each plan is required to meet the needs of institutions such as nursing homes and to permit the use of mail-order pharmacies.

What drugs are covered by the statute?

The statute defines "covered drugs" as a drug that may only be dispensed by prescription, a biological product, or insulin and medical supplies associated with the injection of insulin. Drugs excluded by Medicaid are also excluded by Medicare except smoking-cessation drugs.

How should a beneficiary choose a drug plan?

Beneficiaries should select a plan based on whether the drugs they use are covered by the formulary, whether the pharmacies assigned to the plan are convenient and satisfactory to them, and the amount of the beneficiary's cost sharing. Comparative information about the drug plans will be announced in October 2005 and will be available from the resources listed later in this article. Beneficiaries should remember that they are only signing up for a year; they can change their plan during the next year from November 15 to December 31 if their needs change.

What are the requirements for people with limited income and resources in obtaining additional assistance?

If a beneficiary's income is below \$14,355 for a single person (or \$19,245 if the person is married and living with a spouse), the person may qualify for extra help. Slightly higher income levels apply in Alaska or Hawaii or if the beneficiary provides support to certain other family members. Still more help is provided if a beneficiary's resources are less than \$11,500 for a single person (or \$23,000 for a married couple). In calculating resources, savings and stocks are included but not the beneficiary's home and car. The extra help can pay for the premium, the drug deductible, and/or copayment. In May 2005, the Social Security Administration began mailing applications to people who might qualify and began notifying beneficiaries if they qualified in July. Those who did not receive an application in the mail and think they qualify for help should apply for extra help at the Social Security Administration or their local Medicaid office. It is estimated that almost one-third of all beneficiaries will qualify for extra help.

When will coverage become effective for current beneficiaries who do not qualify for coverage on January 1, 2006?

For people who join a plan after December 31, 2005, coverage begins the first day of the next month after they join the drug plan. Beneficiaries have until May 15, 2006, to join a drug plan with-

continued on page 62

Socioeconomic tips (from page 30)


out penalty. After that date, their premiums will increase by 1 percent for each month they delay participation.

What will happen to the current drug cards?

They will expire when a person's drug coverage becomes effective or on May 15, 2006, whichever occurs first.

How might patients obtain more information about the drug benefit plan?

For help with prescription drug plans, patients may contact Medicare by telephone at 800/MEDICARE (for TTY users, 877/486-2048) or visit www.medicare.gov. They may also get help at their State Health Insurance Assistance Program. However, make note that comparative information about plans will not be released until October 2005.

For help with prescription drug costs, patients may contact the Social Security Administration at 800/325-0778 (for TTY users, 800/325-0778) or visit www.socialsecurity.gov. They may also contact their local Medicaid office. 



Pay your dues online!
Just visit www.facs.org
and go to the "Members Only" tab