

CENTER FOR MEDICARE ADVOCACY, INC.

MEDICARE PART D:

The Impact on Dual Eligible Beneficiaries

Vicki Gottlich, Esq.

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PART D ISSUES FOR PEOPLE WITH MEDICARE & MEDICAID

- Problems caused by random assignment to low-income Part D plans.
- Difficulties in accessing medically necessary drugs.
- Inability to meet minimal cost sharing requirements.

RANDOM ASSIGNMENT TO PART D PLANS

Random assignment results in unequal access caused by variations in coverage of drugs.

- **OIG Report:**
 - 1/3 of duals assigned to plans covering less than 85% of 178 most common Part D drugs.
 - Only 18% assigned to plans covering all 178 drugs.
- **Avalere Health Issue Brief:**
 - Many California duals have worse coverage than under Medi-Cal (Medicaid).
 - Number of drugs on formularies varies from 530-3360.

RANDOM ASSIGNMENT TO PART D PLANS

Potential gaps in coverage for duals

- Issues for duals who change plans:
 - Between 6 and 18 low-income plans.
 - Difficulties in determining which plan is “best”.
 - Communication issues may delay enrollment in new plans.
- New duals may lose all drug coverage
 - Lose Medicaid when become Medicare eligible.
 - Will they be enrolled in a Part D plan in time?

ACCESS TO MEDICALLY NECESSARY DRUGS

- Transitions process issue:
 - Plans not providing 30 day “first fills” for non-formulary drugs.
 - CMS’s extension of transition process from 30 to 90 days is voluntary.
 - Enrollees not informed to either get a new prescription or to seek an exception before transition period ends on March 31, 2006.

ACCESS TO MEDICALLY NECESSARY DRUGS

- Exceptions and appeals processes:
 - Vary from plan to plan.
 - Exceptions require participation by doctors.
 - Some doctors charging fees to fill out forms.
 - Enrollees may not have sufficient information to pursue appeals.
 - No supply of drugs pending appeal for most duals.
- Barriers to switching to formulary drugs
 - Issues in getting doctors' appointments.

INABILITY TO MEET COST SHARING REQUIREMENTS

- Duals pay co-payments of \$0-\$5/drug depending on income level, residence.
 - Cost sharing obligations new for some duals.
 - Cost sharing could be waived under Medicaid but not under Medicare.
 - Cost sharing amounts to be indexed yearly.
- Medicaid does not wrap around Part D benefit.
 - Unlike for other Medicare services, Medicaid doesn't pick up cost sharing.
 - States vary in Medicaid coverage for Part D excluded drugs.

INABILITY TO MEET COST SHARING REQUIREMENTS

- Institutionalized duals have no cost sharing.
- Duals who live in assisted living, board & care facilities are not institutionalized.
 - Pay all but small amount of their income to facility for care.
 - Must pay co-payments – costs often exceed personal needs allowance.

RECOMMENDATIONS

- Increase funding to organizations that assist individual beneficiaries.
- Assign duals to plans whose formularies match their needs- “intelligent random assignment.”
- Simplify Part D by standardizing
 - benefit packages
 - transition policies
 - exceptions and appeals processes.

RECOMMENDATIONS

- Eliminate cost-sharing for all duals receiving long-term care services, regardless of setting.
- Allow Medicaid to “wrap around” Part D.
- Ensure seamless transition from Medicaid to Medicare drug coverage.
- Add a drug benefit to traditional Medicare.

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