# Medicare Part D Overview & Eligibility
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# Medicare Prescription Drug Coverage

- Medicare Part D
- Drug plans approved by Medicare
- Run by private companies
- Available to everyone with Medicare
- Must be enrolled in a plan to get coverage
- Coverage provided through
  - Medicare Prescription Drug Plans (PDPs)
  - Medicare Advantage (MA-PDs) and other Medicare plans with Rx coverage

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# Part D-Covered Drugs

- Prescription brand-name and generic drugs
- Approved by FDA
- Used and sold in U.S.
- Used for medically-accepted indications
- Includes drugs, biological products, and insulin
  - Supplies associated with injection or inhalation

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# Required Coverage

- "All" drugs in 6 categories
  - Cancer medications
  - HIV/AIDS treatments
  - Antidepressants
  - Antipsychotic medications
  - Anticonvulsive treatments for epilepsy and other conditions
  - Immunosuppressants

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# Vaccines

- All Part D drug plans must cover
  - All commercially available vaccines (e.g., shingles vaccine)
  - Except those covered under Part B (e.g., flu shot)
- Contact drug plan for more information

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# Drugs Not Covered by Part D

- Excluded by law from Medicare coverage
  - Anorexia, weight loss or weight gain drugs
  - Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
  - Fertility drugs
  - Drugs for cosmetic or lifestyle purposes (e.g., hair growth)
  - Drugs for symptomatic relief of coughs and colds
  - Prescription vitamin and mineral products (except prenatal vitamins and fluoride preparations)
  - Non-prescription drugs

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# Drugs Not Covered by Part D

(continued)

- Medicare Part A or Part B covered drugs
  - Unless you don't meet Part A or B coverage requirements
- Plan may choose to cover excluded drugs
  - At their own cost, or
  - Share the cost with members

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# Part A Prescription Drug Coverage

- Part A generally pays for all drugs
  - During a covered inpatient stay
  - In hospital or skilled nursing facility (SNF)
    - Drugs received as part of treatment
  - Hospice
    - Drugs for symptom control and pain relief only

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# Part B Prescription Drug Coverage

- Part B covers limited outpatient drugs
  - Injectable and infusible drugs that are
    - Not usually self-administered, and
    - Administered as part of a physician service
  - Administered through Part B-covered Durable Medicare Equipment (DME)
  - Some other types of drugs with special coverage requirements
  - Certain vaccines (e.g., flu shot)

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# Part B Prescription Drug Coverage

- Generally doesn't cover self-administered drugs in hospital outpatient setting
  - Unless required for hospital services you're receiving
- If enrolled in Part D, drugs may be covered
  - If not admitted to hospital
  - May have to pay and submit for reimbursement

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# Part B Prescription Drug Coverage

- Covers drugs administered through Part B-covered Durable Medical Equipment (DME)
  - Such as nebulizers and infusion pumps
  - Only when used with DME in your home
- Supplier must be accredited DME provider
  - In some areas must be contract provider

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# Access to Covered Drugs

- Plans must cover range of drugs in each category
- Coverage and rules vary by plan
- Plans can manage access to drug coverage through
  - Formularies (list of covered drugs)
  - Prior authorization (doctor requests before service)
  - Step therapy (type of prior authorization)
  - Quantity limits (limits quantity for period of time)

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# Formulary

- A list of prescription drugs covered by the plan
- May have “tiers” that cost different amounts

**Example of Tiers (Plans can form tiers in different ways)**

| Tier | You Pay | Prescription Drugs Covered |
|---|---|---|
| 1 | Lowest copayment | Most generics |
| 2 | Medium copayment | Preferred, brand-name |
| 3 | Highest copayment | Non-preferred, brand-name |
| Specialty | Highest copayment or coinsurance | Unique, very high-cost |

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| Rules Plans Use to Manage Access to Drugs | |
|---|---|
| **Prior Authorization** | ▪ Doctor must contact plan for prior approval<br>• Before prescription will be covered<br>• Must show medical necessity for drug<br>▪ Process for requests may vary by plan |
| **Step Therapy** | ▪ Type of prior authorization<br>▪ You must first try similar, less expensive drug<br>▪ Doctor may request an exception if<br>• Similar, less expensive drug didn't work, or<br>• Step therapy drug is medically necessary |
| **Quantity Limits** | ▪ Plan may limit drug quantities over a period of time for safety and/or cost<br>▪ Doctor may request an exception if additional amount is medically necessary |

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# Prior Authorization

- Doctor must contact plan for prior authorization
  - Before prescription will be covered
  - Must show medical necessity for that particular drug
- Ask plan for prior authorization requirements
  - Process for requests may vary by plan

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# Prior Authorization

Jack is in a Medicare Part D plan. His plan requires prior authorization for a drug his doctor prescribes. Jack's doctor helps him fill out a form that shows the medical necessity for that drug, and the plan covers the drug. They will also cover it for the any refills he gets on that drug for the rest of the plan year.

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# Step Therapy

- Type of prior authorization
- Person must try a similar, less-expensive drug that has been proven effective
- Doctor can request an exception if
  - Tried similar, less expensive drug and it didn't work, or
  - Step-therapy drug is medically necessary

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# Example of Step Therapy

| | |
|---|---|
| **Step 1** | Mr. Todd is prescribed an ACE inhibitor to treat his heart failure. Some of the drugs Dr. Smith considers prescribing are brand-name drugs covered by Mr. Todd's Medicare drug plan. The plan rules require him to use the generic drug Lisinopril first. |
| **Step 2** | If Mr. Todd has side effects or has little improvement using Lisinopril, Dr. Smith can provide information to the plan to get approval to prescribe a brand-name drug. If approved, his Medicare drug plan will then cover the brand-name drug. |

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# Quantity Limits

- Plans may limit the quantity of drugs they cover
  - Over a certain period of time
  - For reasons of safety and/or cost

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# Quantity Limits

Sarah's drug plan covers 30 pills per month of a medication. Her doctor prescribes 60 pills a month. Her doctor can help her fill out a form to show the medical reason why Sarah needs 60 pills per month and the plan will cover the extra pills.

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# If Your Prescription Changes

- Get up-to-date information from plan
  - By phone or on plan's website
- Give doctor copy of plan's formulary
- If the new drug is not on plan's formulary
  - Can request a coverage determination from plan
  - May have to pay full price if plan still won't cover drug

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# Formulary Changes

- Plans may change categories and classes
  - Only at beginning of each plan year
    - Plan year is January through December
  - May make maintenance changes during year
- Plan usually must notify you 60 days before changes
  - May ask for exception if other drugs don't work
- Plans may remove drugs withdrawn from market

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# Medicare Drug Plan Costs

- Monthly premium varies by plan
  - Some plans have no premium
- Possible yearly deductible
  - No more than $310 in 2014
- Copayments or coinsurance
  - May depend on how much spent that year

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# Income Related Part D Premium Adjustment 2014

| If your yearly income in 2012 was | | | You pay (in 2014) |
|---|---|---|---|
| **File individual tax return** | **File joint tax return** | **File married & separate tax return** | |
| $85,000 or less | $170,000 or less | $85,000 or less | Your plan premium |
| above $85,000 up to $107,000 | above $170,000 up to $214,000 | N/A | $12.10 + your plan premium |
| above $107,000 up to $160,000 | above $214,000 up to $320,000 | N/A | $31.10 + your plan premium |
| above $160,000 up to $214,000 | above $320,000 up to $428,000 | above $85,000 up to $129,000 | $50.20 + your plan premium |
| above $214,000 | above $428,000 | above $129,000 | $69.30 + your plan premium |

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# 2014 Standard Drug Benefit

| Benefit Parameters | 2014 |
|---|---|
| Deductible | $310 |
| Copayments/Cost Sharing | 25% / Tiers |
| Initial Coverage Limit | $2,850 |
| Out-of-Pocket Threshold | $4,550.00 |
| Total Covered Drug Spend at OOP Threshold | $6,455.75 |
| Minimum Cost-Sharing in Catastrophic Coverage | $2.65/$6.60 or 5% copay |
| **LIS Copayments** | **2014** |
| Institutionalized | $0 |
| Up to or at 100% FPL | $1.15/$3.50 |
| Other LIS | $2.65/$6.60 |
| Partial LIS Deductible/Cost-Sharing | $66/15% |

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# Standard Structure in 2014

| **Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2014. She doesn't get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.** | | | |
|---|---|---|---|
| **Monthly Premium – Ms. Smith pays a monthly premium throughout the year.** | | | |
| **1. Yearly Deductible** | **2. Copayment or Coinsurance** | **3. Coverage Gap** | **4. Catastrophic Coverage** |
| Ms. Smith pays the first **$310** of her drug costs before her plan starts to pay its share. | Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their **combined** amount (plus deductible) reaches $2,850. | Once Ms. Smith and her plan have spent **$2,850** for covered drugs, she is in the coverage gap. In 2014, she gets a 52.5% discount on covered brand-name prescription drugs that counts as out-of-pocket spending, and helps her get out of the coverage gap. For 2014, she also gets 28% discount on covered generic drugs while in the coverage gap. | Once Ms. Smith has spent **$4,550** out-of-pocket for the year, at which point total drug costs are $6,455 her coverage gap ends. Now she only pays a small coinsurance or copayment for each drug until the end of the year. |

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# Part D Coverage Gap Discount

- If you reach the coverage gap in 2014
  - You may get a 52.5% discount
    - On brand-name Rx drugs
  - You may get a 28% discount
    - On generic drugs
- Additional savings in coverage gap each year
  - Gap to be closed in 2020

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# Improved Coverage in the Coverage Gap

| Year | What You Pay for Brand Name Drugs in the Coverage Gap | What You Pay for Generic Drugs in the Coverage Gap |
|---|---|---|
| 2012 | 50% | 86% |
| 2013 | 47.5% | 79% |
| 2014 | 47.5% | 72% |
| 2015 | 45% | 65% |
| 2016 | 45% | 58% |
| 2017 | 40% | 51% |
| 2018 | 35% | 44% |
| 2019 | 30% | 37% |
| 2020 | 25% | 25% |

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# Pharmacies

- In Network
  - Pharmacy will accept the Part D Plan
- Preferred Pharmacy
  - Plan-preferred pharmacies.
  - Pricing can be different than other networked pharmacies
- Mail Order Pharmacy
  - Usually for 90 day supplies
  - Not mandatory

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# Part D Eligibility Requirements

- To be eligible to join a Prescription Drug Plan
  - You must have Medicare Part A **and/or** Part B
- To be eligible to join Medicare Advantage plan w/drug coverage
  - You must have Part A **and** Part B
- You must live in plan's service area
  - You cannot be incarcerated
- You **must** be enrolled in a plan

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# When to Enroll

## When you can Join or Switch Medicare Prescription Drug Plans

| | |
|---|---|
| **Initial Coverage Election Period (IEP)** | ▪ 7 month period<br>▪ Starts 3 months before month of eligibility |
| **Annual Coordinated Election Period (AEP)** | October 15 – December 7 each year |

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# Open Enrollment

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# When Coverage Begins for Newly Entitled

- All people newly entitled to Medicare
  - 7-month Initial Enrollment Period for Part D

| If You Join | Coverage Begins |
|---|---|
| 3 months before your month of eligibility | Date eligible for Medicare |
| Month of eligibility | First of the following month |
| 3 months after your month of eligibility | First of the month after month of application |

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# Initial Enrollment Period

David turns 65 in April and begins his Medicare coverage. He enrolls in a Medicare Part D in March, and his coverage starts April 1st.

Rebecca also turns 65 in April. She signs up for a Medicare Part D plan in May. Her plan will begin June 1st.

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# When You Can Join or Switch Medicare Prescription Drug Plans (continued)

| | |
|---|---|
| **Annual Disenrollment Period** | Between January 1 – February 14, you can leave an MA plan and switch to Original Medicare.<br><br>If you make this change, you may also join a Medicare Prescription Drug Plan to add drug coverage. Coverage begins the first of the month after the plan gets enrollment form.<br><br>You will not have guaranteed issue for a Medicare Supplement policy. |

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# When you can Join or Switch Medicare Prescription Drug Plans (continued)

| | |
|---|---|
| **Special Enrollment Periods (SEP)** | ▪ You permanently move out of your plan's service area<br>▪ You lose other creditable Rx coverage<br>▪ You weren't adequately informed your other coverage was not creditable/was reduced and no longer creditable<br>▪ You enter, live in or leave a long-term care facility<br>▪ You have a continuous SEP if you qualify for Extra Help<br>▪ Or in exceptional circumstances |

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# Special Enrollment Period

Sam got a notice that his retirement plan is no longer providing drug coverage on January 1st. He would have up to 63 days after his coverage ends to sign up for a Medicare Part D plan without a penalty. His coverage would begin the 1st day of the month after he enrolls.

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# Special Enrollment Period

Jill moves outside her plan's service area. Since she moves, she would have a special enrollment period to enroll in a Medicare Part D plan in her new area. She would have 63 days from the time she moves to change to a different plan without a penalty. Her coverage would start the first day of the month following enrollment.

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# 5-Star Special Enrollment Period (SEP)

- Can enroll in 5-Star Medicare Advantage (MA), Prescription Drug Plan (PDP), or MA-PD
- Enroll at any point during the year
  - Once per year
- New plan starts first of month after enrolled
- Plan ratings granted on calendar basis
  - Ratings assigned in October of the preceding year
  - Use Medicare Plan Finder to view plan ratings
    - Look at Overall Plan Rating to identify eligible plans

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# Creditable Drug Coverage

- If you have other Rx drug coverage
  - It may or may not be creditable
  - If creditable, it meets or exceeds Medicare's minimum standards
- With creditable coverage
  - May not have to pay a late-enrollment penalty
- Plans inform yearly about whether creditable
  - e.g.; employer group plans, retiree plans, VA, TRICARE and FEHB

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# Penalty Calculation – Late Enrollment

- National base beneficiary premium
  - $32.42 in 2014
  - Can change each year
- Pay 1% for every month eligible but not enrolled
  - Unless person has creditable coverage
  - Penalty added to premium payment

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# Counseling Example

- The following slide has an example of a some questions someone might ask during a counseling session.
- Listen to the counseling example and think of other topics that might come up during the session
- What tools do you have to help this client?

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# Counseling Example

- Listen to the following example counseling session.

- Lisa is eligible for Medicare but still working. She wants to know how that can affect her Medicare Part D coverage.

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# Counseling Example

- Here are some follow-up issues to discuss with Lisa:
- What other impacts could working have on her Medicare coverage?
  - She can most likely delay Part B until she is no longer working
- What options should she consider when she retires?
  - Medicare with a Supplement or Medicare Advantage are available options since she won't have retirement group health insurance

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# Quiz

Please answer the following questions about Medicare Part D. You may use any resource material you may have available, including your training manual.

You will have two attempts to complete the quiz. If you do not successfully complete the quiz, please call the OSHIIP hotline at 1-800-686-1578 for further instruction. Good luck!

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# Which of the following methods is not a way of receiving Medicare Part D?

A) Stand Alone Part D Plan

B) Medicaid

C) Medicare Advantage Plan

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Sally's Medicare Part D plan requires her to try a cheaper, generic drug before it will cover a more expensive drug for the same medical reason. What is this called?

A) Prior Authorization

B) Step Therapy

C) Quantity Limits

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# Someone can have more than one Medicare Part D Plan.

A) True

B) False

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# Complete the sentence below by filling in the blank.

A _____ is the list of drugs that a drug plan covers

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What is the penalty assessed to the Part D premium if someone delays enrollment and does not have credible drug coverage through another source?

A) 10% for each year of delay

B) 1% for each month of delay

C) 5% for each month of delay

D) 5% for each year of delay

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# Medicare Part D pays for blood glucose testing supplies.

A) True

B) False

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# Please match the following enrollment periods to their timelines.

Column 1

- [ ] Special Enrollment Period
- [ ] Initial Enrollment Period
- [ ] Annual Coordinated Election Period

Column 2

A. 7 months surrounding first month of Medicare eligibility

B. Oct 15th through Dec 7th annually

C. 63 days after losing credible coverage

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# Flu shots are covered by Medicare Part D.

A) True

B) False

# Medicare Part D plans are offered by private companies that contract with Medicare.

A) True

B) False

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# Medicare beneficiaries can enroll into Part D during which of the following opportunities?

A) Annual Coordinated Election Period (Oct 15-Dec7)

B) Special Election Period

C) Initial Election Coverage Period

D) All of the Above

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