Medicare Annual Open Enrollment

Medicare Part D & Extra Help

Illinois Department on Aging
Senior Health Insurance Program (SHIP)
800-252-8966
Aging.SHIP@illinois.gov
The 4 Parts of Medicare

Part A Hospital Insurance

Part B Medical Insurance

Part C Medicare Advantage Plans (like HMOs/PPOs) Includes Part A, Part B, and sometimes Part D coverage

Part D Medicare Prescription Drug Coverage
Part D Prescription Drug Coverage

- Medicare drug plans
  - Approved by Medicare
  - Run by private companies
  - Available to everyone with Medicare

- You must join a plan to get coverage
There are 2 ways to get coverage

- Medicare Prescription Drug Plans (PDP)
- Medicare Health Plans with prescription drug coverage (MA-PD)
Part B Prescription Drug Coverage

Some Drugs are covered under Part B most under Part D

**Part B Drugs**
- Drugs your doctor administers at a dialysis facility
- Oral cancer/Anti-emetic drugs
- Certain vaccines (flu/pneumonia and Hepatitis B)
- Drugs that require administration via nebulizer or infusion pump

**Part D Drugs**
- Brand names and generics
- Drugs that are not covered under Part A or Part B
- Biological products such as insulin
- Barbiturates and Benzodiazepines formally not covered by Part D

May 2016
Part B Prescription Drug Coverage

- Part B covers limited outpatient drugs
  - Drugs and biologicals
    - Used for the treatment of End-Stage Renal Disease, such as drugs used for anemia
  - Drugs used at home with some types of Part B covered durable medical equipment
• Some oral drugs with special coverage requirements
  - Immunosuppressive drugs, under certain circumstances (after an organ transplant)
Part D Covered Drugs

- Prescription brand-name and generic drugs
  - Approved by the U.S. Food and Drug Administration
  - Used and sold in United States
  - Used for medically-accepted indications
- Includes drugs, biological products, and insulin
  - And supplies associated with injection of insulin
- Plans must cover a range of drugs in each category
- Coverage and rules vary by plan
Self-administered Drugs in Hospital Outpatient Settings

- Part B doesn’t cover self-administered drugs in a hospital outpatient setting
  - Unless needed for acute condition
- If enrolled in Part D, drugs may be covered
  - If not admitted to hospital
  - May have to pay and submit for reimbursement
  - You could bring maintenance drugs into hospital and ask to use them
Part D Eligibility Requirements

- You must have Medicare Part A and/or Part B to join a Medicare Prescription Drug Plan (PDP)
- You must have Medicare Part A and Part B to join a Medicare Advantage Plan with drug coverage (MA-PD)
Part D Eligibility Requirements Cont.

- You must have Medicare Part A and Part B or only Part B to join a Medicare cost plan with Part D coverage.
- You must live in the plan’s service area:
  - You can’t be incarcerated.
  - You can’t be unlawfully present in the U.S.
  - You can’t live outside the United States.
- You must join a plan to get drug coverage.
Creditable Drug Coverage

- Other prescription drug coverage:
  - Can be through employer group retiree plans, Veterans Affairs, TRICARE, the Indian Health Service, and the Federal Employee Health Benefits Program
Creditable Drug Coverage Cont.

- Creditable if it pays, on average, as much as Medicare’s standard drug coverage.
- Plans inform members annually by sending a notice of to all members by October 15. Notice states if coverage is *creditable* or not.
- With other creditable coverage there are no late enrollment penalties upon joining part D.
### Initial Enrollment Period (IEP)

- **When you first become eligible to get Medicare**
  - **7-month IEP for Part D (3-1-3)**

<table>
<thead>
<tr>
<th>If You Join</th>
<th>Coverage Begins</th>
</tr>
</thead>
<tbody>
<tr>
<td>During the 3 months before you turn 65</td>
<td>Date eligible for Medicare</td>
</tr>
<tr>
<td>During the month you turn 65</td>
<td>First day of the following month</td>
</tr>
<tr>
<td>During the 3 months after you turn 65</td>
<td>First day of the month after month you apply</td>
</tr>
</tbody>
</table>
When You Can Join or Switch Plans

- Medicare’s Open Enrollment Period is October 15–December 7 each year, coverage starts January 1
- You can leave a Medicare Advantage Plan and switch to Original Medicare from January 1–February 14 each year
  - You have until February 14 to also join a Part D plan (Stand alone plan)
If you don’t have Medicare Part A coverage, and enroll in Part B during the General Enrollment Period (January 1–March 31), you can sign up for a Medicare Prescription Drug Plan from April 1–June 30 each year.
Life events that allow an SEP include

- You permanently move out of your plan’s service area
- You lose other creditable prescription coverage
- You weren’t properly told that your other coverage wasn’t creditable, or your other coverage was reduced and is no longer creditable
Special Enrollment Period (SEP) Cont.

- **Life events**
  - You enter, live at, or leave a long-term care facility
  - You have a continuous SEP if you qualify for Extra Help
  - You belong to a State Pharmaceutical Assistance Program
  - You join or switch to a plan that has a 5-star rating
  - Other exceptional circumstances
5-Star Special Enrollment Period (SEP)

- Use Medicare Plan Finder tool at Medicare.gov to see quality and performance ratings
- Star ratings are given once a year, assigned in October of the past year
- Use 5-star SEP to switch to any 5-star plan one time
- December 8–November 30 of following year
- Coverage starts first day of month after enrolled
- Be careful not to switch from a Medicare Advantage (MA) Plan with drug coverage to an MA Plan with no Part D coverage
Medicare Drug Plan Costs

Costs vary by plan

2017 most people will pay
- Monthly premium
- Yearly deductible
- Copayment/coinsurance
- 40% for coverage brand-name drugs in coverage gap
- 49% for covered generic drugs in coverage gap
- Very little after spending $4950 out of pocket
Part D Monthly Premium and Income-Related Monthly Adjustment Amounts (IRMAA)

- Based on income above a certain limit
  - Fewer than 5% pay a higher premium
  - Uses same thresholds used to compute IRMAA for the Part B premium
  - Income as reported on your IRS tax return from 2 years ago
- Required to pay if you have Part D coverage
  - Failure to pay will result in disenrollment
# Income-Related Monthly Adjustment Amount (IRMAA)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 or less</td>
<td>$170,000 or less</td>
<td>Your Plan Premium (YPP)</td>
</tr>
<tr>
<td>Above $85,000 Up to $107,000</td>
<td>Above $170,000 Up to $214,000</td>
<td>YPP + $13.30*</td>
</tr>
<tr>
<td>Above $107,000 Up to $160,000</td>
<td>Above $214,000 Up to $320,000</td>
<td>YPP + $34.20*</td>
</tr>
<tr>
<td>Above $160,000 Up to $214,000</td>
<td>Above $320,000 Up to $428,000</td>
<td>YPP + $55.20*</td>
</tr>
<tr>
<td>Above $214,000</td>
<td>Above $428,000</td>
<td>YPP + $76.20*</td>
</tr>
</tbody>
</table>

*IRMAA is adjusted each year, as it’s calculated from the annual beneficiary base premium.
Required Coverage

- All plans must cover 6 protected Rx categories
  - Cancer medications
  - HIV/AIDS treatments
  - Antidepressants
  - Antipsychotic medications
  - Anticonvulsive treatments
  - Immunosuppressant's
Formulary

- A list of prescription drugs covered by the plan
- May have tiers that cost different amounts
- Tier Structure Example

<table>
<thead>
<tr>
<th>Tier</th>
<th>You Pay</th>
<th>Prescription Drugs Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lowest copayment</td>
<td>Most generics</td>
</tr>
<tr>
<td>2</td>
<td>Medium copayment</td>
<td>Preferred, brand name</td>
</tr>
<tr>
<td>3</td>
<td>High copayment</td>
<td>Non-preferred, brand name</td>
</tr>
<tr>
<td>4 or Specialty</td>
<td>Highest copayment or coinsurance</td>
<td>Unique, very high cost</td>
</tr>
</tbody>
</table>
Formulary Changes

- Plans may only change categories and classes at the beginning of each plan year
  - May make maintenance changes during year
    - Such as replacing brand-name drug with new generic
Plan usually must notify you 60 days before changes
- You may be able to use drug until end of calendar year
- May ask for exception if other drugs don’t work

Plans may remove drugs withdrawn from the market by the FDA or the manufacturer without a 60-day notification
Drugs Excluded by Law Under Part D

- Drugs for anorexia, weight loss, or weight gain
- Erectile dysfunction drugs when used for the treatment of sexual or erectile dysfunction
- Fertility drugs
- Drugs for cosmetic or lifestyle purposes
Drugs Excluded by Law Under Part D Cont.

- Drugs for symptomatic relief of coughs and colds
- Prescription vitamin and mineral products
- Non-prescription drugs
## How Plans Manage Access to Drugs

<table>
<thead>
<tr>
<th>Prior Authorization</th>
<th>Doctor must contact plan for prior approval and show medical necessity for drug before drug will be covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step Therapy</td>
<td>Must first try similar, less expensive drug</td>
</tr>
<tr>
<td></td>
<td>Doctor may request an exception if</td>
</tr>
<tr>
<td></td>
<td>• Similar, less expensive drug didn’t work, or</td>
</tr>
<tr>
<td></td>
<td>• Step therapy drug is medically necessary</td>
</tr>
<tr>
<td>Quantity Limits</td>
<td>Plan may limit drug quantities over a period of time for safety and/or cost</td>
</tr>
<tr>
<td></td>
<td>Doctor may request an exception if additional amount is medically necessary</td>
</tr>
</tbody>
</table>
Part D Late Enrollment Penalty

- Higher premium if you wait to enroll
  - Exceptions if you have
    - Creditable coverage or Extra Help
- Pay penalty for as long as you have coverage
  - 1% of base beneficiary premium ($35.63 in 2017)
    - For each full month eligible and not enrolled
  - Amount changes every year
What Is Extra Help?

- Program to help people pay for Medicare prescription drug costs
  - Also called the Low-income Subsidy (LIS)
- For people with limited income and resources
  - Lowest income and resources
    - Pay no premiums or deductible and small or no copayments
  - Slightly higher income and resources
    - Pay a reduced deductible and a little more out of pocket

- No coverage gap or late enrollment penalty if you qualify
- Continuous Special Enrollment Period
Income limits

- Below 150% of the federal poverty level
  - $17,820* per year for an individual, or $24,030* per year for a married couple
- Based on family size
Resources limits

- Up to $13,640* per year for an individual, or $27,250* per year for a married couple
  - Doesn’t include $1,500/person for funeral or burial expenses
  - Counts savings and investments
  - Real estate (except your home)

*Higher amounts for Alaska and Hawaii
Qualifying for Extra Help

You automatically qualify for Extra Help if you get

- Full Medicaid coverage
- Supplemental Security Income
- Help from Medicaid paying your Part B premium (Medicare Savings Program)
Qualifying for Extra Help Cont.

All others must apply

- Online at ssa.gov/medicare/prescriptionhelp/
- Call Social Security (SSA) at 1-800-772-1213
- TTY users should call 1-800-325-0778
  - Ask for “Application for Help With Medicare Prescription Drug Plan Costs” (SSA-1020)
Certain PDP’s offer benchmark plans
Benchmark plans are listed in Medicare & You handbook, premiums are listed in blue ink.
In 2017 there are 9 benchmark plans in Illinois
An Extra Help beneficiary who chooses a non-benchmark plan will have only a portion of their premium subsidized
In order to get $0.00 premium with Extra Help, a benchmark plan MUST be chosen
# Automatic and Facilitated Enrollment

<table>
<thead>
<tr>
<th>People With Medicare and...</th>
<th>Basis for Qualifying</th>
<th>Data Source</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Medicaid benefits</td>
<td>Automatically qualify</td>
<td>State Medicaid agency</td>
<td>Automatic enrollment in Part D drug plan (unless already in a drug plan)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Letter on YELLOW paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Coverage starts first month eligible for Medicare and Medicaid</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Continuous Special Enrollment Period (SEP)</td>
</tr>
<tr>
<td>Medicare Savings Program</td>
<td>Automatically qualify</td>
<td>State Medicaid agency</td>
<td>Facilitated enrollment in Part D drug plan</td>
</tr>
<tr>
<td>Supplemental Security Income benefits</td>
<td>Automatically qualify</td>
<td>Social Security (SSA)</td>
<td>▪ Letter on GREEN paper</td>
</tr>
<tr>
<td>Limited income and resources</td>
<td>Must apply and qualify</td>
<td>SSA (most) or state Medicaid agency</td>
<td>▪ Coverage starts 2 months after CMS receives notice of your eligibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Continuous SEP</td>
</tr>
<tr>
<td>Extra Help Copayments</td>
<td>2017 Generic/Brand-name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>-------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutionalized (Level 3)</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving Home and Community-Based Services (under waiver only) (Level 3)</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to or at 100% Federal Poverty Level (Level 2)</td>
<td>$1.20/$3.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Extra Help (Level 1)</td>
<td>$3.30/$8.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partial Extra Help (Deductible/Cost-Sharing) (Level 4)</td>
<td>$82.00/15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Medicare’s Limited Income Newly Eligible Transition (NET) Program

- Designed to remove gaps in coverage for low-income individuals moving to Part D coverage
- Gives temporary drug coverage if you have Extra Help and no Medicare drug plan
- Coverage may be immediate, current, and/or retroactive
Medicare’s Limited Income Newly Eligible Transition (NET) Program Cont.

- Medicare’s Limited Income NET Program
  - Has an open formulary
  - Doesn’t require prior authorization
  - Includes standard safety and abuse edits
    - To protect you from refilling too soon or therapy duplication
  - Has no network pharmacy restrictions
- Continuing Education credit webinars available
  - Run by Humana
How Do You Access Medicare’s Limited Income Newly Eligible Transition (NET) Program?

- **Auto-enrollment by CMS**
  - CMS auto-enrolls you if you have Medicare and get either full Medicaid coverage or Supplemental Security Income (SSI) benefits.

- **Point-of-Sale (POS) Use**
  - You may use Medicare’s Limited Income NET Program at the pharmacy counter (POS).

- **Submit a Receipt**
  - You may submit pharmacy receipts (not just a cashier’s receipt) for prescriptions already paid for out-of-pocket during eligible periods.
Step 1: Prepare

Prepare by getting your information together

- Current prescription drug coverage
- Prescription drugs, dosages, and quantities
- Preferred pharmacies
- Medicare card
- ZIP code
Step 2: Compare Plans on Medicare Plan Finder

- Search for drug and health plans
- Personalize your search to find plans that meet your needs
- Compare plans based on star ratings, benefits, costs, and more
Step 3: Decide and Join

- Decide which plan is best for you and enroll
  - Online enrollment at [Medicare.gov/find-a-plan](https://Medicare.gov/find-a-plan)
    - Plan’s website
  - Enroll by phone
    - 1-800-MEDICARE (1-800-633-4227)
      - TTY users should call 1-877-486-2048
    - Call the plan
  - Mail or fax paper application to plan
Annual Notice of Change (ANOC)

- All Medicare drug plans must send an ANOC to members by September 30
  - May be sent with Evidence of Coverage (EOC)
- Will include information for upcoming year
  - Summary of Benefits
  - Formulary
  - Changes to monthly premium and/or cost sharing
- Read ANOC carefully and compare your plan with other plan options
### Websites:
- Centers for Medicare & Medicaid Services (CMS) [CMS.gov](https://www.cms.gov)
- RxAssist - A directory of Patient Assistance Programs [rxassist.org](https://www.rxassist.org)
- Medicare Part D Appeals [MedicarePartDAppeals.com](https://www.medicarepartdappeals.com)

### Contacts:
- Medicare.gov
  - 1-800-MEDICARE (1-800-633-4227)
  - 1-877-486-2048 (TTY)
- Social Security
  - 1-800-772-1213
  - [socialsecurity.gov](https://www.socialsecurity.gov)
- Local State Health Insurance Programs [Medicare.gov/contacts](https://www.medicare.gov/contacts)
- Limited Income NET Program (HUMANA)
  - 1-800-783-1307 or 711 (TRS)
  - Email: linetoutreach@humana.com

### Manuals/Guidance:
- “Prescription Drug Benefit Manual”
  - [CMS.gov/Medicare/prescription-drug-coverage/prescriptiondrugcovcontra/partdmanuals.html](https://www.cms.gov/Medicare/prescription-drug-coverage/prescriptiondrugcovcontra/partdmanuals.html)
- “PDG Enrollment and Disenrollment Guidance”
  - [CMS.gov/Medicare/eligibility-and-enrollment/medicarepresdrugelig/enrol/]n
### Websites (continued):
- “Medicare Premiums: Rules for Higher-Income Beneficiaries”
  - [CMS.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/2015-2016-Mailings](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/Downloads/2015-2016-Mailings)
- National Training Program – Partner Job Aids
  - Visit the Training Library at [CMS.gov/outreach-and-education/training/cmsnationaltrainingprogram](https://www.cms.gov/outreach-and-education/training/cmsnationaltrainingprogram)

### CMS Publications:
- “Your Guide to Medicare Prescription Drug Coverage” (CMS Product No. 11109)
- “Things to Think About When You Compare Medicare Drug Coverage” (CMS Product No. 11163)
- “4 Ways to Help Lower Your Medicare Prescription Drug Costs” (CMS Product No. 11417)
- “How Medicare Drug Plans Use Pharmacies, Formularies, and Common Coverage Rules” (CMS Product No. 11136)

### To view or order these products:
- Single copies — [Medicare.gov/Publications](https://www.medicare.gov/Publications)
- Multiple copies (partners only) — [productordering.cms.hhs.gov](https://productordering.cms.hhs.gov)
- **CMS Partner Tip Sheets** — [CMS.gov/publications-for-partners.html](https://www.cms.gov/publications-for-partners.html)

### Medicare Products:
- “Medicare Drug Coverage Under Medicare Part A, B, & D” (CMS Product No. 11315-P)
- “Handling Medicare Part D Complaints” (CMS Product No. 11259-P)
- “How Retiree Coverage Works With Medicare Prescription Drug Coverage” (CMS Product No. 11403-P)
- “LI NET for People at Pharmacy Counter” (CMS Product No. 11328-P)
- “LI NET for People With Retroactive Medicaid & SSI Eligibility” (CMS Product No. 11401-P)
- “How Medicare Plans Drug Coverage Work With a Medicare Advantage Plan or Medicare Cost Plan” (CMS Product No. 11135)
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