

# **CHANGE NOTICE FOR MANUAL NO. 03-06, MEDICARE PRESCRIPTION DRUG BENEFIT**

**DATE: DECEMBER 12, 2005**

**Manual: Aged, Blind, and Disabled Medicaid**

**Change No: 03-06**

**To: County Directors of Social Services**

**Effective: January 1, 2006**

## **I. BACKGROUND**

### **A. General Information**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) established the Medicare Prescription Drug Program, also known as Medicare Part D. The Medicare Prescription Drug Program consists of two parts: 1) enrollment into a Prescription Drug Plan (PDP) and 2) a Low Income Subsidy (LIS).

The Medicare Prescription Drug Program provides assistance with prescription drugs for all Medicare beneficiaries. The monthly premium is expected to range from \$13 to \$65. The basic coverage includes an annual deductible of \$250 and cost sharing or co-payments of 25% up to \$2,250 in total drug costs. The beneficiary is then responsible for 100% of prescription costs until the total drug cost reaches \$5,100. The gap in coverage where the beneficiary is responsible for 100% of drug costs is referred to as the "donut hole". After a beneficiary reaches the catastrophic limit of \$5,100 in total drug costs, the co-payment for prescriptions is 5%.

Medicaid recipients with Medicare will not have to pay the premium, deductible, and they will not have the donut hole; however, recipients will continue to be responsible to pay co-payments. This includes, but is not limited to, recipients who receive Medicaid through CAP, Work First, and State/County Special Assistance. Institutionalized recipients will not pay co-payments. Co-payments will be \$1 and \$3 for Medicaid recipients with income less than or equal to 100% of the federal poverty level, and \$2 and \$5 for recipients with income over 100% of the federal poverty level.

Medicaid recipients, including MQB, are also automatically eligible for the LIS. The LIS will pay the premium cost for the basic Medicare prescription drug plan. Medicare beneficiaries who are eligible for the LIS and choose a plan other than the basic plan may be responsible for additional premium costs not covered by the LIS. Once an individual is determined eligible for the LIS, the individual will remain LIS eligible for the remainder of the calendar year, regardless of Medicaid eligibility. Please refer to [MA-2310, Taking the LIS Application.](#)

Due to this change in Federal regulations, beginning January 1, 2006, Medicaid will no longer provide prescription coverage for Medicare beneficiaries who also receive Medicaid. All other Medicaid services will continue to be covered. These recipients must enroll in a PDP to get their prescription drug benefit. Full Medicaid/Medicare recipients, currently receiving prescription drug coverage as a Medicaid covered service, have been automatically enrolled in a PDP by the Centers for Medicare and Medicaid Services. This enrollment will ensure no lapse in prescription drug coverage at anytime during this transition. Once enrolled, Medicaid recipients will be able to change PDPs at anytime, if they choose.

Counties have the option to assist recipients with enrollment. You may charge your time to Medicaid as long as you are also taking an LIS application or reviewing the Medicaid case.

## **B. MQB Recipients**

Individuals who receive MQB-Q/B/E are also automatically eligible for the LIS and must enroll in a PDP by May 15, 2006, or they will be automatically enrolled after May 2006. However, if these individuals enroll in a prescription plan before January, they will have help with prescription costs beginning January 1, 2006.

## **C. Notification**

All Medicaid recipients who are also Medicare beneficiaries are required to receive a timely notice when Medicaid will no longer cover their prescription drugs. Some notices have been updated to indicate Medicaid does not cover prescriptions. Other notices may require additional wording be added manually by the caseworker.

Medicaid recipients who are also Medicare beneficiaries and currently receiving Medicaid benefits that include prescription drug coverage will be notified automatically of this change in coverage effective January 1, 2006. This notification will be sent December 12, 2005. A copy of the notice being sent has been included as an attachment to this change notice. ([Attachment 1](#))

## II. CONTENT OF CHANGE

MA-2312, Medicare Prescription Drug Benefit, provides the policy and procedures for the Medicare drug program.

- A. Medicare beneficiaries receiving Medicaid do not have prescription drug coverage through Medicaid.
- B. Medicaid individuals entitled to or enrolled in Medicare Part A and/or Part B must enroll in a prescription drug plan to receive prescription drug coverage.
- C. Medicaid individuals must receive a timely notice when Medicaid will no longer cover prescription drugs.
- D. Always verify Medicare eligibility in SOLQ prior to keying "Y" in the Medicare A and Medicare B fields on the DSS-8125.
- E. Do not key future Medicare eligibility in EIS. Only key the Medicare eligibility into EIS the month prior to the Medicare eligibility start date. Medicare eligibility entered more than a month prior to the Medicare eligibility start date will result in the recipient having no prescription drug coverage through Medicaid or Medicare.
- F. Medicaid recipients entitled to/or enrolled in Medicare will be automatically enrolled in a PDP prior to January 1, 2006. MQB recipients will not be automatically enrolled until May 2006. MQB recipients who want prescription drug coverage prior to May must voluntarily enroll in a PDP.
- G. Medicaid recipients, including those in LTC, may enroll in the plan of their choice.

## III. EFFECTIVE DATE AND IMPLEMENTATION

This policy is effective January 1, 2006. Apply this policy to applications currently being processed and to redeterminations currently in process.

## IV. MAINTENANCE OF MANUAL

- A. **Remove:** Table of Contents Pages 1-3
- B. **Insert:** [Table of Contents](#) Pages 1-3
- C. **Remove:** Nothing to remove.
- D. **Insert:** [MA-2312](#), Medicare Prescription Drug Benefit

If you have any questions regarding this information, please contact your Medicaid Program Representative.

L. Allen Dobson, Jr., M.D., Assistant Secretary  
for Health Policy and Medical Assistance

(This material was researched and written by Christine Coffey, Policy Consultant, Medicaid Eligibility Unit.)