DHS Provides Guidance Regarding New Medicare Prescription Drug Coverage

TOPIC
Medicare Prescription Drug Coverage and its impact on Minnesota Health Care Programs enrollees.

PURPOSE
Provide information about new Medicare Prescription Drug Coverage and its impact on Minnesota Health Care Programs enrollees. Provide guidance to assist Medicare beneficiaries who inquire or wish to apply for financial help with Medicare prescription drug plan costs and information about opportunities for Medicare Prescription Drug Coverage outreach and education.

CONTACT
Counties and Tribal Agencies submit questions to HealthQuest.

All others direct questions to:
HCEA, 444 Lafayette Road, St. Paul, MN 55155-3848

ACTION
Implement instructions contained in this bulletin.

DUE DATE
Immediately.

SIGNED
BRIAN J. OSBERG
Assistant Commissioner
Health Care
I. Background

Medicare Prescription Drug Coverage was enacted into law on December 8, 2003, as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA).

The MMA makes the most sweeping changes to Medicare since its original passage in 1965. In addition to establishing the prescription drug benefit, the MMA introduced Medicare Advantage to replace Medicare Plus Choice (Medicare +) plans, with new ways to integrate and package Medicare Parts A and B and the option to include the prescription drug benefit. The MMA added new preventive services to Part B that include:

- cardiovascular screening tests,
- diabetes screening tests and
- an initial physical exam.

Other changes to Medicare Part B include a new annual increase to the Part B deductible and starting in January 2007, higher premiums for people with higher incomes.

III. Introduction – Medicare Part D

The most significant change for all Medicare beneficiaries is the creation of Medicare Prescription Drug Coverage, also referred to as Medicare Part D.

Starting January 1, 2006, millions of Medicare beneficiaries will have prescription drug coverage available under Medicare. Private insurance or other health care plan products will offer Medicare Prescription Drug Coverage. Beneficiaries in each region of the country will have at least two prescription drug plans to choose from. All Medicare beneficiaries will need to become informed about the new choices and make potentially difficult decisions about their drug coverage and how they will receive their drug benefits in the future.

The new Medicare Prescription Drug Coverage will also greatly affect how Minnesota Health Care Program (MHCP) enrollees with Medicare receive their drug benefits. Effective January 1, 2006, Medicare Prescription Drug Coverage will replace Medical Assistance (MA) drug coverage for people with Medicare or who are eligible to enroll in Medicare.

This bulletin provides state, county and tribal workers with information about Medicare Prescription Drug Coverage, the impacts on MHCP enrollees, and the outreach and education opportunities that are available to
help enrollees make the transition to Medicare drug coverage. (See Attachment A.)

III. The New Medicare Part D Prescription Drug Benefit

A. Medicare Prescription Drug Coverage
Medicare Prescription Drug Coverage will be provided through private prescription drug plans (PDPs) that offer drug-only coverage. Medicare Prescription Drug Coverage will also be available through Medicare Advantage (formerly known as Medicare + Choice) plans that offer integrated prescription drug and health care coverage (MA-PD plans). There must be at least two plan choices for beneficiaries in each region. Minnesota is in a region with six other states. For maps of the regions for Medicare Prescription Drug Coverage, see: http://www.cms.hhs.gov/medicarereform/mmaregions/pdpmap/pdpmap.asp and http://www.cms.hhs.gov/medicarereform/mmaregions/mamap/mamap.asp.

Medicare-approved PDPs will offer negotiated discount prices for drugs, based on a formulary with cost sharing for beneficiaries. PDPs must offer a standard drug benefit. MA-PDs must offer either a standard drug benefit or a benefit with broader coverage at no additional cost to the beneficiary. If the required standard drug benefit is offered, both PDPs and MA-PDs may also offer supplemental benefits, for an additional premium. Information about specific Medicare Prescription Drug plans will be available in October 2006. The Centers for Medicare and Medicaid Services (CMS) will have a tool available on its website for beneficiaries to compare plans.

B. Enrollment in Medicare Prescription Drug Coverage
To receive Medicare Prescription Drug Coverage, all Medicare beneficiaries must enroll in a Medicare prescription drug plan. Effective January 1, 2006, individuals who are entitled to Medicare Part A, or enrolled in Medicare Part B will be eligible to enroll in a Medicare prescription drug plan. Enrollment in Medicare Prescription Drug Coverage is voluntary. Medicare beneficiaries may choose not to enroll; however, beneficiaries who do not participate in Medicare Prescription Drug Coverage may be subject to a higher monthly premium if they decide to enroll at a later date.

The initial enrollment period for beneficiaries currently eligible or first eligible for Medicare on or before January 31, 2005, begins November 15, 2005, and ends on May 15, 2006. This is the enrollment period for all current Medicare beneficiaries to enroll in their choice of Medicare prescription drug plans. Beneficiaries first eligible for Medicare in February 2006 will have an initial enrollment period from November 15, 2005 to May 31, 2006. Beneficiaries first eligible for Medicare in March 2006 and thereafter will have an initial enrollment period that concurs with their Medicare Part B initial enrollment period. Beneficiaries enroll by directly contacting the plans. Plan sponsors will begin sending information about their Medicare prescription drug plan offerings to Minnesota Medicare beneficiaries in September 2005.

In 2007 and subsequent years, there will be an annual election period (open enrollment) during which beneficiaries may change their Medicare prescription drug plans. The annual election period will be November 15th through December 31st for coverage beginning the following calendar year. Special enrollment periods will allow beneficiaries to switch plans outside of the annual election period. Special enrollment periods are allowed in the following circumstances:
• The beneficiary permanently moves out of the plan service area.
• The beneficiary enters, resides in, or leaves a long-term care facility.
• A beneficiary has an involuntary loss of or reduction in creditable coverage benefits or does not receive adequate notice of the loss of creditable coverage benefits.
• The beneficiary is a full benefit dual eligible.
• Other exceptional circumstances determined by CMS.

Medicare Prescription Drug Coverage is a voluntary benefit. Medicare beneficiaries may choose not to enroll in a Medicare prescription drug plan. However, beneficiaries who choose not to participate in Medicare Prescription Drug Coverage and who do not have other creditable prescription drug coverage will be charged a higher monthly premium if they choose to enroll in a Medicare prescription drug plan after their initial enrollment period.

Creditable coverage is defined as prescription drug coverage that has been determined to be of equal or greater value to the standard Medicare prescription drug benefit. Creditable coverage may be provided by an employer plan, employer or union retiree plan, Veteran’s benefits, Federal Employees Health Benefit Plan, TriCare, or private insurance. Federal law requires all insurers to notify their members who are Medicare beneficiaries whether or not they will continue to provide the current prescription drug coverage, and whether the coverage they provide is considered creditable for Medicare Prescription Drug Coverage purposes.

The higher premium for delaying Medicare prescription drug plan enrollment is expected to be an additional 1% for each month the beneficiary was not enrolled in a Medicare plan and did not have other creditable coverage. Over time this could add a significant amount to a beneficiary’s monthly premium.

**Example**

Joanna has prescription drug coverage through a retiree health plan. The insurance company notifies her that this coverage will continue, but is not equal to or better than the standard Medicare prescription drug benefit; therefore, it is not considered creditable coverage. Joanna decides not to enroll in Medicare Prescription Drug Coverage during the initial enrollment period because she does not have ongoing prescription needs.

Nine months later, Joanna moves to a new city and cannot easily access her retiree health benefits. She decides to enroll in a Medicare prescription drug plan. Joanna delayed her enrollment by nine months, and she did not have coverage that was at least as good as Medicare Prescription Drug Coverage during that time. Her monthly premium will be 1% higher for each month she was without creditable coverage, or 9% more each month. The Medicare prescription drug plan she joins has a $37 monthly premium. A 9% increase means she will pay $3.33 more ($40.33) each month in 2007. The monthly premium for her plan increases to $40 in 2008. A 9% increase means she will pay $3.60 more ($43.60) each month for that year.

Beneficiaries with creditable drug coverage will not have to pay a higher premium if they later enroll in a Medicare prescription drug plan. Beneficiaries with drug coverage may have several options depending on whether their other coverage is creditable and whether that coverage is expected to
continue. Encourage beneficiaries who have drug coverage to contact the benefit administrator of their insurance plan to discuss their options.

CMS has created a series of vignettes to help explain how Medicare Prescription Drug Coverage will affect other types of health care coverage. This document is available online at: 

C. Medicare Prescription Drug Coverage Formularies

A Medicare Part D prescription drug includes any of the following if used for medically accepted purposes:

- A drug dispensed only by prescription and approved by the FDA
- A biological product dispensed only by a prescription, licensed under the Public Health Service Act and produced at an establishment licensed under the Public Health Service Act
- Medical supplies associated with the injection of insulin
- A vaccine licensed under the Public Health Service Act
- Smoking cessation agents

The following are excluded from Medicare Prescription Drug Coverage:

- Drugs for which payment is available under Medicare Part A or Part B (such as oral chemotherapy drugs and drugs administered by nebulization);
- Drugs or classes of drugs that are excludable by the Medicaid program (other than smoking cessation agents); these are:

  - Agents when used for anorexia, weight loss or weight gain
  - Agents when used for cosmetic purposes or hair growth
  - Agents when used for symptomatic relief of cough and colds
  - Prescription vitamins and mineral products (except prenatal vitamins and fluoride preparations)
  - Nonprescription drugs
  - Covered outpatient drugs with associated tests or monitoring as a manufacturer's condition of sale
  - Barbiturates
  - Benzodiazepines

Medicare Part D covered drugs may also include drugs for a use supported by clinical literature but not necessarily the use approved by the FDA. Plans may use a prior authorization procedure for approving drugs in these circumstances. Enrollees may also request that the plan make an exception for such 'off-label' use, or appeal the denial of coverage.

Enrollees may seek approval for a prescription drug not on the Medicare Prescription Drug plan’s formulary, to be a medically necessary drug. Medically necessary drugs are considered covered Medicare prescription drugs, although the enrollee may not receive a discounted price for the drug.

CMS has a formulary review and approval process that must be met before the sponsor is allowed to submit a plan proposal for Medicare prescription drug benefits. The CMS review process utilizes
best practices criteria, standards for formularies set by national pharmaceutical organizations (in particular the Unites States Pharmacopoeia), as well as the list of drug classes most commonly prescribed for Medicare beneficiaries. CMS wants to ensure that beneficiaries have access to a broad range of medically appropriate drugs to treat all disease states, and to assure that formulary design does not discriminate or substantially discourage enrollment of certain groups. Because significant negative outcomes would be expected due to changes in drug regimens for certain types of treatment, CMS reviews six particular drug classes to ensure that beneficiaries have uninterrupted access to all or substantially all the drugs in these classes via formulary inclusion: antidepressants, antipsychotic, anticonvulsants, antiretrovirals, antineoplastics, and immunosuppressants. Finally, plan sponsors of the Medicare prescription drug benefit must have a transition process for new enrollees whose prescribed drugs are not on the plan's formulary.

D. Medicare Prescription Drug Coverage Cost Sharing

1. The Standard Benefit

Most beneficiaries who enroll in a Medicare prescription drug plan will pay a monthly premium and other cost sharing, as described below. The premium for the standard drug benefit in calendar year 2006 is expected to be approximately $37/month. Most beneficiaries will have their prescription drug plan premiums deducted from their Social Security check. Beneficiaries who do not get Social Security may pay their premiums directly to their prescription drug plans by mail or through electronic bank account transfers. (See Attachment B.)

The standard Medicare prescription drug benefit has significant cost-sharing, including an annual deductible, coinsurance, and a period of 100% beneficiary paid costs, commonly known as the “coverage gap” or “doughnut hole,” followed by a catastrophic benefit period.

<table>
<thead>
<tr>
<th>Standard Benefit for 2006</th>
<th>Beneficiary Costs</th>
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</thead>
<tbody>
<tr>
<td>Monthly Premium</td>
<td>$37/month approx.</td>
</tr>
<tr>
<td>Annual Deductible</td>
<td>$250</td>
</tr>
<tr>
<td>Initial Rx Benefit ($250-$2,250)</td>
<td>25% coinsurance ($500)</td>
</tr>
<tr>
<td>100% Coverage Gap(Doughnut Hole)</td>
<td>$2,850 (expenditures from $2,250 - $5,100)</td>
</tr>
<tr>
<td>Catastrophic Benefit Period (&gt;=$5100)</td>
<td>The greater of 5% or copayments of $2 generic/$5 brand name</td>
</tr>
</tbody>
</table>

2. Extra Help with Medicare Prescription Drug Plan Costs

Medicare beneficiaries with limited income and assets will be eligible for financial help paying their Medicare prescription drug plan premiums and cost-sharing. For those who qualify, Medicare will subsidize all or part of their premiums and cost-sharing. Medicare calls the subsidy “Extra Help with Medicare Prescription Drug Plan Costs” on their forms and publications. It is also referred to as the “Low-Income Subsidy” or “LIS.”

(a) Full Subsidy

Medicare beneficiaries with incomes at or below 135% of federal poverty guidelines (FPG) and assets not exceeding $6000 for an individual or $9000 for a couple, will be eligible for the most Extra Help paying their Medicare prescription drug plan costs. They will get the full subsidy available for people with limited income and resources. They will have no monthly premiums, no annual deductibles, and no coverage gap.
Full subsidy eligibles will pay prescription copayments on drug costs up to $5100 per year. Copayment amounts will be based on income:

<table>
<thead>
<tr>
<th>Income</th>
<th>Copayments</th>
</tr>
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<tbody>
<tr>
<td>&lt; 100% FPG</td>
<td>$1 generic / $3 brand name drugs</td>
</tr>
<tr>
<td>&gt; 100% FPG</td>
<td>$2 generic / $5 brand name drugs</td>
</tr>
</tbody>
</table>

There are no copayments for full subsidy eligibles once drug costs exceed $5,100 within the year.

The subsidy applied to monthly premiums will be a specific dollar amount, (e.g., $37) which will reflect the premium for a standard Medicare prescription drug plan. Prescription drug plans may offer a standard plan and also offer other products with broader drug coverage at higher premiums. A subsidy eligible beneficiary may choose to enroll in a more costly plan, but will be responsible for any premium amount in excess of the premium subsidy.

(b) Partial Subsidy
Medicare beneficiaries with income between 135 and 150% FPG and assets not exceeding $10,000 for an individual and $20,000 for a couple will be eligible for a lesser amount of Extra Help paying Medicare drug plan costs. They will receive a partial subsidy. They will pay premiums on a sliding scale. The annual deductible will be reduced to $50, and coinsurance of 15% will apply to drug costs above $50 and up to $5100. Copayments of $2 for generic and $5 for brand name prescriptions will apply to costs exceeding $5,100 per year.

3. Automatic Eligibility for Extra Help
Certain Medicare beneficiaries automatically qualify for the Extra Help (full subsidy) and do not need to file an application form. These beneficiaries are eligible for the full subsidy regardless of their income and assets.

Automatic full subsidy eligibles are:

- MA enrollees (individuals enrolled in both MA and Medicare are called “full-benefit dual eligibles”);
- MA with a spend down enrollees who are covered by MA at least one day in the month (also “full-benefit dual eligibles”);
- Medical Assistance for Employed Persons with Disabilities (MA-EPD) enrollees (also “full-benefit dual eligibles”);
- Medicare Savings Program (MSP) enrollees: Qualified Medicare Beneficiaries (QMB), Service Limited Medicare Beneficiaries (SLMB) and Qualified Individuals I (QI-1); and
Recipients of Supplemental Security Income (SSI)

MA, MA with a spend down, MA-EPD and MSP enrollees will be automatically identified as eligible for the full subsidy on a monthly data tape the Department of Human Services (DHS) will submit to Medicare each month. For Medicare beneficiaries who later enroll in MA, MA with a spend down, MA-EPD or MSP and therefore qualify for the full subsidy, the subsidy will begin on the effective date of their MA or MSP coverage. Individuals who receive retroactive MA or MSP coverage will be reimbursed by their Medicare prescription drug plan for premiums or cost-sharing they paid for the retroactive months.

The Social Security Administration (SSA) will submit data on SSI recipients to Medicare on a monthly basis to identify those individuals who automatically qualify for the full subsidy.

Once a Medicare beneficiary is deemed eligible for the full subsidy due to MA, MA with a spend down, MA-EPD or MSP (or SSI) coverage, that beneficiary will continue to be full subsidy eligible for the rest of the calendar year. Changes in MA, MA with a spend down, MA-EPD or MSP enrollment, such as temporary gaps in coverage that occur within the year, do not affect current subsidy status. However, Medicare beneficiaries who are no longer enrolled in MA, MA with a spend down, MA-EPD or MSP in the fall of the year will be notified by CMS of the need to complete and submit a formal application to SSA to get Extra Help to pay their Medicare prescription drug plan costs the following calendar year.

Example
Omar is enrolled in MA effective February 1, 2006, with a manual monthly spenddown. Omar meets his spenddown for coverage in February, March, and April, and fails to meet his spenddown for June and July. Omar is automatically qualified for the full subsidy beginning in February, due to his MA enrollment. He will keep that status through December 31, 2006, regardless of his subsequent MA eligibility. If Omar is not enrolled in MA in the fall of 2006, he will receive a letter from CMS about the need to complete an application if he wants to get Extra Help with his Medicare prescription drug costs in 2007.

Note: In late spring through the summer of 2005, the Centers for Medicare and Medicaid Services (CMS) will begin mailing notices to individuals who are deemed eligible for the full subsidy. The “Important Information from Medicare about Paying for Prescription Drugs” notice is designed to make people who are automatically eligible for Extra Help aware that Medicare Prescription Drug Coverage is coming, and to let them know that they will get this help without filing an application.

There are three versions of this notice: one for people with Medicare and Medicaid (MA), one for people in a MSP, and one for beneficiaries who get SSI. The notices are available on the CMS website at [http://www.cms.hhs.gov/medicarereform/lir.asp](http://www.cms.hhs.gov/medicarereform/lir.asp) under the heading “Important Information for Those Who Qualify (Deemed Mailings).”
The notice to Medicare beneficiaries with MA tells them that MA will no longer cover their prescription drugs starting January 1, 2006.

4. Application for Extra Help with Medicare Prescription Drug Plan Costs
Medicare beneficiaries who do not automatically qualify for Extra Help with Medicare drug plan costs must submit an application to SSA and meet the income and asset guidelines to qualify. SSA has in place an efficient and cost-effective system to process these applications. SSA has developed a scan-able application form that is designed to streamline the eligibility determination. SSA has increased their staffing at local offices to provide outreach to beneficiaries and helper organizations about the subsidy application process. SSA is accepting applications for Extra Help in June 2005 and will begin processing all applications for Extra Help at their central processing center in Pennsylvania, beginning July 1, 2005. SSA will accept applications by mail, over the internet and by phone. Application forms with self-addressed, postage-paid envelopes will be available from SSA beginning in June 2005. Individuals can call SSA at 1-800-772-1213 to request an application. Beginning July 1, 2005, SSA will have an internet application available online at http://www.socialsecurity.gov/.

In May through August 2005, SSA will mail application forms with prepaid return envelopes to Medicare beneficiaries nationwide whom they have identified as potentially eligible for the Extra Help. A Sample SSA Cover Letter and Application is available online at http://www.ssa.gov/organizations/medicareoutreach2/Medicare%20App%20Form_1020_INST2.pdf

SSA is the primary agency responsible for processing applications for Extra Help with Medicare Prescription Drug Plan Costs, but the MMA requires that for applicants who refuse to use the SSA process and instead demand processing by the State agency, the State develop a separate process to accept applications and determine eligibility. DHS will have a manual eligibility determination process in place at the central office in St. Paul on July 1, 2005, to fulfill this federal requirement. This process will follow the MA rules for application timeframes, redeterminations, notices and appeal procedures. Contact the Health Care Eligibility & Access Unit at (651) 282-6494 or 1-888-938-3224 in the event a Medicare beneficiary calls or visits the county office and demands state processing of the Extra Help application.

5. Application Assistance
Minnesota’s Medicare beneficiaries of all ages can get free assistance with completing an application for Extra Help with Medicare drug costs by calling the Senior Linkage Line® at 1-800-333-2433.
Certified health insurance counselors are available to assist people with:

- Information about Medicare Prescription Drug Coverage and the Extra Help available;
- Help completing an application for Extra Help with Medicare Prescription Drug Plan Costs; and
- Help choosing a Medicare prescription drug plan (beginning in November 2005, when plan enrollment begins.)

Medicare beneficiaries can also get help with an application by calling SSA at 1-800-772-1213.
IV. The Impacts of Medicare Prescription Drug Coverage on MHCP Enrollees

A. Changes in Medical Assistance Coverage for Full Benefit Dual Eligibles

MA enrollees (including MA with a spend down and MA-EPD enrollees) who qualify for Medicare will have a significant change in their MA benefits due to the new Medicare Prescription Drug Coverage:

Effective January 1, 2006, people who qualify for Medicare and are enrolled in MA (full benefit dual eligibles) will automatically receive Medicare Prescription Drug Coverage. MA drug coverage will end for these beneficiaries on December 31, 2005, and the Medicare prescription drug benefit will take its place.

Federal law prohibits MA from continuing to pay for prescription drugs covered under the Medicare prescription drug benefit for individuals who are eligible for Medicare Prescription Drug Coverage. MA cannot pay prescription drug costs for enrollees who fail or refuse to enroll in, or opt out of Medicare Prescription Drug Coverage.

DHS will mail informational notices to MA enrollees in early Fall 2005 to inform them of this change. DHS will mail 10-day advance notices in late 2005 to inform full benefit dual eligible enrollees of the reduction in MA prescription drug benefits. MA enrollees who are not eligible for Medicare Prescription Drug Coverage will see no changes in their MA drug coverage.

1. MA Drug Wrap-Around of Medicare

   Full benefit dual eligibles will continue to receive MA coverage of certain types of drugs that are not covered by Medicare Prescription Drug Coverage. These are the only drugs MA will cover beginning January 1, 2006, for MA enrollees eligible for Medicare Prescription Drug Coverage:
   - Benzodiazepines;
   - Barbiturates;
   - Over-the-counter drugs that are currently covered by MA;
   - Certain drugs used to promote weight gain;
   - Certain prescription and over-the-counter drugs used for the symptomatic relief of cough and colds; and
   - Certain over-the-counter and prescription vitamin and mineral products.

2. Cost Sharing for Full Benefit Dual Eligibles

   All full benefit dual eligibles will automatically qualify for Extra Help (full subsidy) with their Medicare prescription drug plan costs. They will not pay Medicare prescription drug plan monthly premiums, deductibles, or coinsurance.

   Most MA enrollees with Medicare will pay prescription copayments of $1 to $5, depending on their income, for Medicare prescription drug costs up to $5,100 annually. There are no copayments once drug costs exceed $5,100 in a year. MA enrollees who reside in medical institutions, nursing homes, or Intermediate Care Facilities for Persons with Mental Retardation
(ICF/MRs), and whose costs are paid by MA, are exempt from Medicare prescription drug copayments.

3. Medicare Expenses and Spenddown

Drug costs paid by Medicare Prescription Drug Coverage and Medicare prescription drug plan premiums and other cost-sharing paid by a subsidy cannot be used to meet a spenddown or as deductions from income for waiver applicants and enrollees. Any out-of-pocket expenses under a Medicare prescription drug plan, such as premiums, deductibles, coinsurance, copayments, or costs of non-formulary drugs the beneficiary has paid or is obligated to pay will qualify as incurred medical expenses to meet a spenddown. Enrollees must verify these expenses. See Health Care Programs Manual 0913.21 (Allowable Medical Bills to Meet Spenddown) for more information about applying health care expenses to spenddowns.

Once an enrollee meets an MA spenddown, and is covered by MA for at least one day in a month, that enrollee will be deemed eligible for the full subsidy (Extra Help) for the remainder of the calendar year. When DHS notifies CMS that the individual is an MA enrollee, CMS will inform the enrollee’s Medicare prescription drug plan that the individual is eligible for the full subsidy. The Medicare plan will reimburse the enrollee for premiums or other cost-sharing paid after the effective date of subsidy eligibility. (See Section II (D) (3).)

CMS has issued a Fact Sheet to explain how Medicare Prescription Drug Coverage may affect their spenddown eligibility for Medicaid. The fact sheet is available online at: http://www.cms.hhs.gov/medicarereform/medicaid%20spend%20down.pdf.

4. Automatic Assignment and Passive Enrollment into a Medicare Prescription Drug Plan

To ensure that full benefit dual eligibles have Medicare Prescription Drug Coverage on January 1, 2006, CMS will randomly assign them to a Medicare prescription drug plan beginning in October 2005 and notify them by letter. If a dual eligible does not choose and enroll in a different plan by December 31, 2005, CMS will enroll the beneficiary in the pre-assigned plan effective January 1, 2006. This random assignment and enrollment applies only to Medicare beneficiaries who are also enrolled in Medical Assistance. Beneficiaries will be assigned to plans based on their current method of Medicare service delivery:

- Assignment to a stand-alone PDP (if currently in fee-for-service Medicare)
- Assignment to an MA-PD (if currently in a Medicare Advantage plan)

Any plan choice a beneficiary makes prior to January 1, 2006, will take precedence over the pre-assigned plan. In addition, full benefit dual eligibles have special enrollment privileges that allow them to opt out of or change plans at any time. A full benefit dual eligible beneficiary may choose a different plan simply by enrolling in that new plan. Beneficiaries who are not full benefit dual eligibles are restricted to the annual election period and limited special enrollment periods for changing plans.

Some health plans that participate in both the Prepaid Medical Assistance Program (PMAP) and Medicare maybe permitted by CMS to automatically enroll their PMAP members (full benefit dual eligibles) in special Medicare plans designed for dual eligibles that will include prescription drugs. CMS is calling this “passive enrollment.”
In Minnesota, this is a one-time option for health plans participating in Minnesota Senior Health Options (MSHO) during the initial implementation of Medicare Prescription Drug Coverage. All of the PMAP plans are participating in MSHO and will sponsor Special Needs Plans (SNPs) designed for dual eligibles under Medicare. These plans will provide comprehensive Medicare and Medicaid services as well as Medicare prescription drugs.

The purpose of passive enrollment is to ensure a smooth transition, allowing PMAP enrollees to get Medicare Prescription Drug Coverage without having to change health plans, pharmacies and formularies. Enrollees who are passively enrolled in their PMAP plan’s Special Needs Plans for dual eligibles will not be subject to the random auto assignment and enrollment process described above. PMAP enrollees subject to passive enrollment will receive notifications including an opportunity to “opt out” of passive enrollment, but then will have to choose another drug plan on their own to ensure that they have coverage on January 1, 2006.

B. Changes for Medicare Savings Program Enrollees

Medicare beneficiaries who are enrolled solely in Medicare Savings Programs (MSPs) (Qualified Medicare Beneficiaries (QMB), Service-Limited Medicare Beneficiaries (SLMB), or Qualified Individuals-1 (QI-1)), will have drug coverage available through Medicare beginning January 1, 2006. Since these individuals do not currently receive drug coverage through MA or the Prescription Drug Program, there will be no change to their MHCP participation or benefits. MSP-only enrollees will be automatically deemed eligible for Extra Help paying their Medicare prescription drug plan costs, with a full subsidy. (See Section II (D) (3)).

MSP-only enrollees must enroll in a Medicare prescription drug plan by December 31, 2005, to get Medicare drug benefits on January 1, 2006. If they fail to enroll in a plan by the end of the initial enrollment period, May 15, 2006, CMS will randomly assign and enroll them to a plan effective June 1, 2006. MSP-only enrollees may opt out of Medicare Prescription Drug Coverage, and will have a one-time opportunity to change plans if they are assigned and enrolled by CMS. After the one-time opportunity following enrollment, MSP-only enrollees will be subject to the same annual election period and limited special enrollment periods as other Medicare beneficiaries.

C. Changes in Coverage for Prescription Drug Program Enrollees

The Governor’s legislative budget proposal for 2005 includes a provision to end the Prescription Drug Program (PDP) effective January 1, 2006. If this is enacted into law, DHS will notify PDP enrollees prior to the change.

Given that PDP may end, it is vital that PDP enrollees enroll in a Medicare prescription drug plan before the end of 2005. PDP enrollees who are full benefit dual eligibles (enrolled in MA with a spenddown) will be randomly assigned and enrolled in a Medicare prescription drug plan if they fail to enroll in a plan by December 31, 2005. PDP enrollees who are not full benefit dual eligibles (not enrolled in MA) and who fail to enroll in a Medicare prescription drug plan by May 15, 2006 will have their plan enrollment facilitated by CMS, with coverage effective June 1, 2006.

All PDP enrollees are eligible for Medicare Prescription Drug Coverage, and as MSP enrollees they are deemed eligible for Extra Help paying their Medicare prescription drug plan costs, with a full subsidy. (See Section II (D)(3).)
PDP enrollees who currently use their PDP premium and PDP-paid drug expenses to meet an MA spenddown will be required to use other out-of-pocket expenses to meet a spenddown beginning January 2006. Prescription drug costs paid by Medicare Prescription Drug Coverage cannot be used to meet an MA spenddown. (See section III (A) (3).)

V. Action Required

Screening for Medicare Savings Programs
The MMA requires state Medicaid agencies to offer standard MSP eligibility screening to Medicare beneficiaries who contact their offices and inquire about or wish to apply for Extra Help paying for their Medicare prescription drug plan costs (i.e., the subsidy). Medicare beneficiaries who are interested in applying for Extra Help may automatically qualify for the full subsidy for Medicare prescription drug cost-sharing and may also be eligible for help paying their Medicare Part A and B cost-sharing.

1. Use form DHS-4033 as a screening tool to identify Medicare beneficiaries who are likely to be eligible for the QMB, SLMB, or QI-1 programs. This form is available online at: http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4033-ENG

   Use this screening tool when you are contacted by Medicare beneficiaries who:
   • Inquire about Medicare Prescription Drug Coverage or about help with Medicare prescription drug plan costs;
   • Ask for an application for Extra Help with Medicare Prescription Drug Plan Costs; or
   • Ask for help completing an application for Extra Help with Medicare Prescription Drug Plan Costs.

   Encourage beneficiaries who answer ‘yes’ to the three questions on the screening tool to complete a Minnesota Health Care Programs Application. Assist Medicare beneficiaries who have questions or who need help completing an application.

   MSP fact sheets are available online at:
   http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-2087E-7-05-ENG (QMB)
   http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-2087G-7-05-ENG (SLMB)
   http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-2087I-7-05-ENG (QI-1)

   If people do not want or do not appear to qualify for an MSP, provide them with information on the subsidy application process through SSA. (See section II (D) (4).)

VI. Medicare Prescription Drug Coverage Outreach and Education

A. Minnesota to Medicare Call to Action
DHS, Senior Linkage Line® (Minnesota’s State Health Insurance Assistance Program (SHIP)), and SSA have formed a partnership to educate and inform Minnesota’s community organizations, advocate agencies, and others who serve Medicare beneficiaries about Medicare Prescription Drug Coverage. A number of community organizations have responded to this outreach and education campaign, called the “Minnesota Medicare Call to Action.” A toolkit, complete with a Glossary of
Terms and Frequently Asked Questions, was developed to aid these organizations in their Medicare Prescription Drug Coverage outreach and education efforts. (See Attachments C-G.)

The Senior Linkage Line®, a program administered by the Minnesota Board on Aging and certified by CMS to provide assistance and counseling to Medicare beneficiaries and their families, together with local SSA representatives, has been conducting Medicare Prescription Drug Coverage education sessions throughout the state. Community organizations that plan to help Medicare beneficiaries with Medicare prescription drug issues attended these “train the trainer” type sessions, to learn about Medicare Prescription Drug Coverage and how to actively assist beneficiaries with filing an application for Extra Help with Medicare Prescription Drug Plan Costs. The Senior Linkage Line® expects to begin a second round of trainings in October 2005.

B. Medicare Part D List-serv
To facilitate the exchange of the most current information, DHS and the Minnesota Board on Aging have established an informational list-serv for organizations and agencies to receive the most accurate, up-to-date news about the implementation of Medicare Prescription Drug Coverage in Minnesota. To subscribe to the free list-serv, follow the instructions below.

1. To send a message, address it to Majordomo@lists.state.mn.us like you would to any other Internet email address.

2. To subscribe from the address you are sending the email from, send the following command in the body of an e-mail message (leave the subject line blank and do not have any other text in the body of the message except the highlighted text below. Do not include an auto-signature!): subscribe medicare-d-info

3. To unsubscribe from the Minnesota Medicare Part D list-serv, send a message with the phrase unsubscribe medicare-d-info (remove any other text or signature) to: Majordomo@lists.state.mn.us

4. If you are moving to a new email address, unsubscribe from your old address, and then re-subscribe under your new address.

If you have problems or questions about Minnesota Medicare Part D Informational Email List-serv contact the Minnesota Board on Aging at 651-296-3839.

C. CMS Outreach Resources
CMS is planning a number of direct mailings to Medicare beneficiaries as part of their Medicare Prescription Drug Coverage outreach efforts. The schedule of mailings is available online at: http://www.cms.hhs.gov/partnerships/news/mma/externalmailing5-18-05.pdf.

CMS has also created an online partner website, the "Medicare Prescription Drug Coverage Information for Partners" page: http://www.cms.hhs.gov/partnerships/default.asp and a CMS Outreach Toolkit: Medicare Prescription Drug Coverage available online at: http://www.cms.hhs.gov/partnerships/tools/materials/medicaretraining/MPDCoutreachkit.asp.

D. SSA Outreach Resources
SSA is committed to working with community partners and organizations willing to help in their outreach efforts to connect as many Medicare beneficiaries as possible to Extra Help with Medicare
Prescription Drug Plan Costs. SSA has created a form for local organizations, such as county and tribal agencies, to indicate their willingness to help with outreach efforts and to request SSA staff involvement at the local level. Return completed forms to the St. Paul District Office, using the contact information on the form.

(See Attachment H.)

SSA has several outreach products available for organizations assisting Medicare beneficiaries with applications for Extra Help with Medicare Prescription Drug Plan Costs. The SSA partner website can be found at: http://www.ssa.gov/organizations/medicareoutreach2/.

SSA has also created an online tool for beneficiaries to determine whether they may qualify for Extra Help with Medicare Prescription Drug Plan Costs. The qualifying tool can be found online at: https://s044a90.ssa.gov/apps6a/i1020/main.html.

E. Options for County Agencies
DHS encourages county agencies to take a proactive approach toward Medicare Prescription Drug Coverage transitioning, by assisting Medicare beneficiaries with learning about the new Medicare prescription drug benefit, and helping beneficiaries make the choices this new Medicare benefit will require.

County agencies may want to consider the following suggested activities:

- Partner with the local SSA field office in planning Medicare Prescription Drug Coverage outreach activities.

- Invite local SSA representatives to present information and take applications for Extra Help with Medicare Prescription Drug Plan Costs at county-sponsored events such as conferences, county fairs, and expos.

- Display and distribute paper applications for Extra Help with Medicare Prescription Drug Plan Costs at county offices and outstation locations. (See Section II (D) (4).)

- Make a computer station or a telephone available for Medicare beneficiaries who wish to complete an SSA Internet or phone-in application for Extra Help with Medicare Prescription Drug Plan Costs. Schedule and advertise onsite staff assistance.

- Make a computer station available for Medicare beneficiaries who want to explore their prescription drug plan options online. (Plan information will be available in Fall 2005.)

VII. Legal Reference

VIII. Special Needs
This information is available in other forms to people with disabilities by contacting us at (651) 296-
8517 (voice) or toll free at (800) 657-3659. TTY/TDD users can call the Minnesota Relay at 711 or (800) 627-3529. For the Speech-to-Speech Relay, call (877) 627-3848.

IX. Attachments

Attachment A  Medicare Prescription Drug Coverage Cheat Sheet
Attachment B  Medicare Prescription Drug Coverage Standard Benefit & Extra Help
Attachment C  Toolkit Summary
Attachment D  Toolkit Frequently Asked Questions
Attachment E  Toolkit Glossary of Terms
Attachment F  Toolkit Timeline
Attachment G  Toolkit Message for Beneficiaries
Attachment H  SSA Medicare Prescription Drug Benefit Outreach Flyer
## MEDICARE PRESCRIPTION DRUG COVERAGE

### Standard Medicare Prescription Drug Coverage

<table>
<thead>
<tr>
<th>Cost Sharing</th>
<th>Beneficiary Costs for 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Premium</td>
<td>$37/month average</td>
</tr>
<tr>
<td>Annual Deductible</td>
<td>$250</td>
</tr>
<tr>
<td>Initial Rx Benefit ($250-$2,250)</td>
<td>25% coinsurance ($500)</td>
</tr>
<tr>
<td>100% Coinsurance (Donut Hole)</td>
<td>$2850 (expenditures from $2,250 - $5,100 = doughnut hole)</td>
</tr>
<tr>
<td>Catastrophic Benefit Period (&gt;=$5100)</td>
<td>Greater of 5% or $2/$5 copayment per prescription</td>
</tr>
</tbody>
</table>

### Effective Date

Medicare Prescription Drug Coverage available 1/1/06.

Full benefit dual eligibles (MA, MA spenddown, MA-EPD) will receive their prescription drug benefit from a Medicare Prescription Drug plan instead of the State Medicaid program beginning 1/1/06.

### Eligibility

Individuals entitled to Part A or enrolled in Part B may enroll in Part D.

### Monthly Premiums

- Enrollees pay a premium of $37/month on average the first year, increasing thereafter, based on the enrollee’s choice of plan.
- Prescription drug plan premiums may be paid directly to the prescription drug plan (PDP) or Medicare Advantage plan (MA-PD), deducted from the Social Security check, or paid by electronic funds transfer.
- The premium amount is increased for individuals who fail to enroll during their individual enrollment period. The increase is the greater of an amount the Secretary deems actuarially sound or 1% for each month the individual did not have creditable coverage after the end of the enrollment period.

### Benefits

- Beneficiaries must enroll in a stand alone PD) or an MA-PD.
- All PDPs and MA-PDs must offer at least the standard “basic” drug coverage or its actuarial equivalent. PDP and MA-PD plan sponsors may also offer additional plans with richer coverage.

### Subsidies for Medicare beneficiaries with limited income & resources

The Social Security Administration will process applications for the low-income subsidy, except that groups who automatically qualify for the full subsidy do not need to apply (SSI, Medical Assistance and MSP enrollees).
<table>
<thead>
<tr>
<th>Subsidy Category</th>
<th>Eligibility Criteria</th>
<th>Application Process</th>
<th>Assistance</th>
</tr>
</thead>
</table>
| **Full Benefit Dual Eligible** | All MA enrollees, including MA enrollees with spenddown who are covered at least 1 day in a month, and MA-EPD enrollees. | No application needed. Automatically qualify for full subsidy. | Income ≤ 100% FPG  
Fully subsidized premium  
No deductible  
$1/$3 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level  

Income > 100% FPG  
Fully subsidized premium  
No deductible  
$2/$5 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level |
| **Medicare Savings Program enrollees (QMB, SLMB, QI-1)** | SSI recipients without Medicaid | No application needed. Automatically qualify for full subsidy. | Income ≤ 100% FPG  
Fully subsidized premium  
No deductible  
$1/$3 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level  

Income > 100% FPG  
Fully subsidized premium  
No deductible  
$2/$5 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level |
| **Income < 135% FPG** | Income < 135% FPG  
Assets² ≤ $6000/$9000 | Must file application with SSA.  
Applicants must be screened for potential Medicare Savings Program eligibility. | Income ≤ 100% FPG  
Fully subsidized premium  
No deductible  
$1/$3 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level  

Income > 100% FPG  
Fully subsidized premium  
No deductible  
$2/$5 co-pay up to out-of-pocket limit of $5,100  
No cost sharing at catastrophic level |

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1 Institutionalized full benefit dual eligibles will have no copayments.
<table>
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<th>Application Process</th>
<th>Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Low-Income Subsidy Eligible</td>
<td>Income &lt; 150% FPG Assets&lt;sup&gt;2&lt;/sup&gt; ≤ $10,000/$20,000</td>
<td>Must file application with SSA&lt;br&gt;Must be screened for potential Medicare Savings Program eligibility.</td>
<td>Sliding Scale premium (Range from 100% subsidy ≤ 135% FPG to no subsidy at 150% FPG)&lt;br&gt;$50 deductible&lt;br&gt;15% coinsurance up to out-of-pocket limit of $5,100&lt;br&gt;$2/$5 co-pay at catastrophic level</td>
</tr>
</tbody>
</table>

<sup>2</sup> For individuals who have an asset test, SSA will count only liquid assets like financial holdings, bank balances, and real estate holdings other than the homestead. SSA will not consider the family home, family heirlooms, wedding rings, burial plot, the family car, or any other non-liquid assets in the LIS determination.
Medicare Part D Standard Benefit

**Cost Sharing**

<table>
<thead>
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<tr>
<td>Catastrophic Benefit Period (&gt;5100)</td>
<td>Greater of 5% or $2/$5 copayment per prescription</td>
</tr>
</tbody>
</table>
Full Subsidy

- **Catastrophic Benefit**
  - 100% Plan
  - No copays

- **Drug Costs**
  - Over $5,100
    - $0 - $5,100
  - $51 - $5,100

Partial Subsidy

- **Catastrophic Benefit**
  - 15%
  - 85%

- **Drug Costs**
  - Over $5,100
    - $51 - $5,100
  - $0 - $50
  - $0 - $50

- **Beneficiary Costs**
  - No premiums
  - No deductibles

- **Co-Pays**
  - $1/$3 < 100% FPL
  - $2/$5 > 100% FPL

- **Sliding Scale Premiums**
  - will vary

- **Part D Plan**
Every Medicare beneficiary will soon begin navigating through the information, choices, letters, facts and marketing materials about the new Medicare Prescription Drug Benefit. An important part of this journey is for the beneficiary to find out if he or she may be able to get extra help paying for the Medicare Prescription Drug Benefit premiums, annual deductible, coinsurance and co-payments. Between now and the end of the year, you can help beneficiaries learn if they qualify for the extra financial help. This information will help you understand which “boat” beneficiaries may be in, so that you can help them navigate another part of the course.

Some beneficiaries with limited income and resources will need to complete an application for the Social Security Administration (SSA) to find out if they get extra help with Medicare Prescription Drug Plan costs. Here are the ways that people can apply to SSA:

1. Fill out the paper “Application for Help with Medicare Prescription Drug Plan Costs” and mail it to the address on the form. This starts in May 2005. The application may also come in the mail.
2. Fill out an application on the Internet at www.socialsecurity.gov starting July 1, 2005.
3. Attend a sign-up event in the community to get assistance with completing the application.
4. Call or go to the local Social Security Administration office for help.

Some beneficiaries will automatically qualify for extra help: people receiving supplemental security income (SSI), enrolled in full Medicaid benefits, receiving a Medicare Savings Program (MSP) benefit under Medicaid, and the enrollees in Minnesota Prescription Drug Program. These beneficiaries do not need to apply for extra financial help or do anything until October 2005, when they will need to choose a Medicare Prescription Drug Benefit Plan.

### Medicare Beneficiaries Who Should Apply

- Individual income not greater than $14,000 annually (2006)
- Couple income not greater than $18,800 annually (2006)
- Resources not greater than $10,000 for individual or $20,000 for couple (2006)

### Medicare Beneficiaries Who Need Not Apply

SSI beneficiaries: 65 and older or receive SSI with SSDI

Medicaid enrollees, including*  
- Qualified Medicare beneficiaries (QMB)
- Services Limited Medicare beneficiaries (SLMB)
- Qualified Individuals (QI)
- Minnesota Prescription Drug Program enrollees (QMB, SLMB)

- Elderly people
- People with disabilities
- Working disabled (MA-EPD)
- Elderly Waiver enrollees (EW)
- Parents/caretakers
- Enrollees with a spenddown

* See glossary for explanation of terms
On January 1, 2006 a new Medicare prescription drug benefit begins! As we chart a new course with the Medicare Prescription Drug Benefit (Part D), it will require the help of many to navigate these new Medicare options. Thank you for your help and support to persons with disabilities and seniors who need to know the facts about the Medicare Prescription Drug Benefit, also referred to as Medicare Part D.

Get Ready…Get Set…Go!

We are here to help Minnesotans navigate their course through the new Medicare Prescription Drug Benefit. All Medicare beneficiaries need to know how the Medicare Prescription Drug Benefit will affect them. Help beneficiaries take action now! Communicate these key messages to beneficiaries and their caregivers.

GET READY:
• All Medicare beneficiaries must take action.
• Read all notices and letters about the Medicare Prescription Drug Benefit.
• Stay informed.

GET SET:
• Apply for extra financial help with Medicare Prescription Drug Benefit costs (beginning May 15, 2005).
• Learn about the different plans to choose from starting October 2005.

GO!
• Enroll in a prescription drug plan that’s right for you (November 15, 2005 through May 15, 2006).
• New Medicare Prescription Drug Benefit begins January 1, 2006.

The following tools are included to help you guide Minnesota Medicare beneficiaries on this journey:

1. Frequently Asked Questions
Basic questions helpers may be asked about the Medicare Prescription Drug Benefit.

2. Glossary of Terms
New terms and their meanings related to the Medicare Prescription Drug Benefit.

3. “Medicare Rx Made Simple” Wheel
A tool to help estimate out-of-pocket costs with the Medicare Prescription Drug Benefit.

4. Easy Reference Timeline
Printed inside your folder is a timeline of important Medicare Prescription Drug Benefit events for your reference.

5. Message for Beneficiaries
A handout for beneficiaries with important messages about the new Medicare Prescription Drug Benefit and resources for help.

6. Key Dates
Helps remind beneficiaries of important events related to the Medicare Prescription Drug Benefit.

Questions? Free help is here.

1-800-333-2433

Social Security Administration
1-800-772-1213 • www.socialsecurity.gov

www.Medicare.gov • 1-800-Medicare

Your current health plan’s customer service department.

This information is available in other forms to people with disabilities by contacting us at 651-296-2770 or 1-800-882-6262 or through the Minnesota Relay Service at 711 or 1-800-627-3529 (TDD), 1-877-627-3848 (speech-to-speech relay service).
Question #1. What is the new Medicare prescription drug benefit?
Answer: It is new prescription drug coverage available to people who have Medicare. Beginning January 1, 2006, if you enroll in a Medicare Prescription Drug Benefit Plan (also known as Medicare Part D), a portion of your prescription drug costs will be paid for by the Plan.

Question #2. Do I have to enroll in this program?
Answer: No. But if you don’t, you may pay a higher premium later. Most Medicare beneficiaries must make a decision to enroll in a Medicare Prescription Drug Benefit Plan beginning November 15, 2005 through May 15, 2006, or risk having to pay a higher premium (see question #4). However, if you are currently receiving Medicare AND Medicaid (the Minnesota Medical Assistance program) or Medicare AND Supplemental Security Income, you will automatically be assigned to a Medicare Prescription Drug Benefit Plan. You may then opt out of this Plan or choose another.

Question #3. When do I need to sign up for the benefit?
Answer: All individuals entitled to Medicare Part A or enrolled in Part B can enroll in the Medicare Prescription Drug Benefit Plan from November 15, 2005 through May 15, 2006. After May 15, 2006, enrollment will only be allowed under special circumstances, and you may have to pay more for the same drug benefit because you enrolled late. If you become eligible for Medicare after November 15, 2005, Medicare will inform you of the dates of your six-month enrollment period.

Question #4. Can I wait a year to see how this new program goes before I enroll?
Answer: You could, but then you may have to pay more for the Medicare Prescription Drug Benefit. The longer you wait to enroll after May 15, 2006, the more you may have to pay for the premium.

Question #5. How do I get the new drug benefit?
Answer: You can enroll with the plan of your choice beginning November 15, 2005. You will have at least two plans to choose from, perhaps more. You may compare plans and choose the one that is best for you by going to www.Medicare.gov or by calling the Minnesota Senior LinkAge Line® at 1-800-333-2433. The Senior LinkAge Line® is the State Health Insurance Assistance Program (SHIP) for all Minnesota Medicare beneficiaries and is designated by the Centers for Medicare & Medicaid Services to provide Medicare assistance.

Question #6. How much will it cost?
Answer: If you do not qualify for extra help with Medicare Prescription Drug Benefit Plan costs, you will pay a monthly premium, an annual deductible, and co-payments, which will vary according to the plan you choose and where you live. Under the standard plan, individuals will pay an estimated premium in 2006 of $37 every month and a $250 deductible before Medicare starts helping with costs. After you have paid $3600 for your prescriptions in a year, your Medicare Prescription Drug Benefit plan may pay 95% or more of the cost of your prescriptions for the rest of the year.

Question #7. Will all plans cost the same?
Answer: Probably not. Each plan can decide to provide more than one option which may have a higher premium and more coverage. Each plan must have a total package of benefits that is of equal value to the standard plan. However, no matter which plan you choose your total payments for prescription drugs during the year will be no more than $3,600, after which the Medicare Prescription Drug Benefit plan pays 95% or more of the cost of your prescriptions for the rest of the year.
Question #8. Will all plans offer the same drugs?  
Answer: No. The drugs covered may vary from plan to plan, so you will need to make sure that the plan you choose covers the drugs that you need.

Question #9. How much will I save?  
Answer: The amount you save will depend on your drug costs, your income, and the discounts that your drug benefit plan negotiates for the drugs that you take. If you spend more than $694 per year on drugs (which equals the 2006 estimated $444 yearly premium + $250 standard deductible), then you will likely save on your drug costs. It is important to keep in mind that your drug costs may increase as you grow older, or if you become sick, so while you may not need coverage now, you may want it later. Enroll now (no later than May 15, 2006) to avoid paying increased premiums later.

Question #10. Is there any additional assistance for persons with disabilities or low-income elderly Medicare enrollees?  
Answer: Extra help paying for Medicare Prescription Drug Benefit Plan costs is available. If your income is less than about $14,000 (or less than about $18,800 for couples) and your assets are less than $10,000 ($20,000 for couples), you may qualify for this extra help. Assets that are counted include: savings accounts, stocks, bonds, real estate, and life insurance, excluding your home and car.

Some people may automatically qualify for extra help. If you receive supplemental security income benefits (SSI), prescription drug coverage from the Minnesota Medical Assistance program, or are enrolled in a Medicare Savings program (QMB, SLMB, QI), or the Minnesota Prescription Drug Program, you will automatically qualify for extra help and do not need to complete an application.

Question #11. How can I find out if I qualify for the extra help with my Medicare Prescription Drug Benefit Plan costs?  
Answer: You can apply for extra help by completing the Social Security Administration’s “Application for Help with Medicare Prescription Drug Plan Costs.” Beginning July 1, 2005 you can apply over the Internet at www.socialsecurity.gov or by calling SSA at 1-800-772-1213. Applications will be available at many community sites. You can also obtain an application form by calling the Senior LinkAge Line® at 1-800-333-2433. Senior LinkAge Line® has staff and volunteers available to assist you with completing the application form. If you want to find out if you automatically qualify for extra help because you are enrolled in the Minnesota Medical Assistance program, contact your local county social service office.

Question #12. Can I keep my Medigap policy?  
Answer: If you have a Medigap plan that includes prescription drug coverage and you keep that plan, you cannot enroll in the Medicare Prescription Drug Benefit. If you would prefer to enroll in the Medicare Prescription Drug Benefit, you may either continue your existing Medigap plan without the prescription drug coverage (with a lower premium) OR you may enroll in a Medigap policy that does not offer prescription drug coverage. If your Medigap drug benefit is at least equal in value to the Medicare Prescription Drug Benefit, you may keep your Medigap plan without risk of having to pay a higher premium for the Medicare Prescription Drug Benefit. Your Medigap plan must tell you whether it is equal in value to the Medicare Prescription Drug Benefit. If you keep your current Medigap policy that is of LESSER value than the Medicare Prescription Drug Benefit, you may have to pay a higher premium if you decide to enroll in the Medicare Prescription Drug Benefit at a later date.

Question #13. I am enrolled in Tricare—will my military retiree or veterans’ drug benefits change?  
Answer: No. Military retirees and their dependents can choose to stay in Tricare-for-Life, and veterans may get drugs through the Veterans Affairs health system if they are enrolled in it. You can later decide to enroll in the Medicare Prescription Drug Benefit without paying a higher premium.
Question #14. I am a retiree covered by my former employer or union plan—can I still get the Medicare Prescription Drug Benefit?

Answer: Yes. You can choose to keep your retiree coverage or switch to Medicare Prescription Drug Benefit. In order for you to make the right choice, your former employer or union must tell you if they intend to continue offering drug coverage in your retiree plan, if the coverage is as complete as the Medicare Prescription Drug Benefit coverage, and whether the plan will receive a subsidy for continuing the drug coverage. To ensure you make the right choice, call your employer or union benefits department.

Question #15. I have Medical Assistance, can I stay with it?

Answer: You will no longer be able to get your prescription drugs through Medicaid – the Minnesota Medical Assistance program (a few exceptions may apply). Medicare will provide your prescription drug benefit beginning in 2006. Medicare may pay for your prescription drug costs, except for co-payments that could range between $1 and $5, depending on your income and if the drug is generic or a brand name. You may not need to pay co-payments after your total drug expenses reach about $5100. If you do not enroll in a plan by January 1, 2006, you will be assigned to a plan.

Question #16. What will happen to the Minnesota Prescription Drug Program?

Answer: This will depend on what happens during the state legislative session, but current Prescription Drug Program enrollees will automatically be eligible for the extra help paying Medicare Prescription Drug Benefit Plan costs described in question #10.

Question #17. Can I get discounted drugs from a manufacturer-sponsored program if I sign up for the new benefit?

Answer: This will depend on the manufacturer’s policy. Many pharmaceutical companies limit their patient assistance programs to low-income individuals who do not have access to drug coverage. Such programs may exclude Medicare beneficiaries starting in 2006. You should contact the company to find out how they are planning to respond to the new Medicare Prescription Drug Benefit (also known as Medicare Part D).

Question #18. Do I have to change pharmacies?

Answer: You may have to change pharmacies, depending on your Medicare Prescription Drug Benefit plan. Some plans may have a limited pharmacy network. You need to check the network of pharmacies in different plans to see if your pharmacy is included.

Question #19. Can I switch Medicare Prescription Drug Benefit plans if I don’t like the one I’m in?

Answer: You may switch plans once a year, between November 15 and December 31, beginning in 2006. If you switch plans, your new coverage will begin the following calendar year. For example, if you complete the paperwork to switch plans on November 29, 2006, you will be enrolled in a new plan as of January 1, 2007. There are some special circumstances where you may get a special enrollment period.

Question #20. Does the Medicare Prescription Drug Benefit pay for all drugs?

Answer: No. While Medicare Part D covers most drugs, it does not cover all drugs. Each plan will have a list of drugs that are covered (called a “formulary”). Your plan will have a process for you to request an “exception” to receive coverage for medically necessary drugs not on the formulary. Some drugs will continue to be covered under Medicare Part B.

Question #21. What if the drug my doctor prescribed is not on the list of drugs covered in my plan?

Answer: You or your doctor can request that your plan pay for a medically necessary drug not on the
plan’s formulary, or drug list. If your plan refuses to pay, there is an appeal process. Drugs listed as “excluded” from your plan cannot be appealed. If your appeal is denied, you will be responsible for paying the full cost of any drug that is not on the formulary. This cost will not be counted toward the annual $3,600 out-of-pocket amount.

**Question #22. What is Medicare Advantage and how does the new benefit work with those plans?**

**Answer:** Medicare Advantage is the new managed care program that is replacing Medicare+Choice. Medicare Advantage plans may offer a combination of health coverage and the Medicare Prescription Drug Benefit, and perhaps additional benefits not offered by traditional Medicare, such as dental or vision care. Most Medicare Advantage plans will require you to choose a doctor in the plan’s network or pay more to go to an out-of-network doctor. During open enrollment in the fall of each year, you can choose whether you want to stay in a Medicare Advantage plan, switch to a different Medicare Advantage plan, or return to traditional Medicare.

**Question #23. What if my plan charges me a different price for the same prescription each time I get a refill?**

**Answer:** Your plan sets the discount price you pay for each drug based on the negotiated price it gets from manufacturers, discounts from pharmacies, and the preferred drugs selected by the plan. Your cost for the same drug throughout the year may vary, depending on whether you are still paying the deductible, or if you have completed the initial coverage, or have reached the annual out-of-pocket limit of $3,600.
Glossary of Terms

Medicare Prescription Drug Benefit (Part D)

(All italicized words used in the definitions also have definitions in this glossary)

**Actuarial equivalence** – Actuarial equivalence is an insurance term for a determination that the dollar value of drug coverage under one plan is equal to the dollar value of coverage under another plan. Two plans with different co-payments, deductibles, formularies and other features are “actuarially equivalent” if, at the end of the year, a person would have obtained the same total dollar benefit from either plan.

**Appeals** – If a person disagrees with any part of a coverage determination (including an exception request), the person may request a redetermination by the Medicare Prescription Drug Benefit Plan (and have the redetermination expedited under certain circumstances). A person who disagrees with a redetermination may request reconsideration by an independent review entity (IRE) contracted by Medicare and may also appeal the IRE decision to an administrative law judge, the Medicare Appeals Council and federal court.

**Assets** – include bank accounts, stock accounts, real estate, homes and cars – but exclude primary residence and one car. In determining whether the beneficiary is a subsidy-eligible individual, assets and those of the spouse (if married and live in the same household) will be added together.

**Catastrophic coverage** – catastrophic coverage refers to the much higher level of coverage (95% or more payment by the plan, depending on income) received for all covered drugs after the beneficiary has spent more than the TrOOP limit for prescriptions in that year. For 2006, the TrOOP limit is $3,600.

**Creditable coverage** – includes a drug benefit through an employer or union plan, TriCare, a Federal Employees Health Benefit Plan, or Veterans benefits that is the actuarial equivalent of the Medicare Prescription Drug Benefit. People who have creditable coverage do not have to pay the late enrollment penalty or higher premium for failing to enroll in Medicare Prescription Drug Benefit as soon as they are eligible.

**Co-insurance** – a fixed percentage of the negotiated discount price of a covered drug paid by the Medicare Prescription Drug Benefit enrollee. The coinsurance may be different for one drug than for another depending on whether it is a generic drug or a non-preferred drug. It may vary throughout the year, from 0 to 100%, depending on whether the enrollee’s total spending that year is still in the deductible period, or has reached the “doughnut hole”. Even with all of these differences, the total out-of-pocket payments for covered drugs in the year will not exceed TrOOP.

**Co-payment** – a fixed dollar amount to be paid by the Medicare Prescription Drug Benefit enrollee for each prescription dispensed. For example, a subsidy eligible individual who has a very low income will pay no more than $3 to the pharmacy for each brand name prescription filled at the pharmacy, and $1 for each generic drug, regardless of the cost of the covered drug.

**Coverage determination** – a decision by the Medicare Prescription Drug Benefit plan that the prescription counts as a benefit under the plan, no matter how much the plan actually pays for the drug.

**Covered Drugs** – prescription drugs that are on the plan’s formulary; the Medicare Prescription Drug Benefit enrollee’s payments for covered drugs count toward the TrOOP limit.

**Deductible** – an amount the Medicare Prescription Drug Benefit enrollee must pay before benefits are paid by the Plan. In 2006, for standard coverage, the enrollee pays a $250 deductible before the plan begins to pay for prescriptions.

**“Doughnut hole”** – The full cost of prescriptions assigned to the enrollee after the annual initial coverage limit is reached and before reaching the TrOOP limit. This portion of the Medicare Prescription Drug Benefit is sometimes referred to as “doughnut hole.”

**Dose restrictions** – a formulary restriction that causes a particular drug not to be covered for the number of doses prescribed. A formulary with dose restrictions limits the number of tablets (or other dosage forms) that may be dispensed by a pharmacy to a beneficiary during a specific amount of time (typically per month).
Dual-eligible – also “duals” These are people who qualify to receive benefits from both Medicare and Medicaid (Medical Assistance in Minnesota). Beneficiaries enrolled in Medicaid have had their prescription drugs paid for by Medicaid. Effective January 1, 2006 dual eligibles will receive their prescriptions from a Medicare Prescription Drug Benefit Plan, but they automatically qualify for a subsidy to help with their premiums, copayments, coinsurance and deductibles.

Enhanced alternative coverage – see also supplemental benefits. Includes standard prescription drug coverage and supplemental benefits.

Enrollment period – more commonly, initial enrollment period. The initial enrollment period will be the same for the Medicare Prescription Drug Benefit as for Medicare Part B. It is the seven-month period that begins three months before the month an individual first meets the eligibility requirements for Medicare and ends three months after that first month of eligibility. The initial enrollment period for those individuals who are already eligible for Medicare as of November 15, 2005, is from November 15, 2005, until May 15, 2006.

EW (elderly waiver): A Medicaid waiver program that provides home and community-based services as an alternative to nursing home care to individuals age 65 or older at a higher income level than individuals not requiring a nursing home level of care.

Exceptions process – also “exception.” See also “appeals.” See also “rights of enrollees.” A beneficiary denied coverage for the following reasons may request an exception:

• The prescription is not on the plan formulary, or
• Plan denied a request to have a non-preferred drug treated as a preferred drug under a tiered formulary, or
• Plan denied a request to access a drug outside of the plan’s step therapy requirements.

If the plan does not grant the exception and provide access to the drug, the individual may appeal. Typically, the beneficiary’s physician must determine that the preferred drug, formulary drug, or first-tier drug is not effective for the beneficiary, harmful to the beneficiary, or both or is medically necessary for some other reason.

Formulary – a list of covered drugs available through the Medicare Prescription Drug Benefit Plan. The plan is also using a formulary if they limit the number or size of dose a beneficiary may receive (dose restriction) or require a beneficiary to try another drug (step therapy) before allowing access to the one selected by the physician. Money spent “on formulary” prescriptions count towards TrOOP, money spent on “non-formulary” prescriptions do not count towards TrOOP. Beneficiaries should tell their doctor or health professional if a medicine needed is not “on formulary.” They may be able to help obtain an “exception” to have the medicine covered, and have money spent counted towards TrOOP, or they may be able to prescribe another drug that is appropriate to meet the beneficiary’s medical needs.

FPL – Federal Poverty Level, (officially: the HHS Federal Poverty Guidelines.) The federal poverty statistics, including the FPL, are published annually by the Census Bureau for statistical purposes, usually in February of each year.

Income – Income includes earned wages, earnings from self-employment, royalties, annuity payments, pension payments, disability benefit payments, veterans compensation and pension, worker’s compensation payments, old age survivor and disability insurance benefit payments (including Social Security payments), unemployment insurance payments, prizes, support and alimony payments, inheritances, and earned rents or dividends. In determining whether a beneficiary is a subsidy-eligible individual, the income and that of the spouse (if married and live in the same household) will be added together.

Initial coverage limit – In standard coverage, the amount of drug costs where the 25% coinsurance ends, and the beneficiary is required to pay 100% of the cost of Medicare Prescription Drug Benefit covered drugs, up to the TrOOP limit. The initial coverage limit for 2006 is $2,250 worth of prescriptions (including both what the beneficiary pays and what the plan pays, plus any subsidy).

Late enrollment penalty – A late penalty in the form of a 1%-per-month higher premium must be paid by an individual who has a continuous period of 63 days or longer without prescription drug coverage at any time after the end of their enrollment period. CMS may determine after 2006 whether an actuarially sound amount should be applied rather than the 1%.
MA-EPD – a Medicaid Program that allows working people with disabilities to qualify for benefits at higher income and asset levels by paying a premium.

Medicare Advantage – a Medicare managed care program under which a non-government entity arranges for all Medicare covered services, including physicians, labs and hospitals. Some Medicare Advantage plans may offer the Medicare Prescription Drug Benefit to their enrollees.

Medicare Supplement (Medigap) – an insurance policy sold by private insurance companies to fill “gaps” in Original Medicare Plan coverage. In Minnesota, there are 3 types of Medicare supplements: Basic, Extended Basic and Medicare Select Plans.

Minnesota Prescription Drug Program – a state-funded program to help QMB and SLMB enrollees pay for the cost of prescription drugs. Enrollees cannot be eligible for Medical Assistance without a spenddown. Enrollees currently pay a $35 monthly deductible toward the cost of drugs.

Negotiated discount prices – prices for covered drugs that the Medicare Prescription Drug Benefit Plan must make available at participating pharmacies. For example, 25% coinsurance is 25% of the negotiated discount price. These prices take into account discounts, rebates, and other price concessions, given to the Plan by manufacturers and pharmacies. Even when the beneficiary is paying for prescriptions during the deductible or the “doughnut hole”, only the negotiated discount prices are paid by the beneficiary.

Non-Preferred drug – a drug that a plan discourages access to, typically by requiring a larger co-payment, which may be up to 100% of the negotiated discount price of the drug.

Out-of-Pocket Payments – Payments by the Medicare Prescription Drug Benefit Plan may be either a Prescription Drug Plan (PDP) to add to traditional Medicare, or a Medicare Advantage plan that offers Medicare Prescription Drug Benefit coverage (MA-PD).

Preferred drug – a drug the Medicare Prescription Drug Benefit plan encourages physicians and patients to choose, typically by including it on a formulary or requiring a smaller co-payment or no co-payment.

Prescription Drug Plan – also PDP. A plan that offers coverage for prescription drugs only to beneficiaries who choose to receive their other Medicare benefits in the traditional way. (This is not to be confused with the Minnesota Prescription Drug Program also known as PDP)

Premium – also monthly beneficiary premium. The amount a Medicare Prescription Drug Benefit enrollee pays monthly for Medicare Prescription Drug Benefit coverage. Each enrollee will pay a premium agreed to between Medicare and the Sponsor, plus any late enrollment penalties or charges for supplemental coverage.

QI (Qualified Individual) – a Medicaid program that pays for Medicare Part B premiums. People qualify for QI if they have income below 135% FPL and in Minnesota have assets no greater than $10,000 for an individual or $18,000 for a couple.

QMB (Qualified Medicare Beneficiaries) – a Medicaid program that pays for Medicare out-of-pocket costs, including the Part A or Part B premiums, deductibles, co-insurance and co-payments. People qualify for QMB if they have income at or below 100% FPL and in Minnesota have assets no greater than $10,000 for an individual or $18,000 for a couple.

Rights of Enrollees – Generally, enrollees have the right to have a grievance heard, the right to a timely coverage determination (expedited under certain circumstances), the right to an appeal – including coverage redetermination (expedited under certain conditions) and review by an independent review entity contracted by Medicare, and the right to notices of coverage determinations and certain plan changes.

SLMB (Service-Limited Medicare Beneficiary) – a Medicaid program that pays for Medicare Part B premiums. People qualify for SLMB if they have income below 120% FPL and in Minnesota have assets no greater than $10,000 for an individual or $18,000 for a couple.
**Sponsor** – A non-governmental entity approved by Medicare to offer a Medicare Prescription Drug Benefit Plan.

**State Pharmaceutical Assistance Program** – also SPAP A program (other than Medicaid) operated by a State (or under contract with a State) that provides financial assistance to Medicare beneficiaries to purchase prescription drugs. The Minnesota SPAP is known as the Minnesota Prescription Drug Program.

**Standard coverage** – also “standard prescription drug coverage” means the standard formula that apportions annual costs of Medicare Prescription Drug coverage among the Medicare enrollee, the Medicare Prescription Drug Benefit Plan and the federal Medicare program. Each Medicare Prescription Drug Benefit Plan must offer **standard coverage** to make it easier for potential enrollees to comparison shop between different sponsors’ plans and their supplemental benefits options. In 2006, **standard coverage** has a $250 deductible, 25% coinsurance on the next $2000 worth of drugs, 100% payment of drug costs by the enrollee in the “doughnut hole”, and **catastrophic coverage** after the TrOOP limit.

**Step therapy** – Generally, a plan requirement that, with respect to a specific disease or condition, the patient must try one drug before having access to another, **non-preferred** drug if the preferred drug does not work for the patient.

**Subsidy Eligible Individual** – A Medicare beneficiary enrolled in a Medicare Prescription Drug Benefit Plan who qualifies for one of several levels of assistance to help with premiums and out-of-pocket payments for the purchase of prescription drugs. To qualify for one of the subsidies, **income and assets** must be at or below certain limits, OR the beneficiary receives SSI, Medicaid benefit, Medicare Saving Program benefits, or is enrolled in the Minnesota Prescription Drug Program.

**Supplemental benefits** – Individuals may pay an additional premium to purchase supplemental benefits to enhance **standard coverage** by reducing the **deductible**, the **coinsurance** percentage or **copayments**, filling the “**doughnut hole**”, or having a different **formulary**.

**Tiered cost-sharing** – also “tiered formulary” A **formulary** that has different levels of **coinsurance** or **co-payments** for different drugs that could be used to treat the same disease or condition. Different tiers typically include generic drugs, **preferred** drugs, and non-preferred drugs.

**True Out-of-Pocket Spending** – also TrOOP limit. The amount a beneficiary must spend on **covered drugs** to reach **catastrophic coverage**. An individual’s payment of the **deductible**, **coinsurance**, **copayments**, and “**doughnut hole**” count toward TrOOP. For 2006, **TrOOP** is $3,600. The Medicare Prescription Drug Benefit premium does not count toward **TrOOP**.

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**Questions? Free help is here.**

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This information is available in other forms to people with disabilities by contacting us at 651-296-2770 or 1-800-882-6262 or through the Minnesota Relay Service at 711 or 1-800-627-3529 (TDD), 1-877-627-3848 (speech-to-speech relay service).
**Glossary of Terms**

**Medicare Prescription Drug Benefit (Part D)**

(All italicized words used in the definitions also have definitions in this glossary)

**Actuarial equivalence** – Actuarial equivalence is an insurance term for a determination that the dollar value of drug coverage under one plan is equal to the dollar value of coverage under another plan. Two plans with different co-payments, deductibles, formularies and other features are “actuarially equivalent” if, at the end of the year, a person would have obtained the same total dollar benefit from either plan.

**Appeals** – If a person disagrees with any part of a coverage determination (including an exception request), the person may request a redetermination by the Medicare Prescription Drug Benefit Plan (and have the redetermination expedited under certain circumstances). A person who disagrees with a redetermination may request reconsideration by an independent review entity (IRE) contracted by Medicare and may also appeal the IRE decision to an administrative law judge, the Medicare Appeals Council and federal court.

**Assets** – include bank accounts, stock accounts, real estate, homes and cars – but exclude primary residence and one car. In determining whether the beneficiary is a subsidy-eligible individual, assets and those of the spouse (if married and live in the same household) will be added together.

**Catastrophic coverage** – catastrophic coverage refers to the much higher level of coverage (95% or more payment by the plan, depending on income) received for all covered drugs after the beneficiary has spent more than the TrOOP limit for prescriptions in that year. For 2006, the TrOOP limit is $3,600.

**Creditable coverage** – includes a drug benefit through an employer or union plan, TriCare, a Federal Employees Health Benefit Plan, or Veterans benefits that is the actuarial equivalent of the Medicare Prescription Drug Benefit. People who have creditable coverage do not have to pay the late enrollment penalty or higher premium for failing to enroll in Medicare Prescription Drug Benefit as soon as they are eligible.

**Co-insurance** – a fixed percentage of the negotiated discount price of a covered drug paid by the Medicare Prescription Drug Benefit enrollee. The coinsurance may be different for one drug than for another depending on whether it is a generic drug or a non-preferred drug. It may vary throughout the year, from 0 to 100%, depending on whether the enrollee’s total spending that year is still in the deductible period, or has reached the “doughnut hole”. Even with all of these differences, the total out-of-pocket payments for covered drugs in the year will not exceed TrOOP.

**Co-payment** – a fixed dollar amount to be paid by the Medicare Prescription Drug Benefit enrollee for each prescription dispensed. For example, a subsidy eligible individual who has a very low income will pay no more than $3 to the pharmacy for each brand name prescription filled at the pharmacy, and $1 for each generic drug, regardless of the cost of the covered drug.

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**Covered Drugs** – prescription drugs that are on the plan’s formulary; the Medicare Prescription Drug Benefit enrollee’s payments for covered drugs count toward the TrOOP limit.

**Deductible** – an amount the Medicare Prescription Drug Benefit enrollee must pay before benefits are paid by the Plan. In 2006, for standard coverage, the enrollee pays a $250 deductible before the plan begins to pay for prescriptions.

**“Doughnut hole”** – The full cost of prescriptions assigned to the enrollee after the annual initial coverage limit is reached and before reaching the TrOOP limit. This portion of the Medicare Prescription Drug Benefit is sometimes referred to as “doughnut hole.”

**Dose restrictions** – a formulary restriction that causes a particular drug not to be covered for the number of doses prescribed. A formulary with dose restrictions limits the number of tablets (or other dosage forms) that may be dispensed by a pharmacy to a beneficiary during a specific amount of time (typically per month).
**Dual-eligible** – also “duals” These are people who qualify to receive benefits from both Medicare and Medicaid (Medical Assistance in Minnesota). Beneficiaries enrolled in Medicaid have had their prescription drugs paid for by Medicaid. Effective January 1, 2006 dual eligibles will receive their prescriptions from a Medicare Prescription Drug Benefit Plan, but they automatically qualify for a subsidy to help with their premiums, copayments, coinsurance and deductibles.

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**Enrollment period** – more commonly, initial enrollment period. The initial enrollment period will be the same for the Medicare Prescription Drug Benefit as for Medicare Part B. It is the seven-month period that begins three months before the month an individual first meets the eligibility requirements for Medicare and ends three months after that first month of eligibility. The initial enrollment period for those individuals who are already eligible for Medicare as of November 15, 2005, is from November 15, 2005, until May 15, 2006.

**EW (elderly waiver):** A Medicaid waiver program that provides home and community-based services as an alternative to nursing home care to individuals age 65 or older at a higher income level than individuals not requiring a nursing home level of care.

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**FPL** – Federal Poverty Level, (officially: the HHS Federal Poverty Guidelines.) The federal poverty statistics, including the FPL, are published annually by the Census Bureau for statistical purposes, usually in February of each year.

**Income** – Income includes earned wages, earnings from self-employment, royalties, annuity payments, pension payments, disability benefit payments, veterans compensation and pension, worker’s compensation payments, old age survivor and disability insurance benefit payments (including Social Security payments), unemployment insurance payments, prizes, support and alimony payments, inheritances, and earned rents or dividends. In determining whether a beneficiary is a subsidy-eligible individual, the income and that of the spouse (if married and live in the same household) will be added together.

**Initial coverage limit** – In standard coverage, the amount of drug costs where the 25% coinsurance ends, and the beneficiary is required to pay 100% of the cost of Medicare Prescription Drug Benefit covered drugs, up to the TrOOP limit. The initial coverage limit for 2006 is $2,250 worth of prescriptions (including both what the beneficiary pays and what the plan pays, plus any subsidy).

**Late enrollment penalty** – A late penalty in the form of a 1%-per-month higher premium must be paid by an individual who has a continuous period of 63 days or longer without prescription drug coverage at any time after the end of their enrollment period. CMS may determine after 2006 whether an actuarially sound amount should be applied rather than the 1%.
MA-EPD – a Medicaid Program that allows working people with disabilities to qualify for benefits at higher income and asset levels by paying a premium.

Medicare Advantage – a Medicare managed care program under which a non-government entity arranges for all Medicare covered services, including physicians, labs and hospitals. Some Medicare Advantage plans may offer the Medicare Prescription Drug Benefit to their enrollees.

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Non-Preferred drug – a drug that a plan discourages access to, typically by requiring a larger co-payment, which may be up to 100% of the negotiated discount price of the drug.

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Preferred drug – a drug the Medicare Prescription Drug Benefit plan encourages physicians and patients to choose, typically by including it on a formulary or requiring a smaller co-payment or no co-payment.

Prescription Drug Plan – also PDP. A plan that offers coverage for prescription drugs only to beneficiaries who choose to receive their other Medicare benefits in the traditional way. (This is not to be confused with the Minnesota Prescription Drug Program also known as PDP)

Premium – also monthly beneficiary premium. The amount a Medicare Prescription Drug Benefit enrollee pays monthly for Medicare Prescription Drug Benefit coverage. Each enrollee will pay a premium agreed to between Medicare and the Sponsor, plus any late enrollment penalties or charges for supplemental coverage.

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SLMB (Service-Limited Medicare Beneficiary) – a Medicaid program that pays for Medicare Part B premiums. People qualify for SLMB if they have income below 120% FPL and in Minnesota have assets no greater than $10,000 for an individual or $18,000 for a couple.
**Sponsor** – A non-governmental entity approved by Medicare to offer a Medicare Prescription Drug Benefit Plan.

**State Pharmaceutical Assistance Program** – also SPAP A program (other than Medicaid) operated by a State (or under contract with a State) that provides financial assistance to Medicare beneficiaries to purchase prescription drugs. The Minnesota SPAP is known as the Minnesota Prescription Drug Program.

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**Step therapy** – Generally, a plan requirement that, with respect to a specific disease or condition, the patient must try one drug before having access to another, non-preferred drug if the preferred drug does not work for the patient.

**Subsidy Eligible Individual** – A Medicare beneficiary enrolled in a Medicare Prescription Drug Benefit Plan who qualifies for one of several levels of assistance to help with premiums and out-of-pocket payments for the purchase of prescription drugs. To qualify for one of the subsidies, income and assets must be at or below certain limits, OR the beneficiary receives SSI, Medicaid benefit, Medicare Saving Program benefits, or is enrolled in the Minnesota Prescription Drug Program.

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| April 18 – November 15, 2005 | Employers and unions mail “Important Notice About Medicare Drug Coverage” and “Your Coverage Feels Not Creditable” to elderly MN Medicare beneficiaries who have employer or union based retiree prescription drug coverage. | • Encourage beneficiaries to contact their employer or union with questions.  
• Help beneficiaries understand “creditable coverage.”  
• Help beneficiaries understand their options based on information in the Notice about creditable coverage. |
| May 27 – August 31, 2005 | Social Security Administration (SSA) mails applications to MN Medicare beneficiaries who may be eligible for extra help paying for Medicare Prescription Drug Benefit Plan costs. An estimated 266,000 Minnesota Medicare beneficiaries will receive this mailing. They may be elderly or disabled. | • Encourage beneficiaries to complete the application and mail it to SSA.  
• Assist beneficiaries with completing the application form.  
• Inform beneficiaries that they will need to select a Medicare Prescription Drug Benefit Plan in the fall. |
| June 2005 | Centers for Medicare & Medicaid Services (CMS) mails notice to MN Medicare beneficiaries who will automatically qualify for the extra help paying for Medicare Prescription Drug Benefit Plan costs. These are people who receive Medicaid and/or SSI benefits. | • Let beneficiaries know that they don’t need to do anything else right now, but they will need to select a Medicare Prescription Drug Benefit Plan in the fall. |
| July 1, 2005 | Centers for Medicare & Medicaid Services (CMS) mails notice to MN Medicare beneficiaries who will automatically qualify for the extra help paying for Medicare Prescription Drug Benefit Plan costs. These are people who receive Medicaid and/or SSI benefits. | • Assist beneficiaries with applying directly on the Internet. |
| July 2005 | Social Security online application for extra help paying for Medicare Prescription Drug Benefit Plan costs and issues notices to beneficiaries. | • Help beneficiaries understand the notice received from Social Security and the extra help they will receive.  
• Remind beneficiaries that they will need to select a Medicare Prescription Drug Benefit Plan in the fall. |
| September 2005 | CMS mails “Medicare & You” handbooks to all MN Medicare beneficiaries. | • Encourage beneficiaries to read the handbook. |
| September 1 – November 15, 2005 | Medicare supplemental plans that provide any prescription drug benefits will mail notices to beneficiaries in their plans. They may be elderly or disabled. The notice will inform the beneficiary if their coverage is or is not “creditable.” In Minnesota, this includes the Basic Medicare Supplement Plan and Medicare Select Plans. | • Encourage beneficiaries to contact their Medicare supplemental plan with questions.  
• Help beneficiaries understand “creditable coverage.”  
• Help beneficiaries understand their options based on information in the Notice about creditable coverage. |
| September 2005 | CMS announces the Medicare Prescription Drug Benefit Plans that will be available in Minnesota. | • Help beneficiaries learn about the options available in Minnesota. |
| October 1, 2005 | Medicare Prescription Drug Benefit Plans begin marketing their plans. | • Inform beneficiaries that they may receive mailings and phone calls from the Medicare Prescription Drug Benefit Plans available in Minnesota. |
| Date          | Activity                                                                 | Action for Helpers                                                                 |
| October 13, 2005 | CMS launches the Online Enrollment Center for Drug Coverage. | • Learn how to use the tool.  
• Assist beneficiaries with using the tool to review Medicare Prescription Drug Benefit Plans available in Minnesota. |
| October 15, 2005 | Medicare Advantage plans issue “Annual Notice of Change” to enrollees and promote their Medicare Advantage Prescription Drug Plans, if applicable. Enrollees may be elderly or disabled. | • Encourage beneficiaries to contact their Medicare Advantage plan with questions.  
• Help beneficiaries understand their Medicare Advantage Prescription Drug Benefit option. |
| October 2005 | CMS notifies dual eligible beneficiaries of the prescription drug plan that will provide their drug coverage if they do not choose a plan by the end of the year. Full benefit duals receive Medicare and full Medicaid benefits. They may be elderly or disabled. | • Encourage and assist beneficiaries with use of the CMS Online Enrollment Center for Drug Coverage at www.medicare.gov to help them select the plan that will be best for them. |
| November 15, 2005 – May 15, 2006 | Initial enrollment period for Medicare Prescription Drug Benefit. | • Help beneficiaries understand their options and enroll in a Medicare Prescription Drug Benefit Plan of their choice.  
• Remind beneficiaries of the importance to enroll now or they may have to pay higher premiums if they delay enrollment. |
| January 1, 2006 | Medicare Prescription Drug Benefit begins. | • Encourage enrollees to contact their Plans with questions.  
• Help beneficiaries understand the new Medicare Prescription Drug Benefit. |
| April 2006 | CMS mails enrollment reminder notices to beneficiaries that have not enrolled in the Medicare Prescription Drug Benefit. They may be elderly or disabled. | • Help beneficiaries understand the importance of making a decision now about the Medicare Prescription Drug Benefit. |
| May 15, 2006 | Initial enrollment period for the Medicare Prescription Drug Benefit ends. | • Remind beneficiaries of the importance of enrolling now, before May 16, 2006. |
| May 16, 2006 | Beneficiaries who did not enroll in the Medicare Prescription Drug Benefit and do not have “creditable coverage” may be subject to higher premium. | • On an ongoing basis, encourage and assist beneficiaries to enroll in the Medicare Prescription Drug Benefit. |

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www.Medicare.gov • 1-800-Medicare

Your current health plan’s customer service department.

This information is available in other forms to people with disabilities by contacting us at 651-296-2770 or 1-800-882-6262 or through the Minnesota Relay Service at 711 or 1-800-627-3529 (TDD), 1-877-627-3848 (speech-to-speech relay service).
Get Ready…

All Medicare beneficiaries must take action!
All Minnesotans with Medicare will need to make a decision and choose a plan to receive the new Medicare Prescription Drug Benefit. If you do not enroll in a Medicare Prescription Drug Benefit Plan during the initial enrollment period (November 15, 2005 through May 15, 2006), you risk having to pay more if you enroll in a plan at a later time.

Read all notices and letters about this Medicare benefit.
Every Medicare beneficiary will receive mailings about the Prescription Drug Benefit. You may receive mailings from many sources. Do not ignore this information.

Stay informed.
Look for information about drug plans in the fall. You will be able to compare the benefits in different plans before you make a choice.

Get Ready… Get Set… Go!

Questions? Free help is here:

1-800-333-2433

Social Security Administration
1-800-772-1213 • www.socialsecurity.gov

www.Medicare.gov • 1-800-Medicare

Your current health plan’s customer service department.

Get Set…

Apply now to see if you are eligible for extra financial help to pay for your Medicare Prescription Drug Benefit costs.
Some Medicare beneficiaries will receive letters and an application starting in May 2005. You can also get the application at your local Social Security Administration office or on the internet at www.socialsecurity.gov.

Beneficiaries will automatically get extra financial help if: you receive Medicare and Supplemental Social Security Income (SSI), or Medicare and Medicaid, or if the State pays your Medicare premium.

For more information call Social Security at 1-800-772-1213.

Beginning October 1, 2005 review all of your options and compare different plans.

Go!

Enroll in one Medicare Prescription Drug Plan that’s right for you.

• November 15, 2005 - May 15, 2006 enroll in the plan of your choice.
• On January 1, 2006 the NEW benefit begins for those people who enrolled in a Medicare Prescription Drug Benefit plan.

Attention. If you want free help translating this information, call Senior LinkAge® Line at 1-800-333-2433.

Vi mesna ujubmela. Ako vam je potrebna besplatna pomoć za prevod ove informacije, nazovite Senior LinkAge® Line 1-800-333-2433.

Paźńja. Ako vam je potrebna besplatna pomoć za prevod ove informacije, nazovite Senior LinkAge® Line 1-800-333-2433.

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Medicare Prescription Drug Benefit Outreach

A new Medicare prescription drug benefit is beginning January 1, 2006 and will be available to people with Medicare.

Many are not aware of the extra help that will be available to those that cannot afford the new drug plan. The extra help, called subsidy, could help with the deductibles, co-payments and premiums. The Social Security Administration is responsible for taking and processing the applications for this extra help.

While the initial enrollment period for the prescription drug benefit is November 15, 2005 through May 15, 2006, Social Security will begin accepting and processing subsidy applications during an advance filing period. The idea is to file for the subsidy in advance so that they know exactly how much help they are eligible for and, in turn, make an informed choice when filing for the prescription drug benefit.

Social Security is committed to reaching to as many Medicare beneficiaries as possible to get them help with their prescription costs. It is only through working with community partners and organizations that this outreach can truly be a success. Please fill out the information below and return to your Social Security contact if your organization is willing to help.

We would like to work with Social Security on this outreach effort and are willing to (please check all that apply):

☐ Offer our facilities for a Social Security representative to process subsidy applications onsite.
☐ Plan an outreach activity with Social Security to educate Medicare beneficiaries.
☐ Invite Social Security to participate in an already existing event.
☐ Have a Social Security representative educate our staff on subsidy applications.

Name of Organization_____________________________________________________
Contact Name ___________________________________________________________
Address ________________________________________________________________
Phone Number___________________________ Fax Number _____________________
Email Address ___________________________________________________________

Your Social Security contact is:
Joani Werner or Jon Norberg
Social Security, 316 N Robert St, Rm 185, St. Paul, Mn 55101
651-290-0304 ext 23061
joani.werner@ssa.gov or jon.norberg@ssa.gov

Please return this form to your Social Security contact using whichever method is most convenient. Thank you very much for responding and we are very excited to work with you.