

MEDICARE MODERNIZATION ACT OF 2003

An overview of the Medicare Modernization Act relating to
the Prescription Drug Benefit known as Part D

by the Iowa Department of Human Services
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Goal: Prescription Drug Coverage

- **For the first time**, Medicare will offer a prescription drug benefit to help Medicare beneficiaries pay for prescription drugs.
- **Prescription Drug Benefits** will be offered through a Prescription Drug Plan Provider.
- **Prescription Drug Benefits** will be added to the Medicare program January 1, 2006.
- **Medicare Part D enrollees will share in the cost** of their drug coverage by paying premiums, deductibles, co-payment, and co-insurance.

What is the Impact on Iowans?

- Over 480,000 Iowans are currently Medicare Beneficiaries.
- An estimated 60,000 to 70,000 Iowans will be eligible for low income subsidy. Also 60,000 dual eligibles who are enrolled in both Medicare and Medicaid.
- To be eligible for Medicare's Prescription Drug Plan, individuals must be on Medicare – which includes individuals who are either:
 - People age 65 or older
 - People under age 65 with disabilities
 - People with End-Stage Renal Disease (ESRD), which is permanent kidney failure requiring dialysis or a kidney transplant

How will this new program work?

- **Social Security Administration (SSA) Responsibilities:**
 - **Determining Medicare eligibility**
 - **Determine Eligibility for Low Income Subsidy:**
 - Determined by SSA unless an applicant refuses to use the SSA application in which case the State Medicaid Agency is required by law to offer an alternative application .
 - The ability to sign up for low income eligibility is continuous.

How will this new program work? cont...

● Selection Drug Plan Providers:

- Selected by the Centers for Medicare & Medicaid Services (CMS) with two Drug Plans available per state.
- There may be different options within a Drug Plan on the coverage and cost.

● Enrollment with the Drug Plan:

- All beneficiaries will enroll in a Drug Plan with the selected Provider.
- Beneficiaries determined eligible for the low income subsidy must still enroll in a Drug Plan.
- Dually eligible beneficiaries are automatically eligible for the low income subsidy and enrolled in a Drug Plan.
- Beneficiaries may enroll in a new plan annually.

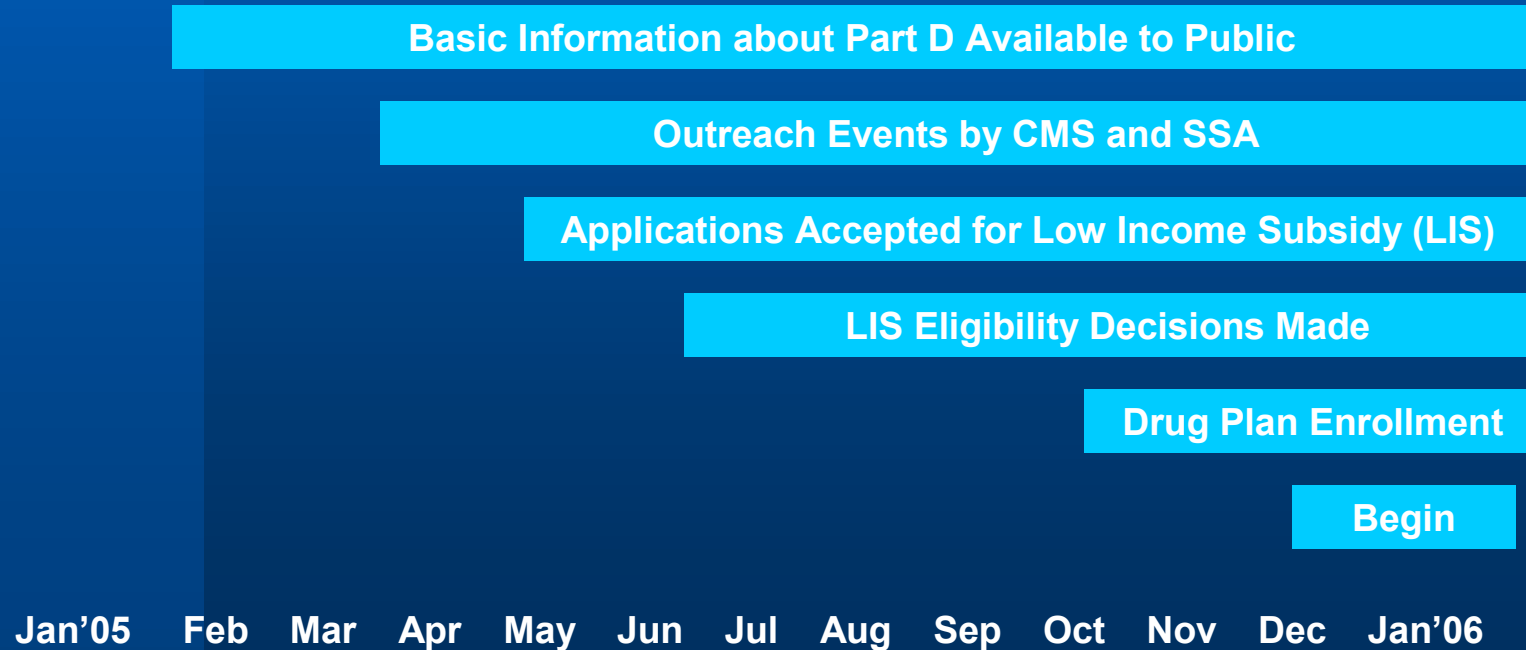
How will this new program work? cont...

● Information and Education regarding the Program

- CMS is the “expert” on Drug Plan selection and will offer assistance through many venues in Iowa.
- SSA is the “expert” on the subsidy application process and will provide assistance in community settings.
- The Senior Health Insurance Information Program (SHIIP) will assist low income beneficiaries with LIS application and with enrollment into a Drug Plan.
- State agencies including the Department of Elder Affairs, Public Health, Area Agencies on Aging and DHS will provide general information.

The Schedule

- The following reflects the basic timeframe for both the application for the low income subsidy and the drug enrollment efforts.



What is DHS' role?

- **DHS will have the following roles:**
 - Assisting SSA and others in outreach efforts to educate and inform persons about the low income subsidy option.
 - Assist individuals in signing up for the Low Income Subsidy Option by helping them complete the SSA LIS application and forward it to SSA or assist in completing the alternative form.

What is DHS' role? cont...

- **DHS will have the following roles:**

- Provide general information to current beneficiaries who are dually eligible for Medicare and Medicaid about the new program and its impacts.
- Process Medicaid applications for persons who may seek Medicaid eligibility to further reduce the costs associated for prescription drugs and for other benefits.
- Provide general information regarding key contacts at SSA, the Drug Plans or CMS to clients, providers and the public.

Challenges

- Providing accurate, timely and complete information to assure that Medicare beneficiaries understand the enrollment process for the low income subsidy and the timeframe.
- Providing timely information to enable persons to determine which Drug Plan best meets their individual needs. Because the Drug Plans will not cover every drug in every class, it is possible that beneficiaries, including those who are dual eligible and those served in a health care facility, will need to know what drug will be a suitable alternative.

Challenges

- Providing timely information to 24 hour health care facilities to ensure the impact of the change in prescription drug coverage is well understood.
- Providing timely information to health care providers so they understand the impact on their patients/clients.
- Understanding the impact on DHS clients and field operations.

Additional Information

- Medicare beneficiaries living in nursing facilities will be able to enroll in a Drug Plan and take advantage of the new benefit.
- All prescription Drug Plans will contract with long-term care pharmacies.
- Dual eligible beneficiaries who have both full Medicaid and Medicare benefits are automatically enrolled in a Drug Plan. This will prevent any gap in coverage with the transition to the Medicare benefit.

FOR MORE INFO...

Medicare Modernization Update

<http://www.cms.hhs.gov/mmu/default.asp>

Questions?

- **Contact the Department of Human Services:**

Kevin Concannon, Director
Iowa Department of Human Services
Hoover State Office Building
Des Moines, Iowa 50319