



Information Partners Can Use on:

# RE-ASSIGNMENT

Medicare Prescription Drug Coverage

Revised October 2007

In the fall of 2007, Medicare will re-assign certain people who qualify for extra help into new Medicare Prescription Drug Plans. Medicare will re-assign people who qualify for the full (100%) premium subsidy as of January 1, 2008, and are currently enrolled in Medicare Prescription Drug Plans that meet one of these two conditions:

- The plan is leaving the Medicare Program.
- The plan's premium will be above the regional low-income premium subsidy amount by more than \$1 in 2008.

This tip sheet provides important information to help you counsel people affected by re-assignment.

## Who is being re-assigned?

### People Whose Plans Are Leaving the Medicare Program

Medicare will re-assign people who get extra help with the full premium subsidy if their Medicare Prescription Drug Plan is leaving the Medicare Program as of December 31, 2007. These people will be re-assigned regardless of whether they joined the Medicare Prescription Drug Plan on their own, or Medicare enrolled them in the plan.

### People Whose Premium Costs Are Increasing

Medicare will also re-assign people who get extra help with the full premium subsidy if both of the following are true:

- Their Medicare Prescription Drug Plan premium will be more than \$1 above the regional low-income premium subsidy amount for 2008.
- Medicare enrolled them in the plan.

Medicare will re-assign people if their 2008 premium will be above the regional low-income premium subsidy amount by more than \$1 (the "de minimis" amount). If the 2008 premium amount falls inside the de minimis range (from \$0.01 to \$1 over the premium subsidy amount for the region), the person won't be re-assigned. As long as the person qualifies for a full (100%) premium subsidy, a basic Medicare Prescription Drug Plan with a premium below de minimis must not charge the person a premium. This ensures that all people who qualify for a full premium subsidy pay no premium in a basic Medicare Prescription Drug Plan.



## Who else won't be re-assigned?

- Medicare won't re-assign people who qualify for the partial premium subsidy. People who qualify for the partial premium subsidy will pay a percentage of the premium subsidy amount plus the difference by which the plan premium exceeds the subsidy amount.
- Medicare won't re-assign people who qualify for the full premium subsidy who joined plans on their own or switched to different Medicare Prescription Drug Plans than the ones Medicare enrolled them in, even if their premiums increase by more than \$1 above the regional low-income premium subsidy amount in 2008. If these people stay in their plans, they will have to pay the difference between the plan premium and the subsidy amount as their monthly premium. These people will get a letter on tan paper (CMS Publication No. 11267) by early November to make sure they know about their new premium liability and understand their options.
- Medicare won't re-assign people who were enrolled in a plan by authorized representatives, such as State Pharmaceutical Assistance Programs (SPAPs).

### Example Re-Assignment Scenarios

**Example 1:** Mrs. Smith was auto enrolled into XYZ Drug Plan in 2007, and she still qualifies for the full (100%) premium subsidy in 2008. Her plan premium will be \$0.72 over the regional low-income premium subsidy amount in 2008. She won't be re-assigned, and she will continue to pay a \$0 monthly premium.

**Example 2:** Mr. Alonzo was facilitated enrolled into LMN Drug Plan in 2007, and he still qualifies for the full (100%) premium subsidy in 2008. His plan premium will be \$1.50 over the regional low-income premium subsidy amount in 2008. Mr. Alonzo will be re-assigned into a new plan and a pay \$0 monthly premium.

**Example 3:** Mr. Banks was auto enrolled into ABC Drug Plan in March 2007, and he still qualifies for the full 100% premium subsidy in 2008. He switched to QRX Drug Plan on his own in August 2007. His plan premium will be \$1.75 over the regional low-income premium subsidy amount in 2008. Mr. Anderson won't be re-assigned, because he joined his current drug plan on his own. He will have to pay \$1.75 (the difference between the plan premium and the subsidy amount) as his monthly premium unless he joins a new plan.



## Which plans will people be re-assigned to?

Generally, Medicare will re-assign people to 2008 Medicare Prescription Drug Plans that have premiums at or below the regional low-income premium subsidy amount. Medicare won't enroll people into Medicare Prescription Drug Plans sponsored by employers, offered in the territories, or with enhanced benefit packages.

- If the company (sponsor organization) that offers a person's current drug plan offers another Medicare Prescription Drug Plan in the region with premiums at or below the regional low-income premium subsidy amount, Medicare will re-assign the person to that plan. If the company doesn't offer a plan with a premium at or below the premium subsidy amount for the region but offers a plan up to \$1 over the premium subsidy amount, Medicare will assign the person to that plan. If the company has more than one of either of these plans in the region, Medicare will randomly assign people among those plans.
- If the company (sponsor organization) that offers a person's current drug plan doesn't offer another Medicare Prescription Drug Plan in the region with premiums at or below the regional low-income premium subsidy amount or up to \$1 over the premium subsidy amount, Medicare will randomly assign these people to other plans in the region that have premiums at or below the low-income premium subsidy amount.

## Can people switch plans?

Yes. All people who qualify for extra help can switch plans anytime for coverage effective the first day of the next month.

To switch Medicare drug plans, people should call the new plan to find out how to join. Joining a new plan will end their current Medicare drug plan coverage. Their new plan coverage would start the first day of the next month.

## When and how will Medicare notify people being re-assigned?

By early November, Medicare is mailing a notice on blue paper to people affected by the re-assignment. There are two versions of the notice: one for people whose plans are leaving the Medicare Program (CMS Publication No. 11208), and one for those whose premiums are increasing (CMS Publication No. 11209). The notice tells people what plan they will be re-assigned to, explains how to stay in their current Medicare Prescription Drug Plan if available, and lets them know how to join a new plan. The notice also includes a list of plans in the region with premiums at or below the regional low-income premium subsidy amount and their telephone numbers.

If people who get a notice don't tell their current plan that they want to stay or join a new plan on their own by December 31, 2007, Medicare will re-assign them into a new plan with coverage effective January 1, 2008.



## What else do people need to know?

Encourage people to enroll early. If people want to switch plans on their own, they should do so as soon as possible so that their new drug plan can mail a membership card, acknowledgement letter, and welcome package before the new coverage becomes effective on January 1, 2008. This way, even if they go to the pharmacy on the first day their new coverage begins, they can get their prescriptions filled without delay.

## For more information

People who have questions about Medicare prescription drug coverage should visit [www.medicare.gov](http://www.medicare.gov) on the web, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. They should let Medicare know they received a notice on blue paper when they call.

## Timeline of Re-assignment Activities

**Mid-September**—Medicare identifies Medicare Prescription Drug Plans that have enrollees who will be re-assigned to a plan with a premium at or below the regional low-income premium subsidy amount.

**October 2**—Plans that are leaving the Medicare Program notify their enrollees.

**Mid-October**—Medicare performs re-assignment and notifies gaining/losing Medicare Prescription Drug Plans and the states.

**Early November**—Medicare mails both versions of the re-assignment notice on blue paper.

**Early November**—Medicare mails a tan letter to people who will face a premium liability.

**December 31**—Last day for people affected by re-assignment to switch plans before Medicare's re-assignment takes effect.

**January 1, 2008**—Re-assignment takes effect.