



## Information Counselors Can Use on:

# ISSUES FACING PEOPLE WHO HAVE MEDICARE, MEDICAID AND RETIREE DRUG COVERAGE

## New Medicare Prescription Drug Coverage

As of March 6, 2005

### Medicare Prescription Drug Coverage Is Here

On January 1, 2006, new Medicare prescription drug coverage became available to all people with Medicare. Employers and unions that offer drug coverage to their retirees with Medicare have different options for working with this new Medicare coverage. Some employer and union retiree drug plans are designed to take the place of Medicare drug coverage, while other plans are designed to supplement Medicare drug coverage.

### Some Retirees Were Automatically Enrolled in a Medicare Drug Plan

**People with Medicare who also qualify for full Medicaid benefits** were automatically enrolled in a Medicare drug plan effective January 1, 2006, even if they already had retiree drug coverage. Because these people were also receiving drug coverage from Medicaid, Medicare wanted to make sure they didn't miss a day of coverage when Medicaid drug coverage ended on December 31, 2005. These people received letters from Medicare in November explaining which Medicare drug plan they would be auto-enrolled in. Beginning in January 2006, people who newly qualify for both Medicare and full Medicaid benefits will also be auto-enrolled in Medicare drug plans monthly on an ongoing basis.

### Special Concerns for Auto-enrollees With Retiree Coverage

Many employer/union retiree drug plans designed to take the place of Medicare drug coverage do not provide coverage to retirees who join a Medicare drug plan. If a retiree covered by one of these plans is auto-enrolled into a Medicare drug plan, they may lose not only their retiree drug coverage, but any retiree medical coverage as well, along with coverage for their spouse or any dependents covered under the retiree plan.

Some retirees who have been auto-enrolled may want to opt out of Medicare drug coverage in order to keep their retiree coverage. Other auto-enrolled retirees may find that if they or a covered family member is in a nursing home and Medicaid pays for part or all of the nursing home expenses, they will need to consider whether joining a Medicare drug plan is a requirement for Medicaid to continue paying for the nursing home care.

Retirees in these situations may be confused and worried about losing retiree and/or Medicare coverage, and may need help and extra time to decide which plan is best for them.

**Note About 2006 Facilitated Enrollment:** If people who are in a Medicare Savings Program (MSP), get Supplemental Security Income (SSI), or apply and qualify for extra help do not join a Medicare drug plan on their own by May 15, 2006, Medicare will facilitate their enrollment into a plan effective May 1, 2006 to make sure they get coverage. However, people in this group will **NOT** be facilitated-enrolled in a Medicare drug plan if they also have drug coverage through an employer or union that is intended to take the place of Medicare drug coverage.

## What Are Employers & Union Retiree Plan Sponsors Doing to Help?

Many employer and union plan sponsors are taking steps to address the unique issues facing retirees and their families:

- **Offering a flexible transition/correction period:** Many plan sponsors realize that auto-enrolled retirees who want to opt out of Medicare drug coverage may not be able to do so in a timely manner. In recognition of this fact, they are:
  - Deferring any permanent changes in retirees' eligibility, enrollment or covered benefits to allow extra time for them to opt out of their autoenrolled Medicare drug plan;
  - Providing a special enrollment period for retirees to re-enroll in the employer/union plan; and/or
  - Coordinating benefits with Medicare drug plans until retirees can opt out of the Medicare drug coverage.
- **Splitting retiree/family enrollment:** Many plan sponsors are allowing spouses and dependents to continue receiving coverage from the employer/union plan, even when the retiree joins a Medicare drug plan.
- **Adding a supplemental coverage option:** Some employer and union plan sponsors have added a supplemental coverage option in recognition of the fact that some retirees are better off with Medicare drug coverage.

## How These Issues Affect Enrollment Decisions

If the person must choose between their retiree coverage and Medicare prescription drug coverage, they should compare the cost and coverage of Medicaid health coverage and Medicare prescription drug coverage with the health and prescription drug coverage provided by their retiree plan for themselves and/or any dependents.

If the person wants to disenroll from the Medicare drug plan, they can call 1-800-MEDICARE to permanently opt out of auto-enrollment. They should tell the customer service representative that they decline

Medicare drug plan enrollment. For people who are cognitively impaired and incapable of making an enrollment decision, an individual/entity holding their power of attorney act on their behalf. In the absence of a power of attorney, others specifically authorized to do so under state law also may act on their behalf and effect a disenrollment action.

## Different Choices For Retirees Who Qualify for Extra Help

For most retirees, choosing between their retiree drug coverage and Medicare prescription drug coverage is easy, because their current retiree coverage is more generous than Medicare drug coverage. However, retirees who qualify for extra help paying for Medicare prescription drug coverage may get better value from Medicare than from their retiree plan.

## Where Can Retirees Learn About Their Options?

Because employers and unions can work with Medicare prescription drug coverage in different ways, the best source of information about an individual's existing retiree drug coverage is the communications they get from their employer or union (or the plan that administers their drug coverage). If they have questions about their retiree coverage, they should visit the plan's website, or call their plan or benefits administrator, or the office that answers questions about their benefits.

## To Learn More

For more details about how employer and union drug coverage can work with Medicare prescription drug coverage, visit <http://www.cms.gov> to access the statute, regulations and additional guidance.