

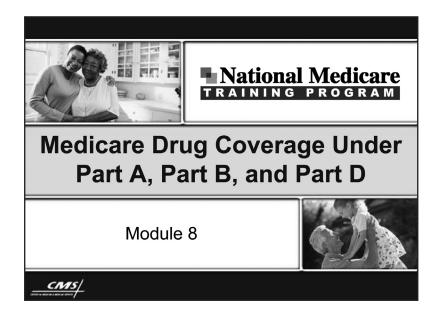
- National Medicare

Module 8 Medicare Drug Coverage Under Part A, Part B, and Part D

Training Workbook







This presentation was created to help health care providers and partners understand how Medicare Prescription Drug Plans (Part D) interface with Parts A and B of Original Medicare.

This training module was developed and approved by the Centers for Medicare & Medicaid Services (CMS), the Federal agency that administers Medicare and Medicaid.

The information in this module was correct as of April 2008. To check for an updated version of this training module, visit www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp on the web.

This set of National Medicare Training Program materials is not a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings.

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A Healthier US Starts Here!

Session Topics

- Overview
- Drug coverage under Medicare Part A
- Drug coverage under Medicare Part B
- Medicare prescription drug coverage
 - Part D
- Medicare parts A/B/D coordination
- Information sources

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It is not unusual for people with Medicare to receive prescription drugs through more than one insurer. Coordination of benefits (COB) allows plans that provide prescription coverage for a person with Medicare to determine their respective payment responsibilities. This process avoids mistaken payments and prevents confusion about which insurance should pay. This module will help you understand how Medicare Prescription Drug Plans (Part D) interface with Parts A and B of Original Medicare. After a brief overview, we will discuss: Prescription Drug Coverage under Medicare Part A • Prescription Drug Coverage under Medicare Part B • Medicare Prescription Drug Coverage (Part D)

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• Medicare Part A, B, D coordination of benefits

· Additional information sources

Medicare Parts A, B, and D

- Coverage under Part A, B, or D factors
 - Health care setting
 - For example, home or institution
 - Medical indication
 - · For example, cancer
 - Special coverage requirements
 - For example, those for immunosuppressive drugs

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Determining whether a drug is covered under Part A, B, or D depends on several factors, including:	
• The health care setting (e.g., home or institution) where the health care will be provided.	
• The medical indication or reason why the person needs the medication (e.g., cancer)	
• Any special coverage requirements, such as those for immunosuppressive drugs, which we'll discuss in a few minutes	

Part A and B Drug Coverage

- Parts A and B generally do not cover outpatient drugs
- Most outpatient drugs are covered under Part D
- Parts A and B cover drugs in particular situations
 - All requirements must be met

Medicare Part A and Part B generally do not

- Drug must be medically necessary
- People with MA Plan with drug coverage
 - Get all Medicare-covered health care from the plan
 - Get covered prescription drugs from the plan

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cover outpatient prescription drugs; most are now covered under Part D. However, Medicare Part A and Part B will cover a person's drugs under certain conditions.	
This presentation is designed to help you determine which part of Medicare covers a drug in a particular situation, assuming all other requirements are met, e.g., a drug must still be medically necessary to be covered.	
This information relates to people in Original Medicare. People who have a Medicare Advantage Plan (MA) (like an HMO or PPO with prescription drug coverage get all their Medicare-covered health care from the plan, including covered prescription drugs. The cost of the drug under the MA plan may vary depending upon whether it is an A, B, or D drug.	

Part A Drug Coverage

- Generally covers all drugs
 - During a covered stay
 - Inpatients of hospitals or skilled nursing facilities
 - Receiving drugs as part of treatment
- Part B can pay hospitals and SNFs
 - Person does not have Part A coverage
 - Part A coverage for the stay has run out
 - Stay is not covered

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Part A—Hospital Insurance	
People with Medicare who are inpatients of hospitals or skilled nursing facilities (SNF) during covered stays may receive drugs as part of their treatment.	
Medicare Part A payments made to hospitals and SNFs generally cover all drugs provided during a stay.	
Part B can pay hospitals and SNFs for certain categories of Part B covered drugs if: • A person does not have Part A coverage, • If Part A coverage for the stay has run out, or • If a stay is not covered by Part A.	

Medicare Hospice Benefits

- In Medicare-approved hospice program
 - Medicare Part A will pay
 - · Drugs for symptom control or pain relief
 - Medicare will not pay
 - Drugs intended to cure the terminal illness
 - In a Medicare drug plan

Part A also covers hospice care for people who

• Plan will pay for drugs unrelated to terminal illness

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are terminally ill and their families. Hospice care is meant to give comfort and relief from pain	
during the last months of life, not to cure the terminal illness. The patient must sign a statement	
choosing hospice care instead of benefits to treat the terminal illness. Medical services to treat	
other conditions are still covered by Medicare.	
For people who have elected Medicare hospice benefits:	
 Medicare Part A will pay for drugs for symptom control or pain relief. However, Medicare will not pay for prescriptions intended to cure the terminal illness. 	
• For people who are in a Medicare Prescription Drug Plan (Part D), the plan could pay for drugs to treat conditions unrelated to the	
terminal illness.	

Part B Drug Coverage

- Part B covers a limited set of outpatient drugs
 - Injectable and infusible drugs
 - · Not usually self-administered
 - Furnished and administered as part of a physician service
 - Some other types of drugs

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Part B-Medical Insurance

Medicare Part B covers a limited set of drugs. Medicare Part B covers injectable and infusible drugs that are not usually self-administered and that are furnished and administered as part of a physician service. If the injection is usually self-administered (e.g., Imitrex) or is not furnished and administered as part of a physician service, it is not covered by Part B.

Medicare Part B also covers a limited number of other types of outpatient drugs. There may be regional differences in Part B drug coverage policies in the absence of a national coverage decision.

For example, Medicare Part B covers certain oral anti-cancer and oral anti-emetic drugs, immunosuppressive drugs for people who had a Medicare covered transplant, erythropoietin for people with End-Stage Renal Disease, parenteral nutrition for people with a permanent dysfunction of digestive tract, drugs requiring administration via a nebulizer or infusion pump in the home, and certain vaccines:

influenza, Pneumococcal, and (for intermediate-to high-risk individuals) Hepatitis B.

Medicare Part B also covers some other vaccines

Part B Drug Coverage

- Oral drugs or DME drugs covered by Part B
 - Pharmacy/supplier must be participating DME provider
 - Drug must be medically necessary
 - · According to guidelines

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For drugs to be covered by Medicare Part B, the person will need to choose a pharmacy or supplier that is a participating durable medical equipment (DME) provider in the Medicare Part B program.	
To get drugs covered by a Medicare Part D Prescription Drug Plan, the person will need to go to a pharmacy in the plan's network.	
For Medicare Part B to cover a drug in a particular situation, all requirements have to be met, e.g., a drug must still be medically necessary to be covered.	

Part B Drug Coverage

- Drugs administered through Part B-covered DME
 - Such as nebulizer or pump
 - Only when used in conjunction with DME and
 - In patient's home
- Three categories of oral drugs with special coverage requirements
 - Oral anti-cancer drugs
 - Oral anti-emetic drugs
 - Oral immunosuppressive drugs
 - · And other non-oral forms

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Medicare Part B only covers drugs administered	
through a Part B-covered item, i.e., when used	
in conjunction with covered durable medical	
equipment in the patient's home. For long-term	
care facilities that do not qualify as a patient's	
home, we recommend that providers prescribing	
the above categories of drugs include in the written	
order both the diagnosis and indication for the	
drug, as well as a statement of status, such as	
"Nursing Home Part D."	
In addition, at this time Part B covers three categories of oral drugs with special coverage	
requirements: oral anti-cancer, oral anti-emetic,	
and immunosuppressive drugs under certain	
circumstances.	

Oral Anticancer Drugs*

- Busulfan
- Capecitabine
- **■** Cyclophosphamide
- **■** Etoposide
- Melphalan
- Methotrexate
- **■** Temozolomide

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*List is subject to change

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This slide shows the oral anti-cancer drugs covered by Part B. Note this is not an exhaustive list of Part B-covered drugs, and it is possible for	
the list to change over time.	

Oral Anti-emetics Prescribed for Use Within 48 Hours of Chemotherapy*

- 3 oral drug combination of 1)Aprepitant 2)A 5-HT3 Antagonist 3)Dexamethasone
- Chlorpromazine Hydrochloride
- Diphenhydramine Hydrochloride
- Dolasetron Mesylate (within Thiethylperazine Maleate 24 hours)
- Dronabinol

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- Granisetron Hydrochloride (within 24 hours)
- Hydroxyzine Pamoate
- Ondansetron Hydrochloride
- Nabilone
- Perphenazine
- Prochlorperazine Maleate
- Promethazine Hydrochloride
- Trimethobenzamide Hydrochloride

*List is subject to change

This slide lists the oral anti-emetic (anti-nausea) drugs covered under Part B. This is not an exhaustive list, and it is possible for the list of drugs to change over time.	

Immunosuppressive Drugs*

- Azathioprine-oral
- Azathioprine-parenteral
- Cyclophosphamide-Oral
- Cyclosporine-Oral
- Cyclosporine-Parenteral
- Daclizumab-Parenteral
- Lymphocyte Immune Globulin, Antithymocyte Globulin-Parenteral
- Methotrexate-Oral
- Methylprednisolone-Oral

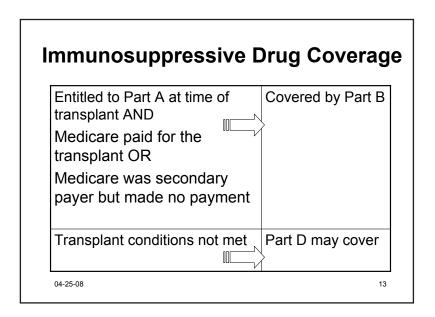
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- Methylprednisolone Sodium Succinate Injection
- Muromonab-Cd3-Parenteral
- Mycophenolate Acid-Oral
- Mycophenolate Mofetil-Oral
- Prednisolone-Oral
- Prednisone-Oral
- Sirolimus-Oral
- Tacrolimus-Oral
- Tacrolimus-Parenteral

*List is subject to change

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This slide shows the list of immunosuppressive	
drugs covered by Medicare Part B. Again, this list is subject to change.	



Immunosuppressive drug therapy is only covered by Medicare Part B for people who were entitled to Part A at the time of a kidney transplant, the transplant was performed at a Medicare-approved facility, and

- Medicare made payment for the transplant, or
- If Medicare made no payment, Medicare was secondary payer.

(NOTE: People who apply for Medicare based on ESRD within 12 months of a kidney transplant can get Part A retroactive to the month of the transplant. They can choose to either delay Part B or take Part B with coverage retroactive to the Part A entitlement date or effective with the month the application is filed.)

People who don't meet the conditions for Part B coverage of immunosuppressive drugs may be able to get coverage by enrolling in Part D.

It's important to note that Medicare entitlement ends 36 months after a successful kidney transplant

if ESRD is the only reason for Medicare entitlement, i.e., the person is not age 65 and does not receive Social Security disability benefits. In this situation, all Medicare coverage will end. Enrolling in Part D does not change this period.

Immunosuppressive Drug Coverage—ESRD

- Covered under Part B
 - Medicare pays 80%
 - Patient pays 20%
 - · Will not count toward catastrophic under Part D
- Part D
 - Pays for immunosuppressive drugs
 - If conditions for Part B coverage not met
 - Helps pay for drugs needed for other conditions

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Should Transplant Recipients Enroll in Part D?

Now let's talk more about Part D enrollment considerations for people with ESRD and employer group health plan coverage.

It is important to note that people cannot get drugs they can get under Part B, such as immunosuppressive drug therapy under the conditions we just discussed, through Medicare prescription drug coverage.

(**NOTE:** Part D will not cover immunosuppressive drugs if they would be covered by Part B except the person has not enrolled even if the person is not enrolled in Part B.)

Under Part B, Medicare generally pays 80% of the cost of medications and the patient must pay the balance, called coinsurance.

Part D cost-sharing varies depending on the plan. The out-of-pocket expenses for Part B drugs do not count in determining when the catastrophic

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In addition, Part D could help pay for outpatient drugs needed to treat other medical conditions, such as medications for high blood pressure,
to control blood sugar, or to lower cholesterol.

Part D

- Definition of Part D covered drugs
 - Available only by prescription
 - Used and sold in the United States
 - Used for a medically accepted indication
- Includes supplies associated with injection of insulin
 - Syringes, needles, alcohol swabs, gauze
- May cover if requirements under Part A or B not met
 - Immunosuppressive drugs after an organ transplant
 - Some oral anti-cancer drugs
 - Parenteral nutrition
 - · Drugs that are not usually self-administered

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To be covered by Medicare, a drug must be available only by prescription, approved by the Food and Drug Administration (FDA), used and sold in the United States, and used for a medically accepted indication. Part D-covered drugs include prescription drugs, biological products, and insulin. Medical supplies associated with the injection of insulin, such as syringes, needles, alcohol swabs, and gauze, are also covered. If a drug is covered under Part A or Part B, it can be covered under the Part D if the individual does not meet the coverage requirements for the drug under Medicare Part A or Part B. Examples may include immunosuppressive drugs after an organ transplant, some oral anti-cancer drugs, drugs that are not usually self-administered, etc.

Part D Coverage

- "All or substantially all" drugs to treat certain conditions
 - Cancer medications
 - HIV/AIDS treatments
 - Antidepressants
 - Antipsychotic medications
 - Anticonvulsive treatments
 - · For epilepsy and other conditions
 - Immunosuppressants

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CMS requires that Medicare drug plans to cover "all or substantially all" medications in the following categories:	
 Cancer medications 	
 HIV/AIDS treatments 	
 Antidepressants 	
 Antipsychotic medications 	
 Anticonvulsive treatments for epilepsy and other conditions 	
 Immunosuppressants 	
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New in 2008

- Part D coverage of vaccines
- All drug plans must include
 - All commercially available vaccines
 - Except those covered under Part B
- Contact drug plan

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Starting in 2008, all Medicare drug plans must include all commercially available vaccines on their drug formularies (except vaccines, such as the flu or pneumococcal shot, that would be covered under Part B). The plan member or the provider can contact the Medicare drug plan for more information about coverage and any additional information the plan may need.	

Excluded Drugs

- Drugs for anorexia, weight loss, or weight gain
- Fertility drugs
- Drugs for cosmetic purposes or hair growth
- Cough and cold medicine
- Prescription vitamins
 - Except prenatal and fluoride preparations
- Nonprescription drugs (over-the-counter drugs)
- Barbiturates
- Benzodiazepines
- Erectile dysfunction drugs

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Some drugs are excluded by law from Medicare prescription drug coverage. However, Part D plans may choose to cover them at their own cost or share the cost with enrollees. These include drugs such as those for anorexia, weight loss, or	
weight gain; fertility; cosmetic or lifestyle purposes (e.g., hair growth); symptomatic relief of coughs and colds; prescription vitamin and mineral products	
(except prenatal vitamins and fluoride preparations); non-prescription drugs; barbiturates; benzodiazepines; and drugs for erectile dysfunction.	

Coverage Varies

- Plans have formularies
 - May not include all outpatient drugs
 - Usually cover similar drugs
 - · Safe and effective
 - May have different levels ("tiers")
 - Choosing generic drugs can save money
- People can get treatment they need

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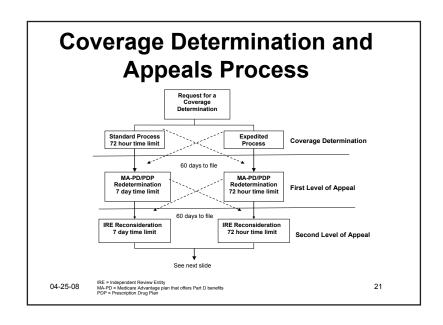
Not all drugs are covered by each plan. Each plan has a formulary or list of covered drugs. Plans' formularies must include a range of drugs to make sure people with different medical conditions can get the treatment they need.	
A plan's formulary may not include every drug a person takes. However, in most cases, a similar drug that is safe and effective will be available.	
To have lower costs, many plans place drugs into different "tiers," which cost different amounts. Each plan can form its tiers in different ways. In some plans with these different cost levels or tiers, people can often save money by choosing a generic drug instead of the brand-name drug.	
A generic drug works the same way as the brand- name drug and has been approved by FDA as safe and effective. Today, more than half of all prescriptions in the U.S. are filled with generic drugs.	

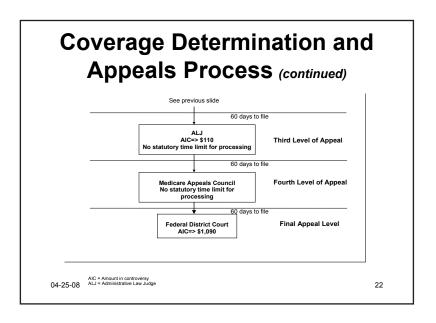
Access to Covered Drugs

- Plans can manage access to covered drugs
 - Tiers
 - Prior authorization
 - Step therapy
 - Quantity limits
- Plans must have processes in place
 - Members obtain medically necessary prescriptions
 - Request coverage determinations and appeals

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You probably know that Part D plans can use	
several processes to manage access to the drugs	
on their formularies.	
Plans can manage access through:	
• Tiers—Different cost levels for different types of drugs (e.g., generic, preferred, brand-name)	
 Prior authorization—Doctor must contact plan before prescription will be covered 	
• Step therapy—Person must try a similar,	
usually less-expensive drug that has proven effective	
 Quantity limits—Plans may limit quantity of drugs they cover over a certain period of time 	
All plans must have coverage determination and	
appeals processes in place that will allow their	
members to obtain the prescriptions that are	
medically necessary for them.	
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Part D Coordination of Benefits

- Medicare generally provides primary coverage for prescription drugs
 - Part D plan pays first
- Situations involving employer group health plan (EGHP)
 - Part D plan denies primary claims

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Many people who have Medicare Part D also have another form of prescription drug coverage. Generally, Medicare provides primary coverage for prescription drugs when a person has other coverage. Whenever Medicare is primary, the Part D plan is billed and will pay first.

In situations involving an employer group health plan (EGHP) when Medicare is the secondary payer, Part D plans will always deny primary claims. That would apply for:

- Person age 65 or over with EGHP based on current employment of self or spouse by a firm with 20 or more employees
- Person with Medicare based on a disability with large EGHP and firm has 100 or more employees
- Person with Medicare based on ESRD during the 30-month coordination period with EGHP and firm is any size

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Non-EGHP situ	ations
Medicare is secondary payer or Plan does not know whether covered drug is related to an injury	Part D plans will always make conditional primary payment to ease burden on policyholder
Plan is aware that enrollee has workers' compensation, Black Lung Program, or no-fault/liability coverage and has previously established that a certain drug is being used exclusively to treat a related injury	Part D plan will not pay

In situations not involving an EGHP when Medicare is the secondary payer, or when a plan does not know whether a covered drug is related to an injury, Part D plans will always make conditional primary payment to ease the burden on the policyholder, unless certain situations apply.

The Part D plan will not pay if it is already aware that the enrollee has workers' compensation, Black Lung Program, or no-fault/liability coverage and has previously established that a certain drug is being used exclusively to treat a related injury. For example, when an enrollee refills a prescription previously paid for by Worker's Compensation, the Part D plan may deny primary payment and default to the secondary payer.

The payment is "conditional" because it must be repaid to Medicare once a settlement, judgment, or award is reached. The proposed settlement or update should be reported to Medicare by calling 1-800-MEDICARE and asking for the Medicare Coordination of Benefits Contractor, or by mailing relevant documents to COB contractor.

Part A/B/D Determinations

- Part D plan coverage determination
 - May rely on information from physicians
 - Should not replace plan's processes for making coverage determination
 - Pharmacists' help in determining Part D status
 - Explain how prior authorization requirements met
 - · Provide more information to plan

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Part D plans may rely on the information physicians	
include with the prescription for making coverage	
determinations to the same extent they rely on	
acquiring similar information directly from	
physicians on prior authorization forms (e.g.,	
diagnosis information to determine if the	
prescription is related to a Medicare-covered	
transplant, long-term care location, etc.)	
This information is intended to facilitate, but not	
replace, a plan's existing processes for making a	
coverage determination. Pharmacists may need to	
explain how the prior authorization requirements	
are met or provide more information to the Part	
D sponsor to establish that the drug is covered by	
Part D.	

Part A/B/D Conclusion

- If payment could be available under Part A or B
 - Drug will not be covered under Part D
 - Even if a beneficiary has only Part A or Part B
 - Payment considered available
 - If person could choose to pay Part A and B premiums and deductibles

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In conclusion, if payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D. This will be the case even if a beneficiary has Part A, but not Part B, or vice versa. Thus, for all Part D-eligible individuals, drugs covered under Parts A and B are considered available if the person could choose to pay the appropriate premiums and deductibles.

(NOTE: Part D sponsors must offer a uniform benefit package in order to carry out the intent of Congress. If Part B-covered drugs were included in the Part D benefit package only for those enrollees without Part B, but not for others, it would not be possible for Part D sponsors to offer uniform benefit packages for a uniform premium to all enrollees. In addition, payment for a drug under Part A or B is available to any individual who could sign up for Parts A or B, regardless of whether they have actually enrolled or are waiting to be enrolled.)

free Part A are eligible to enroll in Part B. This includes individuals who are entitled to Part A based on age, disability, and ESRD. All individuals who are entitled to Part B only are age 65 or older and, in almost all instances, not eligible for premium-free Part A. However, they are eligible to buy into Part A for a premium.

All individuals who are entitled to premium-

For More Information ...

- Medicare Drug Coverage
 - Medicare.gov
 - · Search Tools
 - · Find out what Medicare Covers or
 - · Compare Medicare Prescription Drug Plans
- Medicare Part D Coverage Determination Request Form
 - www.cms.hhs.gov/MLNProducts/Downloads/Form_ Exceptions_final.pdf

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For more detailed information on Medicare drug coverage, you can go to <i>Medicare.gov</i> under "Search Tools" and select "Find out what Medicare Covers" or "Compare Medicare Prescription Drug Plans." This slide also shows the web address for the Medicare Part D Coverage Determination Request Form.	

Exercise

- 1. Most outpatient drugs are covered under Medicare Part A.
 - A. True
 - B. False

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- 1. Most outpatient drugs are covered under Medicare Part A.
 - A. True
 - B. False

NOTES:			

ANSWER: B. False

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Exercise

- 2. Medicare Part A payments made to hospitals and Skilled Nursing Facilities generally cover all drugs provided during a stay.
 - A. True
 - B. False

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2. Medicare Part A payments made to hospitals and Skilled Nursing Facilities generally cover all drugs provided during a stay.

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- A. True
- B. False

NOTES:		

Answer: A. True

Exercise

- 3. Part B can pay hospitals and Skilled Nursing Facilities for certain categories of Part B covered drugs if a person does not have Part A coverage.
 - A. True
 - B. False

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- 3. Part B can pay hospitals and Skilled Nursing Facilities for certain categories of Part B covered drugs if a person does not have Part A coverage.
 - A. True
 - B. False

NOTES:		

ANSWER: A. True

Exercise

- 4. In Medicare-approved hospice program Medicare Part A will not pay for drugs for symptom control or pain relief.
 - A. True
 - B. False

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- 4. In Medicare-approved hospice program Medicare Part A will not pay for drugs for symptom control or pain relief.
 - A. True
 - B. False

NOTES:			

Answer: B. False

Exercise

- 5. If payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D.
 - A. True
 - B. False

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- 5. If payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D.
 - A. True
 - B. False

NOTES:			

ANSWER: A. True

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