

Medicare Prescription Drug Coverage

Information for Seniors and People with Disabilities “Medicaid Spenddown”



A Question and Answer Guide Produced by the CHOICES Program

On January 1, 2006 Medicare will start a new program to pay for prescription drugs for anyone who has Medicare Part A or Part B.

If you are on Medicaid, the State of Connecticut currently pays for your prescription drugs through the Medicaid program. **Starting January 1, 2006, Medicare will pay for most of your prescription drugs.** Medicaid will still cover some of your prescription drugs. Medicaid recipients who live in the community will pay a small co-pay for their prescriptions that are covered by Medicare. There will not be a co-pay for drugs that are still covered by Medicaid.

Even though Medicaid will no longer cover most of your prescription drugs, it will continue to pay for your other medical needs as it does now. The questions and answers below will give you information about the new prescription drug program and will tell you how it will work with Medicaid. Also, STARTING ON PAGE 5, there is a special section with additional information for people who are on a Medicaid spenddown.

1. What is Medicare Prescription Drug Coverage? Medicare prescription drug coverage is a new prescription drug program for everyone that has Medicare. It will pay for most of your prescription drugs starting January 1, 2006. It will also pay for insulin and insulin supplies, and smoking cessation drugs. It will not cover certain drugs, including barbiturates, benzodiazepines, over-the counter drugs and drugs for weight loss or gain. However, these drugs will continue to be covered by Medicaid to the extent they are covered now.

2. How will I get my prescription drugs under the new program? Medicare will contract with private companies that will offer Medicare prescription drug coverage in Connecticut. These can be freestanding Prescription Drug Plans (PDPs), Medicare Advantage managed care organizations (HMO or PPO), or even employer-sponsored retirement health plans.

Plans will offer different selections of drugs and different provider networks. This fall you will be asked to select one of these plans to pay for your prescription drugs. ***You will be limited to the drugs included in your chosen plan's list of covered drugs.*** This is why it will be important to study carefully the information you receive about the different plans. If you need help reviewing and selecting a plan, call CHOICES at 1-800-994-9422. They will help you select the plan that will be best for you.

IMPORTANT! If you do not select a plan by December 31, 2005, one will be selected for you.

3. How does the new program work? The Medicare prescription drug plan that you select will give you a member card that you will use at the pharmacy, just like you use your Medicaid card now. If you live in the community (rather than a nursing home), you will have a small co-pay for some prescriptions and Medicare will pay the rest. *There will not be a co-pay for the drugs that are still covered by Medicaid.*

4. What do I have to pay if I live in a nursing home? If you are on Medicare and Medicaid, and you live in an institution such as a nursing home, *you will not have to pay anything for Medicare prescription drug coverage.* There are no premiums, deductibles or co-pays.

5. What do I have to pay if I live in the community? Most people will have to pay something for Medicare prescription drug premiums, deductibles and co-pays.

But, because you are on Medicaid, you will receive **Extra Help** to pay for Medicare prescription drug coverage. This means you will not have to pay an annual deductible, and you will not have to pay a premium unless you select a plan that has better than

standard coverage. For example, if a standard plan costs \$37 a month, and you choose a plan that costs \$40 a month, you will have to pay the \$3 difference each month.

Because you are on Medicaid and you qualify for Extra Help, your only cost will be a small co-pay for each prescription that is covered by Medicare. The amount of the Medicare co-pay will depend on your income. The table below shows the co-pay amounts.

Medicare Co-Pays for Medicaid Recipients who Live in the Community

If your annual income is at or below....	... your Medicare co-pay for each prescription is....
\$9,570 (single) \$12,830 (couple)	\$1 generic \$3 brand name
\$12,919 (single) \$17,320 (couple)	\$2 generic \$5 brand name

Remember! The co-pay applies to Medicare-covered drugs only. There is no co-pay for Medicaid-covered drugs.

6. What if I have a problem paying the Medicare co-pay? You will not be able to get your medication from the pharmacy unless you pay the Medicare co-pay. It is not optional. It is important to set aside a few dollars each month for this co-pay.

7. How will I select a plan? In the fall 2005, Medicare will send you the “Medicare & You 2006” handbook in the mail. It will contain information about the Medicare prescription drug plans in your area. You will need to study this information and ask the following questions at a minimum:

- Are the drugs you take now covered by the plan?
- Do you live in the plan’s service delivery area?
- Is the plan accepted at the pharmacy you use?
- What will you have to pay?

CHOICES counselors will be available to help you evaluate the plans and select the one that may best meet your needs.

Important! In mid-October, 2005 you will receive a letter from Medicare telling you that they have selected a plan for you. You will have until December 31, 2005 to select and enroll in a plan on your own. If you do not enroll in a plan by December 31, 2005, Medicare will automatically enroll you into the plan that they selected for you.

8. Can I Switch Plans Later? Yes, you can change plans at anytime in 2006. Your change will be effective the first day of the month following the month you make the change.

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Special Information for People on a Medicaid Spenddown

- **What is spenddown?** If your income is too high to qualify for Medicaid, you may be on a Medicaid “spenddown.” During this time, your medical expenses, including your prescription drug costs, are subtracted (“spent down”) from your income until your income falls below the allowable Medicaid income limit. The more medical expenses you have, the faster you reach your spenddown requirement and become eligible for full Medicaid benefits.

- **How do I get help paying for my prescription drugs while I am on spenddown?** In Question 5 we told you about getting Extra Help to pay for your Medicare prescription drugs. Once you qualify for Medicaid, you will get this Extra Help automatically and your only costs for prescription drugs will be a \$1/\$3 or \$2/\$5 co-pay. *But, because you are on a spenddown and not on Medicaid yet, you will need to do two things to get help paying for your prescription drugs on January 1, 2006:*
 - a. **First, you need to apply for Extra Help.** This summer (2005), you may get an application for Extra Help in the mail from the Social Security Administration (SSA). It is very important that you fill out this application and return it to SSA in the envelope they provide. If you don’t get an application but think you may qualify for Extra Help, call **CHOICES (1-800-994-9422)** for assistance.

 - b. **Second, you need to select a Medicare prescription drug plan.** You can enroll in a plan as early as November 15, 2005. (See Questions 2 and 7 for more information about selecting and enrolling in a plan.) Call CHOICES (1-800-994-9422) for more information.

- **What if I get help from ConnPACE while I am on spenddown?** If you are on ConnPACE, please ask your CHOICES counselor for the Q&A Guide entitled “Medicare Prescription Drug Coverage for ConnPACE Recipients.”

- **How will spenddown work once I have Medicare prescription drug coverage?**

Today, while you are on spenddown, you are probably paying for your prescription drugs out of your own pocket. But starting in January, when Medicare starts paying for some of your prescription drugs, you won't be paying as much out-of-pocket for medications. Because of this, you may not spend down as fast as you used to. *However, this also means you'll probably keep more of your own money to spend on other things.*

An Example of Medicaid Spenddown

TODAY: Sam's gross monthly income is \$860. DSS disregards the first \$183 of Sam's income, so only \$677 gets counted ($\$860 - \$183 = \677). The monthly Medicaid income limit in his area of the state is \$477. Therefore, Sam has \$200 in "excess income" each month ($\$677$ countable income - $\$477$ income limit). He has to incur this amount in medical bills before he qualifies for Medicaid. Sam spends \$225 each month out-of-pocket for medical expenses (\$150 for 10 generic prescriptions and \$75 to the doctor).

The actual spenddown period in CT is six months so we are going to multiply all of Sam's income and medical expenses times 6 months to show how his spenddown will work.

	Monthly		Over a 6-month period
Sam's countable income	\$677	X 6 months	\$4,062
Sam's Medicaid income limit	\$477	X 6 months	\$2,862
Sam's "excess income" ($\$677 - \$477 = \$200$)	\$200	X 6 months	\$1,200 (this is Sam's spenddown amount)
Sam's medical bills	\$225	X 6 months	\$1,350

Because he has incurred at least \$1,200 in medical expenses, Medicaid is granted and picks up \$150 of his medical expenses ($\$1,350 - \$1,200$). In addition to the \$1,098 that

the Department disregarded, (\$183 x 6 months), this leaves Sam with \$2,862 (\$4,062 – \$1,200) to spend on other needs.

WITH EXTRA HELP: Once Sam starts getting Medicare prescription drug coverage in January, he will be spending less on prescriptions, e.g., \$20 for 10 generic prescriptions each month (\$2 co-pay for each) vs. \$150 he spends each month today. Because he's spending less, it's going to take longer for him to meet his spenddown requirement. At the same time, however, he has more of his own money left each month to spend on other needs. The table below shows how much Sam has left to spend on other needs today, and with the Extra Help he receives under the Medicare prescription drug plan after January 1, 2006. *With Extra Help, Sam has \$630 more left in his pocket at the end of a six-month period (\$3,492 - \$2,862 = \$630).*

	Today	With Extra Help
Six-month countable income	\$4,062	\$4,062
Six-month Medicaid income limit	\$2,862	\$2,862
Six-month "excess income" (his spenddown amount)	\$1,200	\$1,200
Costs for 10 generic prescription drugs	\$900 (\$150/month x 6 = \$900)	\$120 (\$2 co-pay for each prescription x 6 months)
Other medical expenses over 6 months (\$75 x 6)	\$450	\$450
Total medical expenses	\$1,350	\$570
Eligible for Medicaid?	Yes	No
Sam's total out-of-pocket costs	\$1,200 (Medicaid paid \$150)	\$570
Amount Sam has left for other expenses (in addition to the \$1,098 he has leftover from the income disregard)	\$2,862 (\$4,062- \$1,200)	\$3,492 (\$4,062- \$570)

- **How long can I get Extra Help?** Once Extra Help is granted, you will continue to receive this benefit for a full calendar year, even though you may begin a new spenddown period after six months.

9. What Happens Next? If you're on Medicaid, you probably received a letter from Medicare in May 2005 telling you that you automatically qualify for Extra Help. You don't have to do anything to apply for it. If you're on a Medicaid spenddown you will probably get an Extra Help application in the mail this summer. Be sure to fill it out and return it to SSA.

July 1, 2006 – If you're on a Medicaid spenddown, you can apply for Extra Help directly on-line (www.socialsecurity.gov). Or, you can call CHOICES at 1-800-994-9422 to get an application.

October 2005 - Medicare will send you the "Medicare and You 2006" handbook described earlier in this Guide. This handbook will tell you more about how Medicare prescription drug coverage works and it will give you the names of plans in your area. It will also tell you how to select and enroll in a plan. (You need to select a plan whether you are on Medicaid or a Medicaid spenddown.)

October 2005 - If you are on Medicaid, you will receive a notice from Medicare telling you which prescription drug plan you will be assigned to if you don't enroll on your own by December 31, 2005.

November 15, 2005 - You will be able to enroll in the plan of your choice. Remember, if you do not enroll in a plan by December 31, 2005, you will be automatically enrolled in a plan. You can change plans later if you find another plan that better meets your needs.

January 1, 2006 - Your new Medicare prescription drug coverage will begin.

10. Where Can I Get More Information? If you would like more information or assistance please **call CHOICES at 1-800-994-9422** to speak to a CHOICES counselor.

CHOICES counselors are trained and certified to help you with your Medicare concerns and questions. CHOICES counselors can also help you to compare plans and enroll in the one that best meets your needs. You can also call Medicare at 1-800-633-4227. TTY users should call 1-877-486-2048. You can also look at www.medicare.gov

CHOICES is a program of the State of Connecticut Department of Social Services, Aging Services Division, and serves as Connecticut's State Health Insurance Assistance Program (SHIP), as designated by the Centers for Medicare and Medicaid Services. CHOICES is administered in partnership with the Area Agencies on Aging and the Center for Medicare Advocacy, Inc.



LOCAL HELP FOR PEOPLE WITH MEDICARE



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This publication is not a legal document. The official Medicare provisions are contained in the relevant laws, regulations and rulings.

This information is available in alternative formats. Call 1-800-994-9422. TDD/TTY users call 1-800-842-4524.