

City of Alexandria, Virginia

Understanding Medicare – Part D Prescription Drug Coverage

Division of Aging and Adult Services

City of Alexandria, VA

VICAP Program

(703) 746-5999



Objective



We will cover:

- What is VICAP?
- What is Medicare?
- When and how to enroll?
- Medicare Part D: Prescription Drug Insurance
- Medicare Savings Program
- Limited Income Subsidy
- Medicare Fraud and Abuse prevention



What is VICAP?

VICAP: Virginia Insurance Counseling and Assistance Program

Located in the Division of Aging and Adult Services

4850 Mark Center Drive, 9th floor

Alexandria, VA 22311

703-746-5999

www.alexandriava.gov/aging

VICAP@alexandriava.gov

- **Run by volunteers with one full time coordinator**
- **Funded by the City of Alexandria and The Administration for Community Living (ACL) to provide free, independent, and unbiased Medicare counseling**

What is Medicare?



Federal Government Medical Insurance Program for:

- Adults 65 and Older
 - Adults on SSDI for 2 years
 - People with ESRD (End-Stage Renal Disease) and ALS (Amyotrophic Lateral Sclerosis)
-
- Administration
 - Centers for Medicare & Medicaid Services (CMS)

 - Enrollment
 - Social Security Administration for most
 - Railroad Retirement Board (RRB)

Medicare History



- Started in 1965 with Part A and B
- Now called traditional or original Medicare
- Part C -Medicare Advantage or Medicare Managed Care started in 1980s.
- Part D- prescription drug coverage started in 2006

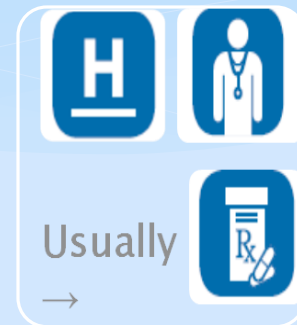


Original Medicare

- **Run by the Federal government**
- Provides your Part A and/or Part B coverage
- Go to any healthcare provider that accepts Medicare
- You pay
 - Part B premium (Part A free for most people)
 - Deductibles, coinsurance or copayments
 - Can buy a Medigap policy to help pay some of these costs
- Can join a Medicare Rx Plan to add drug coverage
- Get Medicare Summary Notice (MSN): to help prevent Fraud & Abuse- Read this notice.



The Four Parts of Medicare



Part A
Hospital
Insurance

Part B Medical
Insurance

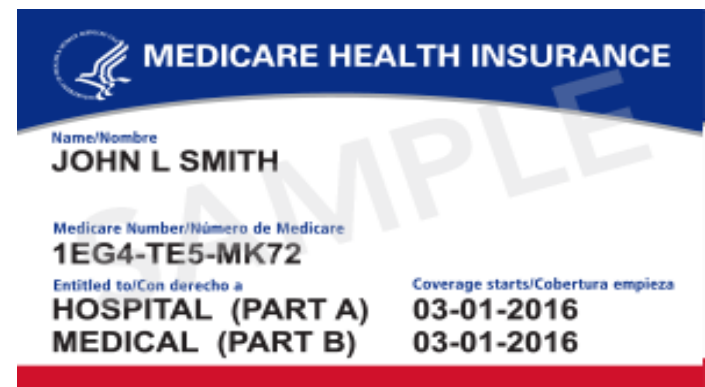
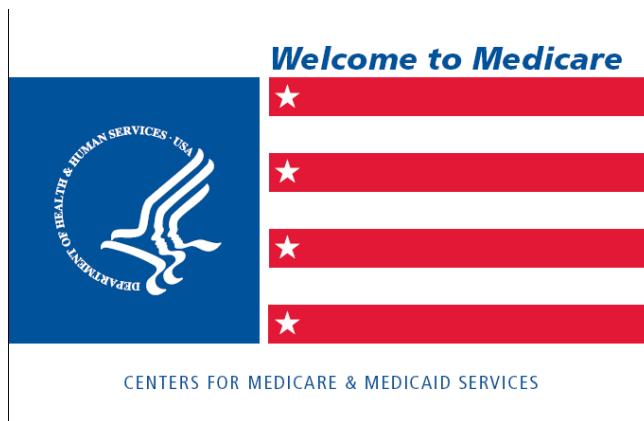
Part D
Medicare
Prescription
Drug
Coverage

Part C
Medicare
Advantage
(like HMOs
and PPOs)

Enrollment



- Automatic if you already get Social Security
 - 3 months before age 65, or
 - 3 months before your 25th month of disability benefits
- You will Receive Enrollment Package in mail
 - Includes your Medicare card
 - If you don't want Part B, follow directions in IEP packet



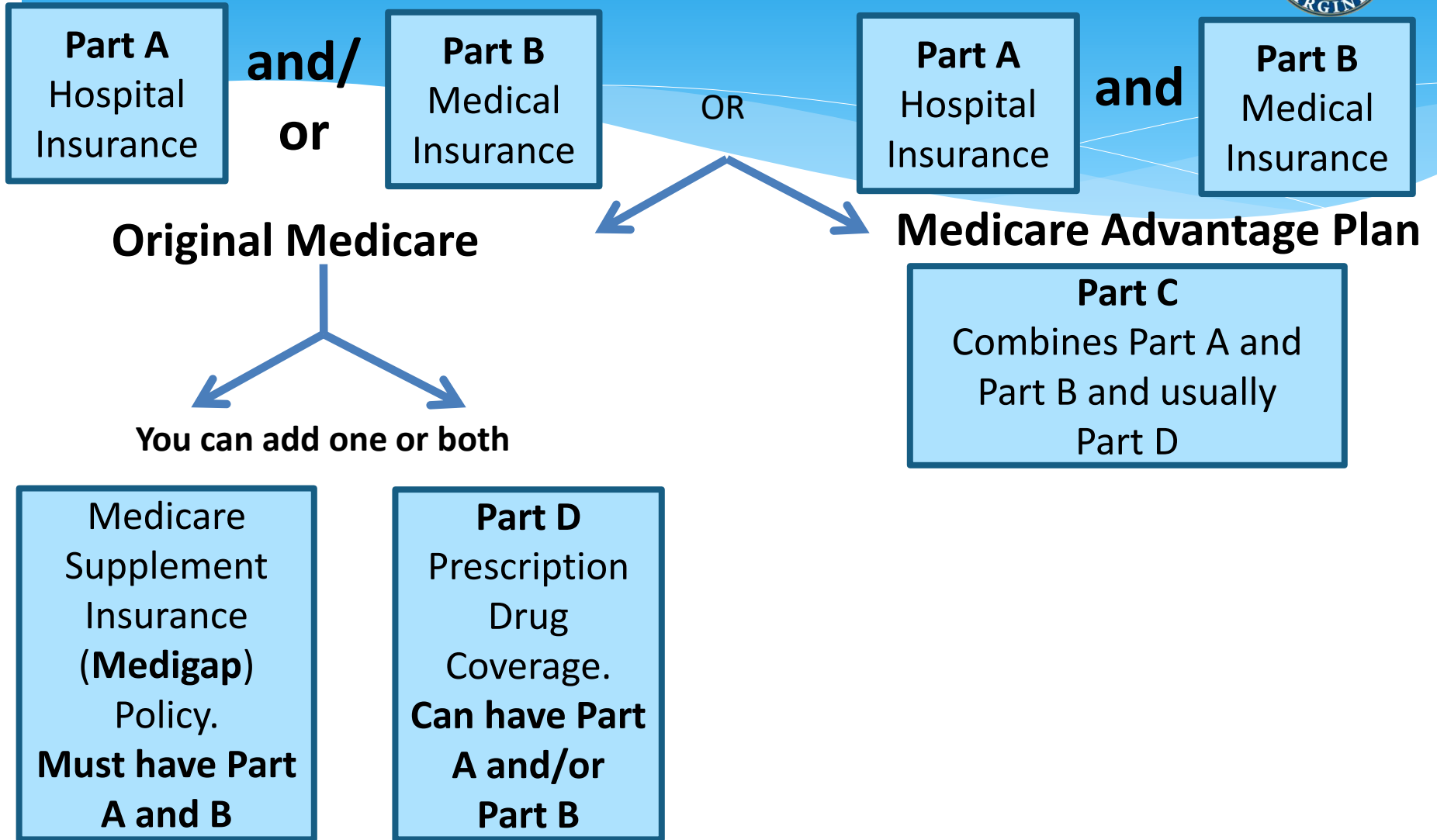
You Must Take Action to Enroll in Medicare When It's Not Automatic



- If you're not currently receiving Social Security or Railroad Retirement benefits you WILL NOT be automatically enrolled in Medicare
- To enroll
 - Visit [socialsecurity.gov](https://www.socialsecurity.gov), or
 - Call 1-800-772-1213
 - TTY: 1-800-325-0778, or
 - Make an appointment to visit your local office

****If retired from Railroad, you must enroll with the RRB

Your Medicare Coverage Choices



Joining or Switching Plans



Initial Enrollment Period (IEP)	<ul style="list-style-type: none">▪ 7 months period▪ Starts 3 months before month of eligibility▪ End 3 months after you turn 65
Annual Election Period (Open Enrollment) PART D/C	October 15 – December 7 Coverage begins the 1 st of the following year
Medicare Advantage Open Enrollment	<ul style="list-style-type: none">▪ January 1 to March 31st▪ If you're in a MA Plan, you may switch to another MA plan (with or without drugs)▪ Disenroll from a MA plan, return to Original Medicare. If you do, you can join a drug plan
Special Enrollment Periods (SEP)	<ul style="list-style-type: none">▪ You permanently move and cannot stay in the plan▪ You lose current employer coverage▪ Other special circumstances or life events (LIS/MSP, misinformed of coverage, SPAP etc

Prescription Drug Costs



- **24** Plans available in Alexandria
 - Costs vary by plan
- Most people will pay:
 - Monthly premium of between **\$5.10-\$107.90**
 - Deductible (**\$505** limit)
 - Copayments or coinsurance
- Extra Help if you have limited income/resources
 - Coverage gap (“donut hole”) cost discounts due to ACA



Prescription Drug Costs

- **Higher Part D premium for higher-income beneficiaries**
 - Income Related Monthly Adjustment Amount (IRMAA)
The percentage increases as income increases/
 - Income is based on **2021** income reported to the IRS

 - The IRMAA premium can be deducted from a beneficiary's monthly SSA benefit
 - Beneficiaries will receive a notice from SSA
 - It does not go to the Part D plans
 - If it is not paid, you will lose your Part D coverage

Closing the Prescription Gap



2023 Part D Standard Plan Cost-Sharing*

Part D Benefit Cost Periods	Costs and Who Pays	Beneficiary Pays (TrOOP)	Plan Pays	Total Amount Spent on Plan-Covered Drugs
Initial Deductible	Beneficiary pays 100%	Up to \$505	\$0	\$505 (Amount spent on deductible, before ICP begins)
Initial Coverage Period (ICP)	Costs of covered drugs are shared: 25% by beneficiary, 75% by plan.	Up to \$1,165* *maximum an individual would pay if in plan with no deductible	\$3,495	\$4,660 (Amount spent during ICP, including applicable deductible, before Coverage Gap begins)
Former Coverage Gap ("donut hole")	<p>While the Part D coverage gap ("donut hole") officially closed in 2020, that does not mean beneficiaries don't have to share a portion of costs after the ICP:</p> <ul style="list-style-type: none"> The beneficiary will continue to pay 25% for both generic drugs and brand-name drugs, plus a small portion of the pharmacy dispensing fee (approx. \$1-\$3). The plan pays 75% of the cost of generic drugs and 5% for brand-name drugs. The drug manufacturer provides a 70% discount on brand-name drugs. <p>Note about True Out-of-Pocket (TrOOP) costs: The total amount spent in this period (up to \$5,856.25) includes:</p> <ul style="list-style-type: none"> The drug costs paid by the beneficiary, and The 70% discount on brand-name drugs provided by the drug manufacturer. <p><u>Payments made by the plan</u> during this period (75% on generics, 5% on brand-name drugs) do <u>not</u> count toward TrOOP.</p>			<p>Up to \$5,856.25 (Total amount spent during the period between the end of the ICP and prior to the Catastrophic Benefit Period)</p> <p>\$11,206.28 (Total amount spent during both the ICP and this period, before Catastrophic Benefit Period begins)</p>
Catastrophic Benefit Period	When an enrollee's total out-of-pocket spending reaches \$7,400 , they hit the catastrophic benefits period, and costs of covered drugs are shared. Beneficiary pays reduced copay/coinsurance; plan pays the difference.	Greater of: 5% coinsurance OR \$4.15 copay for generic, \$10.35 copay for brand or non-preferred	Any remaining portion of the negotiated drug price	Beneficiary will remain in the Catastrophic Benefit Period through December 31, 2023. Part D benefit will reset on January 1, 2024, starting again with a deductible.

*Most Part D plans are not standard plans. This means calculating TrOOP costs during the initial deductible and ICP varies by plan.

Source: 2023 Call Letter (pp. 74-77) at: <https://www.cms.gov/files/document/2023-announcement.pdf>

National Council on Aging

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Updated September 2022



Late Enrollment Penalty

- People who wait to enroll after their IEP
 - Pay additional 1% of base beneficiary premium, which is **\$32.74 in 2023**
 - For every month eligible and not enrolled
 - For as long as they have Medicare drug coverage
 - **Except those with other creditable drug coverage:**
 - At least as good as Medicare prescription drug coverage
 - Or if you have “Extra Help”



Part D Formulary cont'd

Each Medicare Prescription Drug plan has a list of drugs that it covers, and this is called a formulary.

If Part D plans change their formularies mid-year, they are required to either provide 30 days notice of the change or a 30-day supply of the brand name medication.

Prescription Drug Formulary



- Medicare Advantages (with drug coverage) and drug plans have a list of covered drugs, called a formulary. Plans include both brand-name and generic prescription drugs. The formulary includes at least 2 drugs commonly prescribed in each category and class. This ensures beneficiaries with different medical conditions can get the prescription drugs they need.
- The formulary might not include your specific drug. However, in most cases, a similar drug may be available. If you or your prescriber believes none of the drugs on your plan's formulary will work for your condition, you can ask for an exception.
- A Medicare drug plan can make some changes to its drug list during the year if it follows guidelines set by Medicare. Your plan may change its drug list during the year because drug therapies change, new drugs are released, or new medical information becomes available.



Opioid Limitations

- New opioid prescriptions for acute pain limited to a **7-days**
- Morphine limited to 90 morphine milligram equivalent (MME) per day.
- Pharmacist will be informed about duplicate opioid therapy and concurrent use of opioids and benzodiazepines by patients.
- Plans may require case management to some recipients and doctors
- Plans may limit or access to a selected prescribers and/or pharmacies in efforts to avoid “doctor shopping.”
- Plans may require some beneficiaries to use on selected prescribers or pharmacies



Step Therapy for Drugs

- Step Therapy requires that you try a **less-expensive medication** before the drug plan pays for another drug that your doctor may have originally prescribed.
- plans may apply step therapy requirements for physician
- Plans utilizing step therapy provide enrollees drug management care coordination plans
- Exception/appeals process available at CMS

Extra Help with Drug Plan Costs



- **Help for people with limited income & assets 2023**
 - Income limit: Single: **\$1,719*** Couple: **\$2,309***
 - Asset limit: Single: **\$10,590 **** Couple: **\$15,130****
- Some groups are automatically eligible
 - People with Medicare and Medicaid
 - Supplemental Security Income (SSI) only
 - Medicare Savings Programs
- Everyone else must apply at Social Security

* Income amounts reflect threshold without/with the \$20 monthly income disregard (annually = \$240); income is rounded to the nearest whole dollar. ** Asset limits excludes \$1,500/person burial allowance.

Dual Eligible and Limited Income Advantages



- Limited Income Subsidy (LIS) and Medicare Savings Program (MSP) recipients may make changes to their prescription drug plans once every quarter.
- Extra Help and Medicare Savings Program (MSP) recipients may also make changes to their plans :
- During annual Open Enrollment –Oct. 15-December 7
- Move out of a service area
- No longer receiving the LIS or MSP Benefit

Limited Income Subsidy and Medicare Savings Programs



- If you think you might qualify for Medicare Savings Program (MSP) or Medicaid Expansion:
 1. Review guidelines
 2. Collect your financial documents
 3. Get more information and to apply:
 - Call Human Services Office: 855-635-4370
 - Go to <https://commonhelp.virginia.gov>
 - Call your local VICAP: 703-746-5999

Fraud Prevention: Senior Medicare Patrol



▶ Read Your Medicare Summary Notices

- Report and prevent health care fraud and abuse.
- If you suspect fraud, contact the medical provider about discrepancy
- Report suspected fraud or abuse to Senior Medicare Patrol at 1-800-938-8885



■ Other web sites

Virginia Bureau of Insurance:

877-310-6560 www.scc.virginia.gov/boi

Stop Medicare Fraud:

<https://stopmedicarefraud.org/>

For More Information



- Your local VICAP: 703-746-5999
- 1-800-MEDICARE (1-800-633-4227)
 - TTY users should call 1-877-486-2048
- *Medicare & You* handbook, CMS Pub. #10050
 - Other Medicare publications on www.medicare.gov
- www.medicare.gov
- www.cms.gov



QUESTIONS?

- **VICAP Office**

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