

HOW PRESCRIPTION ADVANTAGE WILL WORK WITH THE NEW DRUG COVERAGE FROM MEDICARE BEGINNING JANUARY 1, 2006

Overview

Prescription Advantage is changing to work together with the new Medicare prescription drug coverage that will begin January 1, 2006. For members with Medicare:

- The prescription drug coverage provided through **Medicare will be the primary drug insurance** for Prescription Advantage members.
- Prescription Advantage will become a secondary payer providing financial assistance to supplement Medicare coverage.
- Prescription Advantage **will require** Medicare-eligible members to be enrolled in a Medicare prescription drug plan to receive assistance.
- To ensure that all members will have coverage and be able to receive assistance beginning January 1, 2006, Prescription Advantage will automatically enroll members in a randomly selected Medicare plan.
 - Members are able to change plans through May 15, 2006 if the randomly assigned plan does not best meet their needs.
 - Members in “Medicare Advantage” plans (Tufts, Fallon, Harvard Pilgrim, Blue Cross) **will not be automatically enrolled**; they will obtain Medicare drug coverage from their Medicare Advantage plan.
- Prescription Advantage **will require** lower-income members to apply for the Medicare limited-income subsidy (also known as “Extra Help from Medicare”). Members who do not apply will not be eligible to continue receiving assistance from Prescription Advantage.

For **Prescription Advantage members without Medicare**, the current Prescription Advantage benefit will continue after January 1, 2006.

Financial Assistance for Medicare Drug Coverage from Prescription Advantage.

Prescription Advantage will provide supplemental financial assistance to most current members based on the member’s income and the assistance they receive from Medicare.

- **Members with “Full Extra Help” from Medicare**
Medicare-eligible members with annual incomes of \$12,569 or less for a single person or \$16,862 or less for a married couple **and** with limited assets can be approved for “full extra help” (also called the full limited-income subsidy) from Medicare by applying to the Social Security Administration. Members who meet these requirements and are approved for full “extra help” will pay no premiums for

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basic Medicare prescription drug plans that have premiums at or below the benchmark level established by Medicare (\$30.27 per month in Massachusetts), and they will **not** have to pay deductibles and will **not** have a coverage gap (“donut hole”). Their co-payments will be \$2 or \$5 per prescription. Prescription Advantage members who are approved for the **full limited-income subsidy** will not receive financial assistance from Prescription Advantage since they will pay less for their benefits under Medicare than they currently do under Prescription Advantage.

- **Members with Partial “Extra Help” from Medicare or with Incomes Below 188% Federal Poverty Level (FPL) (\$17,503 single; \$23,481 married couple)**

Prescription Advantage members with incomes below \$17,503 for a single person or \$23,481 for a married couple currently pay no premium and have no deductible for their drug coverage. Members in this income category who are approved for partial “extra help” from Medicare will have to pay sliding-scale premiums and deductibles. Members in this income category who do not qualify for any “extra help” from Medicare will be subject to the full premiums and deductibles charged by their Medicare prescription drug plan as well as having the standard Medicare coverage gap. Accordingly, Prescription Advantage will provide supplemental financial assistance with premiums, copayments and deductibles for members in this income category:

- **Premiums**– Prescription Advantage will pay the premiums for Medicare basic drug plans for members in this category (up to \$30.27 per month); members will pay any additional premium if they choose an enhanced or higher cost plan. There will be no separate premium for Prescription Advantage membership.
- **Copayments**–If the member’s Medicare drug plan copayments are higher than the current Prescription Advantage copayments of \$7 for generic drugs or \$18 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member’s out-of-pocket limit is reached.
- **Out-of-Pocket Limit** – Members’ out-of-pocket expenses will be capped. Members receiving the partial limited-income subsidy from Medicare will pay no more than \$1,300 out-of-pocket. Other members with incomes up to 188% FPL will pay no more than \$1,440.

- **Members with Incomes from 188% FPL to below 225% FPL (\$17,504-\$20,948 single; \$23,482-28,103 married couple)**

- **Premiums** - Prescription Advantage will pay a portion of the Medicare drug plan premiums for members with incomes in this category. These members will pay the first \$20 of the Medicare premium; Prescription Advantage will pay any additional amount toward the premiums for Medicare basic drug plans for members in this category (up to \$30.27 per month). Members will

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- pay any additional premium if they choose an enhanced or higher cost plan. There will be no separate premium for Prescription Advantage membership
- **Copayments** – If the member's Medicare drug plan copayments are higher than the current Prescription Advantage copayments of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member's out-of-pocket limit is reached.
 - **Out of Pocket Limit** – Members' out-of-pocket expenses will be capped. Members with incomes between 188% and 225% FPL will pay no more than \$1,800 out-of-pocket.
- **Members with Incomes from 225% FPL to below 300% FPL (\$20,949-\$27,930 single; \$28,104-\$37,470 married couple)**
 - **Premiums**—Prescription Advantage will not provide any financial assistance with Medicare drug plan premiums for members in this income category because Medicare drug plans will be available with premiums comparable to the premiums they currently pay for Prescription Advantage. There will be no separate premium for Prescription Advantage membership after January 1, 2006.
 - **Copayments**— If the member's Medicare drug plan copayments are higher than the current Prescription Advantage copayments of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the additional amount. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member's out-of-pocket limit is reached.
 - **Out of Pocket Limit**— Members' out-of-pocket expenses will be capped. Members with incomes in this category will pay no more than \$2,150 out-of-pocket.
 - **Members with Incomes between 300% FPL and 500% FPL (\$27,931-\$46,550 single; \$37,470-\$62,450 married couple)**

Members in this income category will generally save money with Medicare prescription drug coverage compared to Prescription Advantage unless they have high drug costs, so Prescription Advantage assistance for these members will begin when they have accumulated high out-of-pocket costs. They will pay a \$200 annual enrollment fee in exchange for a cap on catastrophic drug costs. In 2006, this cap on out-of-pocket expenses will be \$2,870.

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- **Members with Incomes above 500% FPL (\$46,551 and above single; \$62,451 and above married couple)**

Members at incomes above 500% FPL will not receive financial assistance from Prescription Advantage since they will have Medicare drug plan benefit options at a lower cost than their current Prescription Advantage benefits. Members in this category currently pay \$99 per month in Prescription Advantage premiums.

- Medicare drug plan standard benefits, on average, provide better coverage for members with annual drug costs up to \$4,000. The 2006 benchmark standard benefit premium is \$30/mo.
- Medicare drug plan plans are also offering a range of enhanced coverage packages for less than the Prescription Advantage premium.

Drugs Not Covered by the Medicare Drug Plan

Generally, Prescription Advantage will provide financial assistance only for drugs covered by a member's Medicare drug plan. Members are allowed to request coverage from their Medicare drug plan plans for non-formulary drugs, and to appeal if these requests are denied. Prescription Advantage will provide information to members to assist with this process. Once a member's prescription is covered by his or her Medicare drug plan, Prescription Advantage will provide supplemental coverage for it. As part of providing supplemental financial assistance, Prescription Advantage will pay for benzodiazepines (a category of drugs which is excluded from Medicare coverage) for Prescription Advantage members. Prescription Advantage will **not** cover other drugs excluded from Medicare coverage, such as barbiturates and over-the-counter drugs.

Resources for Prescription Advantage Members and Other Medicare Beneficiaries

Prescription Advantage Customer Service

1-800-243-4636, press 1

TTY: 1-800-610-0241

www.800ageinfo.com

SHINE – Serving Health Information Needs of Elders

1-800-243-4636, press 2

www.medicareoutreach.org

MassMedLine:

1-866-633-1617

www.massmedline.com

MassHealth Customer Service:

1-800-841-2900