

# MEDICARE-APPROVED Rx DRUG DISCOUNT CARD

## Background

- The Medicare Prescription Drug Discount Card and Transitional Assistance Program was enacted into law on December 8, 2003 as part of the *Medicare Prescription Drug, Improvement, and Modernization Act of 2003*.
- This is a temporary program designed to provide help from June 2004 through December 2005, until the Medicare drug benefit is implemented in January 2006.

## What is a Medicare-Approved Drug Discount Card?

- A card provided by a private company (called “card sponsor”) that allows enrollees to obtain reduced prices on some drugs.
- Card sponsors have to meet various guidelines in order to be deemed “Medicare-approved,” and all “Medicare-approved” cards will carry an official seal.
- Enrollment fee charged by card sponsor cannot be more than \$30 **per year**.
- The estimated savings from discount card programs could be in the range of 10-20% on total drug spending.
- Prices must be reported as a dollar amount, not just as a percentage discounted. This helps people compare plans easier and know the real savings.
- Benefits were available beginning June 1, 2004, but Initial Enrollment can occur at any time through December of 2005.
- This card is NOT intended to be an actual “drug benefit,” this is just a *temporary* program to help beneficiaries with their drug costs until the actual Medicare drug benefit begins January 1, 2006.

## Who is eligible for the discount card?

- Any beneficiary who has Medicare Part A and/or Part B.
- A beneficiary is **not** eligible if they have drug coverage through Medicaid.

## Transitional assistance – “\$600 credit”

- Medicare provided a \$600 credit in 2004 and will provide up to a \$600 credit in 2005 to Medicare beneficiaries whose incomes are not more than 135% of poverty (\$12,919 for a single person and \$17,320 for a married person, in 2005) and do not have existing drug coverage from Medicaid or a group or retiree health plan. Assets (such as a house, car, savings accounts, etc) are **not** taken into consideration.
- In 2004, a beneficiary could enroll at any time and get the full \$600 assistance.
- In 2005, the \$600 credit will be reduced based on when the individual enrolls: enroll Jan ‘05 – March ‘05, receive full \$600; enroll April ‘05 – June ‘05, receive \$450; enroll July ‘05 – September ‘05, receive \$300; enroll October ‘05 – December ‘05, receive \$150.

- Beneficiaries who qualify for assistance paying the Part B premium through Medicaid's Qualified Medicare Beneficiary (QMB) program are also eligible.
- Beneficiaries cannot qualify for the assistance if they get outpatient drug coverage through Medicaid, TRICARE, group health insurance, or the Federal Employees Health Benefit Program.
- Medicare will pay the drug card enrollment fee (approximately \$30) for seniors that qualify for the \$600 credit each year.
- Coinsurance:
  - Beneficiaries at or below 100% (\$798 single; \$1070 couple in 2005) of the federal poverty level pay 5% of the discounted drug cost
  - Beneficiaries between 100% to 135% (\$1077 single; \$1445 couple in 2005) of the federal poverty level pay 10% of the discounted drug cost
- \$600 credit that has not been used can carry over into the first few months of 2006, until the beneficiary enrolls in a Medicare Prescription Drug Plan

### **Card Sponsors**

- Card sponsors include Pharmacy Benefit Manager companies (PBM), insurance companies, wholesalers, and Medicare Advantage plans.
- Each card sponsor will offer its own prices, choose what drugs to cover, and what pharmacies must be used.
- Programs must meet standards set by Medicare to qualify for endorsement.

### **Enrollment process**

- A beneficiary should select a card using the Prescription Drug and Other Assistance Programs tool on [www.medicare.gov](http://www.medicare.gov), by calling 1-800-MEDICARE (1-800-633-4227), or by contacting SHIIP at 1-800-234-7119.
- Beneficiaries will need to compare cards for **drugs covered**, the dollar **amount discounted**, which **pharmacies** will accept the card, the card **enrollment fee**, and in what **states** the card can be used.
- The enrollment form is submitted to the card sponsor -- online, fax or mail.
- Benefits will begin the first day of the month after enrollment.
- Beneficiaries **can only join one** approved program. Under special circumstances they may change (example: move permanently to a new state where current card isn't offered). Beneficiaries could enroll for a different card for 2005 between November 15 and December 31, 2004. There will be no new cards offered or \$600 credit given after December 31, 2005.
- Enrollment process for \$600 credit:
  - Submit simple enrollment form to card sponsor. The card sponsor forwards it to CMS (Centers for Medicare & Medicaid Services) to determine eligibility.

- Once a beneficiary is determined eligible they are automatically enrolled for the duration of the program (through December 2005).
- Beneficiaries who are eligible can begin receiving discounts and using the credit the first day of the month after they are found eligible.
- Individuals found to be ineligible can request a reconsideration.
- There are three specially-endorsed cards designed to help beneficiaries who reside in a nursing home and get prescription drugs through the home's contracted long-term care pharmacy. The card sponsors must administer the credit for those eligible, and may provide discounts to enrollees as well.

### **Covered drugs**

- While nearly all prescription drugs are covered under at least one plan, **not all card sponsors cover all drugs.**
- Syringes and medical supplies associated with insulin will be included.
- Card sponsors can offer discounts on over-the-counter drugs.
- The \$600 credit cannot be used for over-the-counter drugs, but can be used to help pay for covered prescription drugs, even if they are not discounted by the beneficiary's card.
- Prices, discounts, and covered drugs can potentially change weekly, but that trend has not been seen so far.
- Medicare managed care plans (Medicare Advantage) like HMOs or POS plans may offer exclusive card programs that limit enrollment to their own members.
- A beneficiary may still continue to use discount cards from private companies (example: Together Rx card) but can only use *either* their Medicare-approved card *or* their other discount card to purchase each drug. The credit cannot be used towards drugs purchased using a discount from a non-Medicare-approved card.
- Some pharmaceutical manufacturers are offering additional assistance by providing drugs free or for low cost after a person's credit has been used up. Availability of this additional benefit depends on which drugs a person are on and which card is purchased.

### **Consumer information**

- 1-800-MEDICARE (1-800-633-4227); [www.medicare.gov](http://www.medicare.gov); Nebraska Senior Health Insurance Information Program (SHIIP) 1-800-234-7119
- SHIIP Personal Information Worksheet to help beneficiaries compare cards: [http://www.doi.ne.gov/shiip/brochure/PI\\_wksht.pdf](http://www.doi.ne.gov/shiip/brochure/PI_wksht.pdf)

# SHIIP

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