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Policy Memo

KHPA POLICY NO: 2006-12-03	From: Andrew Allison, Acting Medicaid Director
Date: December 27, 2006 –Revised December 22, 2006 – Initial Release	KEESM Reference: 2911.10, 7532
RE: Medicare Part D Co-Payment Assistance Program	Program(s): Medical Assistance

The purpose of this memo is to announce implementation of the Medicare Part D Co-payment Assistance Program. This new program was created by the 2006 Kansas Legislature to provide relief to persons newly subject to co-pays due to the requirements of the Medicare Modernization Act (MMA). The MMA established Medicare Part D prescription drug coverage. Coverage under the Medicare Part D Co-payment Assistance Program begins January 1, 2007.

Medicare Part D Co-pay Assistance is a state-funded program. It was created to cover the additional out-of-pocket costs many dual eligibles have experienced since the onset of Medicare Part D. Only full dual eligibles receive the assistance. A full dual is a person eligible for both Medicare and full Medicaid benefits. The program is not intended to replace co-pays required by Medicaid. Eligible individuals are subject to Medicaid co-pay requirements. Specific information regarding eligibility and benefits are outlined in this material.

The information will be added to the Kansas Economic and Employment Support Manual (KEESM) with a later revision.

A. Eligibility

Medicare Part D Co-pay is only available to persons who are designated full dual eligible. Full dual eligibles are persons who have Medicare (either or both Parts A and B) as well as full Medicaid eligibility. Co-pay assistance is not available to partial duals.

Medicaid coverage may be through any program, including MS, SI, MA CM, FC, etc. Medically needy beneficiaries are only eligible with a met spenddown. In the MMIS an eligible individual must

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Medicaid and HealthWave:
 Phone: 785-296-3981
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State Employee Health
 Benefits and Plan Purchasing:
 Phone: 785-296-6280
 Fax: 785-368-7180

State Self Insurance Fund:
 Phone: 785-296-2364
 Fax: 785-296-6995

have a benefit plan of Title XIX or the benefit plan must be Medically Needy with a met spenddown.

Persons eligible for a Medicare Savings Program - such as QMB, LMB or Expanded LMB- as well as those eligible for limited-service programs, such as ADAP, are not eligible for Medicare Co-pay Assistance.

B. Medicare Part D Co-pays

Medicare Part D Co-pay Assistance will help with a portion of Medicare Part D Co-payments for some beneficiaries. A Part D co-pay is a payment the beneficiary incurs each time a prescription is received. This is usually a set amount. Assistance is only available for co-pays and not other cost sharing, such as deductibles or out-of-network expenses.

CMS has established maximum co-pays for dual eligibles. The amount is based on the living arrangement of the individual as well as the countable income. The information to determine the co-pay is determined from information sent to CMS on the MMA file. The co-pay amounts for 2007 are as follows:

1. For persons living in an institution: \$0 co-pay
These persons are identified on the MMA File Transmission History window in the MMIS with a 'y' in the Inst Ind field
2. For persons with income **less than or equal to** 100% of the federal poverty level: \$1.00 for generic and \$3.10 for name-brand.
These persons are identified on the MMA File Transmission History window in the MMIS with a code of '02', '04' or '08' in the Dual field and an FPL Ind of '<=100%'
3. For persons with income above 100% of the federal poverty level: \$2.15 for generic and \$5.35 for name-brand.
These persons are identified on the MMA File Transmission History window in the MMIS with a code of '02', '04' or '08' in the 'Dual' field and an FPL Ind of '>100%'

The co-pay levels listed above are the maximum limits the plans may charge for each 30 day supply of medication. In some instances the plan or the pharmacy may charge a reduced co-pay.

C. Benefits

Medicare D Co-pay Assistance provides help with costs related to Medicare Part D prescription drugs. Payments under this new benefit are limited strictly to Medicare Part D prescription drug co-pays. No other benefits are provided.

Please note that prescription drugs covered under Medicare Parts A and B are NOT covered under this new benefit (examples include some cancer treatment drugs and transplant medication if Medicare paid for the transplant). Following payment by Medicare or the Medicare Advantage Plan, uncovered amounts are considered for payment under the Title XIX/Medicaid or QMB benefit plans. All payments through Medicare Part D Co-pay Assistance are subject to Medicaid co-pay requirements. The net benefit due the provider will be reduced by the normal Medicaid co-pay. Like Medicare Part D, Medicaid charges an additional co-pay for each 30 day supply. All prescriptions are subject to Medicaid co-pay unless exempt.

Consider the following examples:

Example 1: Benny is an HCBS recipient and is exempt from Medicaid co-pay. His income is under 100% of poverty. Benny receives a generic drug. Assuming the PDP and pharmacy are following the co-pay guidelines, he will have a Part D co-pay of \$1.00. Medicare Part D Co-pay Assistance will pay the difference.

$\$1.00$ (Medicare co-pay) - $\$0$ (Medicaid co-pay) = **$\$1.00$ (KMAP payment)**

Example 2: Barb is a Working Healthy participant. She has a \$3.00 Medicaid co-pay. Her income is over 100% of poverty. Barb receives a name brand drug. Assuming the PDP and pharmacy are following the co-pay guidelines, she will have a co-pay of \$5.35. Medicare Part D Co-pay Assistance will pay the difference.

$\$5.35$ (Medicare co-pay) - $\$3.00$ (Medicaid co-pay) = **$\$2.35$ (KMAP payment)**

Example 3: Boris is an independent living SSI recipient and has a \$3.00 Medicaid co-pay. His income is under 100% FPL. He receives a 60 day supply of a generic drug. Assuming the PDP and pharmacy are following the co-pay guidelines, he will have to pay two co-pays due to the larger supply of drugs - \$3.10 is the co-pay for one refill, and \$6.20 is the co-pay for two. Medicare Part D Co-pay Assistance will pay the difference.

$\$6.20$ (Medicare co-pay) - $\$6.00$ (Medicaid co-pay) = **$\$.20$ (KMAP Payment)**

A list of all individuals and services exempt from co-pay requirements is included with this material. Persons excluded from co-pay based on eligibility information (such as age, category of coverage, etc) will have a co-pay indicator of 'N' in the co-pay field of the individual's medical card.

D. Pharmacy Instructions

To receive the benefit, the Medicare Part D covered prescription must be filled at a participating KMAP pharmacy. The pharmacy will then bill KMAP for the expense. A special announcement regarding the new program has been released to all KMAP pharmacies. Special billing instructions were included with the announcement. Provider Bulletin Number 6127 is available to review on-line at the following location:

<https://www.kmap-state-ks.us/public/Bulletins/BulletinSearch.asp>

The maximum reimbursement for each 30 days supply is \$5.35. If a claim is received for an amount greater than \$5.35, payment will be limited to \$5.35. Pharmacies are only allowed to bill KMAP the actual amount of co-pay the plan permits.

E. Inability to Pay Co-pay

Federal rules require a pharmacy filling a prescription for a Medicaid beneficiary to dispense the medication regardless of the beneficiary's ability to pay any Medicaid co-pay. In other words, if a beneficiary who is subject to a \$3.00 co-pay indicates he has no money and cannot pay the \$3.00, the pharmacy cannot deny the prescription solely on this basis.

Medicare Part D plans do not have a similar rule. The pharmacy has the right to refuse service to a participant who does not have the co-pay.

Medicare Part D Co-pay Assistance will follow Medicare D rules. For claims only subject to payment under Medicare Part D Co-pay Assistance, the pharmacy can refuse to dispense the medication.

F. Medically Needy Impact

For beneficiaries with a medically needy benefit plan, claims are only eligible for payment if the spenddown is met. Claims received for those with an unmet spenddown will be processed and applied to spenddown by the MMIS. In the future, please check the MMIS for potential duplicate claims prior to entering any Beneficiary Billed claims to allow toward a spenddown.

G. Beneficiary Notification

A mass mailing to all non-institutionalized full dual eligibles will be sent the last week of December, 2006. The notification will inform the beneficiary of the new benefit. A copy of the notice is included with this material.

The Kansas Medical Assistance Program Medical Benefits publication (blue book) will be updated with information on the Medicare Part D Co-payment Assistance Program. This booklet is mailed to the new beneficiary with their first medical card. The update is scheduled for January, 2007. The SRS or HealthWave Clearinghouse eligibility worker, or other designated staff, is responsible for notifying a newly approved beneficiary of the program until the update is complete. A copy of the initial notice can be given to the individual. Specific coverage questions may be referred to the fiscal agent, EDS

H. Questions

For questions regarding this material, please contact Jeanine Schieferecke at (785) 296-8866 or email jeanine.schieferecke@khp.ks.gov.

For questions regarding Medicare Part D coverage, contact the participating Medicare Prescription Drug Plan.

Beneficiaries and others asking specific coverage questions may be directed to the KMAP Customer Service Center at 1-800-766-9012