



California
Department of
Health Services

SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

DATE: DEC 14 2005

MMCD All Plan Letter 05012

TO: TWO PLAN MODEL CONTRACTORS, GEOGRAPHIC MANAGED CARE CONTRACTORS, KAISER PRE-PAID HEALTH PLAN, SCAN HEALTH PLAN, PACE PLANS, AIDS HEALTHCARE FOUNDATION, COUNTY ORGANIZED HEALTH SYSTEM CONTRACTORS.

SUBJECT: MEDICARE MODERNIZATION ACT; MEDICARE PART D PRESCRIPTION DRUG PLAN

The purpose of this letter is to inform Medi-Cal Managed Care contractors of the implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). The Medicare Part D Prescription Drug Plan will be effective January 1, 2006.

The MMA requires all beneficiaries who are currently Medi-Cal / Medicare eligible (dual eligible) to enroll in a Medicare Part D Prescription Drug Plan (PDP) or a Medicare Advantage Prescription Drug Plan (MA-PD).

Effective January 1, 2006 most of the prescription drugs currently paid for by the Medi-Cal program will be covered by Medicare Part D under the Prescription Drug Plan Program. Over-the-counter drugs and other prescription drugs not covered by Medicare Part D, that are currently covered by Medi-Cal, will continue to be the responsibility of the managed care health plans. The State will recalculate capitation rates to reflect this change. The newly calculated rates will continue to include the over-the-counter and other prescription drugs currently covered by Medi-Cal and excluded from the Medicare Part D Prescription Drug Plan coverage.

There will be no additional changes in the services currently being provided by the managed care health plans. The State will process contract amendments to incorporate Medicare Care Part D language and implement new rates that exclude the Medicare Part D covered prescription drugs component.

The California Department of Health Services (CDHS) will send another All-Plan letter or letters that address the FAME file and system changes to enable identification of the dual eligibles, the Prescription Drug Plan in which the beneficiaries are enrolled and the effective date of that enrollment.

If you have further questions or need additional information, please contact Mr. Willie Anderson, Chief of the COHS, GMC and Other Contracts Section, at (916) 449-5078.

Sincerely,


Vanessa M. Baird, MPPA, Chief
Medi-Cal Managed Care Division