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

California
Department of
Health Services

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

August 4, 2005

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY QMB/SLMB/QI COORDINATORS

Letter No.: 05-23

SUBJECT: MEDICARE PART D PRESCRIPTION DRUG PROGRAM

All County Welfare Directors Letter (ACWDL) 04-03 dated March 1, 2004, provided initial information about the new Medicare Prescription Drug Program that is effective January 1, 2006. This letter is being sent to further inform the counties of upcoming changes and their roles and responsibilities in this program. As new information becomes available, the Department of Health Services (DHS) will be issuing additional ACWDLs.

Overview:
Beginning January 1, 2006, persons who are entitled to Medicare Part A and/or Part B will be eligible for the new Medicare Part D Prescription Drug Program. This Part D benefit will provide prescription drug coverage to Medicare beneficiaries who are dually entitled to Medicare and Medi-Cal. Beneficiaries in a Medicare Savings Program (MSP) such as the Qualified Medicare Beneficiary (QMB), the Specified Low-Income Medicare Beneficiary (SLMB) or the Qualifying Individual (QI-1) programs, and individuals eligible for the Supplemental Security Income/State Supplemental Payment (SSI/SSP) program are also eligible for Part D. Dually eligible individuals, MSP-only individuals and SSI/SSP individuals will be auto-enrolled and will not need to apply. Beginning January 1, 2006, Medi-Cal will no longer provide prescription drug coverage to these individuals. Part B drug coverage remains unchanged and the Governor's budget proposes to continue to provide some over-the-counter medications, benzodiazipenes and barbiturates to Part D eligible individuals.

1501Capitol Avenue, Suite 71.4001, MS 4607, P.O. Box 997417
Sacramento, CA 95899-7417
(916) 552-9430 Fax (916) 552-9524
www.dhs.ca.gov

As described in ACWDL 04-03, enrollees in Part D will have premiums, deductibles, copayments (copays) as well as a "coverage gap" during which many enrollees will be responsible for the entire cost of their prescription drugs normally covered under Part D. Exception: Enrollees who are approved for a low-income subsidy (LIS) will not have a coverage gap and will have no premiums or reduced premiums, deductibles and copays. The amount of the copays will be determined by the Centers for Medicare & Medicaid Services (CMS) based upon an array of California's aid codes and coverage groups that they are requesting from DHS in a monthly data file.

Individuals in long-term care will not pay copays. In ongoing discussions with CMS, indications are that most other dually eligible individuals will have $1-$3 copay per prescription and individuals in the 250 Percent Program, and MSP-only coverage groups will pay a $2-$5 copay per prescription.

Enrollment in Prescription Drug Plans

The Medicare Part D initial enrollment period is November 15, 2005, through May 15, 2006. Full-scope dual eligible individuals and Medi-Cal/MSP eligibles will be auto-enrolled into a plan on November 15, 2005. SSA will notify them once they are enrolled. After that date, they may change plans at any time if they are not satisfied with the plan assigned to them. Coverage will begin on January 1, 2006. Individuals receiving QMB-Only, SLMB-Only, or QI-1 will not be auto-enrolled into a Prescription Drug Plan (PDP) until May 15, 2006. Since the MSP-only population has never had Medi-Cal prescription drug coverage, they will have more time to enroll on their own. If they do not enroll in a plan by May 15, 2006, Medicare will enroll them in a plan and coverage will be effective June 1, 2006.

Choices will include at least one fee-for-service PDP or a Medicare Advantage-Prescription Drug Plan (MA-PDP) in all areas of the state. If a plan is not selected, Medi-Cal eligible individuals already participating in a MA plan will be automatically defaulted into that MA-PDP. Medi-Cal fee-for-service individuals will be randomly assigned to a plan. To learn more about the Prescription Drug Program, call (800) Medicare or go online at www.medicare.gov.

PLEASE NOTE: Auto-enrollment into a PDP can affect the health care benefits of individuals who receive drug coverage through their employers or pension funds. If a dually eligible individual has questions about this issue, counties shall direct them to contact their employer or pension fund manager.

About LIS

The LIS provides a subsidy for the costs of premiums, deductibles, and copays otherwise owed by part D enrollees. Those eligible for the LIS do not have a coverage gap. Dually eligible full-scope Medi-Cal beneficiaries, those in MSPs, and those on SSI will be automatically eligible for the LIS and were mailed letters by CMS (see attachments) in May informing them that they will not need to apply for the LIS and that more information will be forthcoming.

Medicare beneficiaries with income under 150 percent of the federal poverty level (FPL) and with assets that do not exceed $11,500 for an individual and $23,000 for a couple can apply for the LIS. LIS applicants may designate someone whom they trust to act on their behalf in filing an application for the LIS. If eligible, they will receive the LIS back to the first month of application if already enrolled in Part D for that month. If not enrolled in Part D, then eligibility will begin the month Part D begins.

LIS and Medi-Cal Share-of-Cost (SOC) Calculation

Dually eligible beneficiaries with a SOC are eligible beginning in the first month they meet their SOC and remain eligible for the LIS throughout the calendar year regardless of changes in their Medi-Cal eligibility or SOC. Copays and deductibles can be used as out-of-pocket medical expenses to reduce the SOC. Counties shall use existing processes for applying out-of-pocket medical expenses toward the SOC and enter the information on the Medi-Cal Eligibility Data System. The Medicare Part D premium is an "other health coverage" income deduction. Applicants/beneficiaries who are paying Part D premiums must provide that information to their eligibility workers just as they do now.

Although the Part D is not effective until January 1, 2006, the Social Security Administration (SSA) is proactively marketing early filing for the LIS. In April, the SSA began screening potential beneficiaries for the LIS eligibility. SSA has mailed out LIS applications to potential LIS eligibles who were not automatically eligible in 44 states mid-May through June. If counties get questions about the SSA mailing, please refer the individual to their local SSA office. SSA began accepting LIS applications by telephone at (800) 772-1213 beginning July 1, 2005. The SSA website will have the LIS application available to download in English, Spanish, and many other languages. Counties may order the LIS application in bulk by calling (800) 772-1213 or by contacting the local SSA district office. A SSA internet-based LIS application also will be on the SSA website at www.ssa.gov.

County Requirements

DHS will be sending boxes of the LIS applications and materials that may be used to inform Medi-Cal eligibility workers about Part D and LIS to county offices in early July. Beginning immediately, whenever individuals come into the county welfare department wanting to apply for the LIS, counties shall ask individuals if they want to apply for Medi-Cal or the MSP Programs FIRST and state that this is to ensure that applicants receive all medical assistance and/or assistance with Medicare Part A & B premiums that they are entitled to receive.

Counties are required to assemble packets for distribution from their reception counters to individuals who inquire about the LIS. Each packet must include a cover page explaining the three different applications and their respective programs. Those three applications are:

- a Medi-Cal mail-in application,
- QMB/ SLMB/ QI-1 application, and
- the LIS application.

Counties are also required to provide assistance to individuals who want to apply for the LIS. Assistance means, as needed, reading and explaining the application, providing the SSA telephone number (800) 772-1213 where applications can be completed by phone beginning July 1, 2005, completing the LIS internet application with the applicant if counties have internet access available in their interviewing areas, or printing foreign language LIS applications from the SSA website www.ssa.gov and referring individuals with questions about the Medicare Part D drug benefit to (800) Medicare. If an individual completes and provides a LIS application to the county office, whether or not the individual chooses to submit a Medi-Cal or MSP application, counties shall send the completed LIS application to SSA in the self-addressed envelope included with each application. If an individual insists upon a LIS eligibility determination by the State or objects to having their LIS application forwarded to SSA, the county shall forward that individual's LIS application to:

DHS/MEB
Attn: MMA Analyst
1501 Capitol Avenue, MS 4607
Post Office Box 997417
Sacramento, CA 95899-7417

Finally, beginning on December 1, 2005, counties are required to provide all aged, blind, or disabled Medi-Cal applicants or applicants for QMB/SLMB/QI-1 with a copy of the LIS application and the assistance listed above, as needed, in case his/her Medi-Cal/QMB/SLMB/QI-1 application process is delayed.

Important Dates

CMS will be sending out letters about the new Medicare Part D drug benefit to Medicare eligible individuals throughout the year. If an individual calls with questions, counties should ask them to call (800) Medicare or contact the Health Insurance and Client Advocacy Program (HICAP) at (800) 434-0222.

In October, CMS will mail out the Medicare & You handbook to all beneficiaries with drug plan information. In November, CMS will begin the routine monthly auto-enrollment of full dual eligibles into Part D and notification letters will be sent. After November 15th, full-benefit dual eligibles that have been auto-enrolled in a PDP may change their PDP to better suit their needs. Auto-enrollment of the MSP only individuals will not occur until May 2006, although they may enroll in a PDP themselves anytime after November 15, 2005. In December, DHS will systematically send a 10-day Notice of Action for adverse action to discontinue drug benefits to all dually eligible individuals and QMB, SLMB, QI-1 only individuals. There are no appeal rights because this is an overall change in Federal law.

If you have any questions concerning the Medicare Part D Drug program, please contact Ms. June Dolcini, at (916) 552-9462.

Original signed by

Richard Brantingham for
Tameron Mitchell, R.D., M.P.H., Chief
Medi-Cal Eligibility Branch

Enclosures

Introduction to the
"Important Information from Medicare about Paying for Prescription Drugs" Notice

What Is the Purpose of This Notice?

The "Important Information from Medicare about Paying for Prescription Drugs" notice is designed to make people who are automatically eligible for extra help paying for prescription drugs aware that Medicare prescription drug coverage is coming, and to let them know that they will get this help without needing to apply for it.

There are three versions of this notice: one for people with Medicare and Medicaid, one for people in a Medicare Savings Program (MSP), and one for beneficiaries who get Supplemental Security Income (SSI).

Who Will Receive This Notice?

Medicare will mail the "Important Information from Medicare about Paying for Prescription Drugs" notice to all people with Medicare who are automatically eligible to receive extra help paying for a Medicare prescription drug plan. These individuals do not have to apply to receive the extra help, but will get it automatically.

Seven million people who have Medicaid and Medicare and are in an MSP will receive this notice, along with 400,000 people who have Medicare and SSI.

This summer, other people who do not automatically get the extra help, but who have been identified as potentially eligible for it, will get a different letter from the Social Security Administration (SSA) telling them that they can apply to get help from Medicare to pay the cost of prescription drugs.

When Will People Get This Notice?

Most people with Medicare and Medicaid and people in an MSP will get the Medicare notice in May, 2005. People who get SSI only and people with Medicaid or in an MSP who live in Illinois, Wisconsin, South Carolina, Florida, Vermont and Maryland will get the notice in June, 2005.

What Should People Do Next?

People who receive this notice do not have to do anything now. In the fall of 2005, they have the opportunity to join a Medicare prescription drug plan in their area. Medicare will be sending them more information about choosing and enrolling in a Medicare prescription drug plan.

- If people who have Medicare and Medicaid do not choose a plan on their own by December 31, 2005, Medicare will enroll them in a plan. This way, they do not lose a day of prescription drug coverage once their Medicaid drug coverage ends on December 31, 2005.
- If people who are in an MSP or get SSI do not choose a plan on their own by May 15, 2006, Medicare will help them to enroll in a plan (effective June 1, 2006) so they pay the lowest premium.

If people have questions about the information in the notice, direct them to do the following:

- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- Visit www.medicare.gov on the web.
- Look for their "Medicare & You" 2006 handbook in the mail this fall for more information about choosing and enrolling in a Medicare prescription drug plan.

Important Information from Medicare about Paying for Prescription Drugs

Beginning January 1, 2006, all people with Medicare can get Medicare prescription drug coverage.

Our records show that you currently have Medicare and Medicaid, and Medicaid now pays for your prescription drugs.

(Medicaid is the program in your State that pays health care costs for people with limited income and resources. It may be called something different in your State.)

Starting January 1, 2006, Medicare will pay for your drugs instead of Medicaid.

Medicaid will stop paying for your prescription drug coverage after December 31, 2005. Medicaid will still pay for your other health care costs.

Medicare will help pay the cost of your Medicare prescription drugs. You will need to pay a small copayment for each prescription.

Other people will get mail from the Social Security Administration (SSA) telling them that they can apply to get help from Medicare to pay the cost of Medicare prescription drugs. **You won't get this mail from SSA, because we already know you will get this help.**

This fall your "Medicare & You 2006" handbook will include information about how Medicare will pay for your drug costs and what you will need to do.

Remember, you don't need to do anything now. If you have questions about the information in this letter

- Call 1-800-MEDICARE (1-800-633-4227).
  TTY users should call 1-877-486-2048.
- Visit www.medicare.gov on the web.
- Look for your "Medicare & You" handbook in the fall.

Para obtener una copia de este aviso en español, llame gratis al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

CMS Pub No. 11132
May 2005

Important Information from Medicare about Paying for Prescription Drugs

Beginning January 1, 2006, all people with Medicare can get Medicare prescription drug coverage.

Our records show that you currently get help from your state paying Medicare premiums.

Because you get this help, Medicare will help pay the cost of your Medicare prescription drugs. You will need to pay a small copayment for each prescription (up to $5).

Other people will get mail from the Social Security Administration (SSA) telling them that they can apply to get help from Medicare to pay the cost of Medicare prescription drugs. **You won't get this mail from SSA, because we already know you will get this help.**

This fall your "Medicare & You 2006" handbook will include information about how Medicare will pay for your drug costs and what you will need to do.

Remember, you don't need to do anything now. If you have questions about the information in this letter

- Call 1-800-MEDICARE (1-800-633-4227).
  TTY users should call 1-877-486-2048.
- Visit www.medicare.gov on the web.
- Look for your "Medicare & You" handbook in the fall.

Para obtener una copia de este aviso en español, llame gratis al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

CMS Pub. No. 11133
May 2005

Important Information from Medicare about Paying for Prescription Drugs

Beginning January 1, 2006, all people with Medicare can get Medicare prescription drug coverage.

Our records show that you currently get Supplemental Security Income (SSI) benefits.

Because you get SSI benefits, Medicare will help pay the cost of your Medicare prescription drugs. You will need to pay a small copayment for each prescription (up to $5).

Other people will get mail from the Social Security Administration (SSA) telling them that they can apply to get help from Medicare to pay the cost of Medicare prescription drugs. **You won't get this mail from SSA, because we already know you will get this help.**

This fall your "Medicare & You 2006" handbook will include information about how Medicare will pay for your drug costs and what you will need to do.

Remember, you don't need to do anything now. If you have questions about the information in this letter

- Call 1-800-MEDICARE (1-800-633-4227).
  TTY users should call 1-877-486-2048.
- Visit www.medicare.gov on the web.
- Look for your "Medicare & You" handbook in the fall.

Para obtener una copia de este aviso en español, llame gratis al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

CMS Pub No 11134
May 2005