



California  
Department of  
Health Services

**SANDRA SHEWRY**  
*Director*

State of California-Health and Human Services Agency  
**Department of Health Services**



ARNOLD SCHWARZENEGGER  
Governor

December 21, 2005

CCS Information Notice No.: 05-18

TO: ALL COUNTY CALIFORNIA CHILDREN'S SERVICES (CCS)  
ADMINISTRATORS, MEDICAL CONSULTANTS, STATE CHILDREN'S  
MEDICAL SERVICES (CMS) BRANCH STAFF AND REGIONAL OFFICE  
STAFF

SUBJECT: MEDICARE PART D COVERAGE

On January 1, 2006, as the result of the Medicare Modernization Act (MMA) of 2003, Medicare Part D will begin to provide coverage for outpatient prescription drugs to persons eligible for Medicare. Participation in Part D is voluntary unless the client is eligible for both Medi-Cal and Medicare (known as a "Medi/Medi"). These dual eligible individuals will be automatically enrolled in a Part D plan if they do not make a plan choice themselves.

**California Children Services clients with Medi-Cal and Medicare coverage**

Parents/legal guardians of children who have Medi-Cal and Medicare coverage were sent a notice by the Medi-Cal Program (see Enclosure 1) informing them that their child will automatically be placed in a Part D drug plan as of January 1, 2006. In addition, the CMS Branch is sending a similar letter (see Enclosure 2) to those children who are identified as having both Medi-Cal and Medicare coverage.

By now they have already received a letter from the Center for Medicare & Medicaid Services informing them of the plan in which their child was placed. Placement in one of these drug plans is mandatory, however, it is possible to enroll in another plan by calling the plan they want their child to be in. The plan will assist in the enrollment/disenrollment processes.

Coverage of prescriptions written for these children will be the primary responsibility of the Medicare Part D drug plan and will not be reimbursable by Medi-Cal or CCS. The Medi-Cal program, with CCS authorization, will only provide coverage for those drug categories that are specifically excluded from coverage by the Part D plan. These drugs include:

- Drugs for:
  - Anorexia, weight loss or weight gain
  - Symptomatic relief of coughs and colds
  - Some non-prescription drugs (such as insulin and syringes)
- Barbiturates
- Benzodiazepines
- Prescription vitamins and minerals

Each participant in a Part D plan will have to make co-payments for each prescription dispensed. Co-payments can range from \$1 to \$5 for each prescription fill, depending on the drug and the plan. Providers may choose to waive co-pays or may deny service if payment cannot be made.

The EDS claims payment system will be able to identify these individuals and the plans in which they enroll. Even with the presence of a CCS authorization (a valid SAR or an approved claim) claims for pharmaceuticals submitted for Medi-Cal/Medicare clients will be denied for drugs that are required to be provided by the Part D plan.

### **CCS Clients with Medicare coverage only**

Under the MMA (42 CFR §423.56(b)), programs such as CCS that currently provide prescription drug coverage to Medicare beneficiaries must disclose whether the program's coverage is comparable to or better than coverage under Part D. A program that is comparable to or better than Part D is considered to have "creditable prescription drug coverage". Such a program:

- Provides coverage for brand and generic prescriptions;
- Provides reasonable access to retail providers;
- Provides coverage that is designed to pay, on average 60 percent of participants' drug expenses;
- Has integrated health coverage; has no more than a \$250 deductible per year; has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000; and has no less than a \$1,000,000 lifetime combined benefit maximum.

This required disclosure of whether prescription drug coverage is creditable provides Medicare beneficiaries with important information relating to their Medicare Part D enrollment. Beneficiaries who are covered under creditable prescription drug coverage and who choose not to enroll before the end of the initial enrollment period for Part D, likely will not have to pay a higher premium on a permanent basis if they subsequently choose to enroll in Part D.

At this time, enrollment into a Medicare drug plan is not required by the CCS program. CCS clients with Medicare coverage will retain current CCS drug coverage if they choose not to enroll in a Medicare Part D drug plan. However, if the parent/legal guardian enrolls a Medicare covered individual into a Medicare drug plan, CCS drug coverage will be lost except for those drugs that are specifically excluded from the Part D drug plans. Please see Enclosure 3 for a copy of the letter that will be sent to CCS clients who have been identified with Medicare coverage.

As more information becomes available, it will be distributed. If you have any questions, please contact Joleen Heider, Chief, Statewide Programs Section, at (916) 327-0679, or by email, at [jheider@dhs.ca.gov](mailto:jheider@dhs.ca.gov).

**Original signed by Marian Dalsey, M.D., M.P.H.**

Marian Dalsey, M.D., M.P.H., Acting Chief  
Children's Medical Services Branch

## New Medicare Prescription Drug Benefit Begins January 1, 2006

### HELP AND INFORMATION ARE AVAILABLE:

**Call 1-800-MEDICARE \* TTY users, call 1-877-486-2048**  
**You can also contact a HICAP counselor at 1-800-434-0222.**

**Beginning January 1, 2006, your drug coverage will change.**

You must belong to a Medicare prescription drug plan to get coverage for your prescriptions.

#### **□MEDI-CAL WILL NO LONGER COVER YOUR PRESCRIPTION DRUGS□**

If you are on no-cost Medi-Cal and Medicare, you will get extra help automatically through Medicare to help pay your premiums and deductibles for all of 2006. You will pay a copayment from \$1 to \$5 for each prescription you get. If you are in long-term care facility, you will pay nothing.

In October, prescription drug plans will start advertising. Medicare will automatically place you in a plan and will send you an information letter telling you about your new drug plan. If you receive help with your Medicare costs only, then you will have to enroll in a plan to receive prescription drugs on January 1, 2006. Beginning November 15, 2005, you may change or enroll in drug plans by calling the plan that you want to be in and they will help you. Keep all of your information in one place.

#### **For help in picking a Medicare prescription drug plan:**

- Ask your pharmacy which plans they accept.
- Talk to your doctor about which plans work best with the prescriptions you take.
- Call a Medicare HICAP counselor at 1-800-434-0222. The counselor can help you choose a Medicare drug plan.

**If you belong to a Medicare Advantage Plan (HMO)**, you will get your drugs from that drug plan or one with similar coverage. Medicare will send you a letter about your new drug plan.

**If you get your drug coverage from an employer-sponsored or pension fund-sponsored health plan**, contact your employer or pension fund benefits manager for more information on how this change may affect you.

#### **Extra help will be available (also called a Limited Income Subsidy)**

If you have Medi-Cal with a share-of-cost and you *meet* that share-of-cost in any month between 3/1/05 and 12/31/05, then you will automatically get the extra help for all of 2006. You will also be automatically placed into a Medicare prescription drug plan.

If you have Medi-Cal with a share-of-cost and you *have not met* the share-of-cost, then you will need to call the Medicare drug plan of your choice. You can apply for the extra help over the phone by calling Social Security at 1-800-772-1213, or apply over the Internet at: [www.socialsecurity.gov](http://www.socialsecurity.gov).





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December 20, 2005

Enclosure 2

TO: Parents and Guardians of California Children's Services (CCS) Clients

On January 1, 2006, Medicare will begin coverage for outpatient prescription drugs under a new Part D of that program. As stated in a notice sent to you by the Medi-Cal Program (a copy is provided as reference), your child will automatically be placed in a Part D drug plan.

You may have already received from Center for Medicare & Medicaid Services (CMS) a letter informing you what plan they have placed your child in. Placement in one of these drug plans is mandatory. Beginning first week of November 2005, you should have received a notice from CMS informing you of your child's assigned drug plan for 2006.

**Effective January 1, 2006, CCS clients who have Medicare and Medi-Cal will have prescription drug coverage via Medicare and not from CCS.**

The only drugs that CCS will continue to provide for your child are those drugs that are "specifically excluded" from coverage by the drug plans.

They include:

- Drugs for:
  - Anorexia, weight loss or weight gain
  - Symptomatic relief of coughs and colds
  - Some non-prescription drugs (such as insulin and syringes)
- Barbiturates
- Benzodiazepines
- Prescription vitamins and minerals

You should be aware that as a Part D-eligible recipient you will have to make co-payments for each prescription your child gets. Co-payments can range from \$1 to \$5 for each prescription fill, depending on the drug and the plan. Providers may choose to waive co-pays or may deny service if you cannot pay the co-pay.

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It is recommended that you explore whether you wish your child to remain in their assigned plan or enroll in another plan. You may change plans by calling the plan that you want your child to be in. They will help you to sign up into their plan and disenroll from the assigned plan. Medicare Part D plans will not cover blood factor products because those products are covered by Medicare Part B.

For help in picking a Medicare prescription drug plan:

- Ask your pharmacy which plans they will be accepting;
- Talk to your doctor about which plans will work best with the prescriptions your child takes;
- Call HICAP (Health Insurance Counseling and Advocacy Program) for help in choosing a Medicare drug plan at 1-800-434-0222;
- Visit [www.medicare.gov](http://www.medicare.gov) on the web; or
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have questions on CCS, please call your CCS program case manager.

**Original signed by Marian Dalsey, M.D., M.P.H.**

Marian Dalsey, M.D., M.P.H., Acting Chief  
Children's Medical Services Branch

Enclosure

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### HELP AND INFORMATION ARE AVAILABLE:

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**You can also contact a HICAP counselor at 1-800-434-0222.**

**Beginning January 1, 2006, your drug coverage will change.**

You must belong to a Medicare prescription drug plan to get coverage for your prescriptions.

#### **□MEDI-CAL WILL NO LONGER COVER YOUR PRESCRIPTION DRUGS□**

If you are on no-cost Medi-Cal and Medicare, you will get extra help automatically through Medicare to help pay your premiums and deductibles for all of 2006. You will pay a copayment from \$1 to \$5 for each prescription you get. If you are in long-term care facility, you will pay nothing.

In October, prescription drug plans will start advertising. Medicare will automatically place you in a plan and will send you an information letter telling you about your new drug plan. If you receive help with your Medicare costs only, then you will have to enroll in a plan to receive prescription drugs on January 1, 2006. Beginning November 15, 2005, you may change or enroll in drug plans by calling the plan that you want to be in and they will help you. Keep all of your information in one place.

#### **For help in picking a Medicare prescription drug plan:**

- Ask your pharmacy which plans they accept.
- Talk to your doctor about which plans work best with the prescriptions you take.
- Call a Medicare HICAP counselor at 1-800-434-0222. The counselor can help you choose a Medicare drug plan.

**If you belong to a Medicare Advantage Plan (HMO)**, you will get your drugs from that drug plan or one with similar coverage. Medicare will send you a letter about your new drug plan.

**If you get your drug coverage from an employer-sponsored or pension fund-sponsored health plan**, contact your employer or pension fund benefits manager for more information on how this change may affect you.

#### **Extra help will be available (also called a Limited Income Subsidy)**

If you have Medi-Cal with a share-of-cost and you *meet* that share-of-cost in any month between 3/1/05 and 12/31/05, then you will automatically get the extra help for all of 2006. You will also be automatically placed into a Medicare prescription drug plan.

If you have Medi-Cal with a share-of-cost and you *have not met* the share-of-cost, then you will need to call the Medicare drug plan of your choice. You can apply for the extra help over the phone by calling Social Security at 1-800-772-1213, or apply over the Internet at: [www.socialsecurity.gov](http://www.socialsecurity.gov).





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Enclosure 3

To: Parents and Guardians of California Children's Services (CCS) Clients

**Important Notice from California Children's Services Program About Your Child's Prescription Drug Coverage and Medicare**

Please read this notice carefully and keep it where you can find it. This notice has information about your child's current prescription drug coverage with the California Children's Services [CCS] Program and new prescription drug coverage available January 1, 2006, for people with Medicare. It also tells you where to find more information to help you make decisions about your child's prescription drug coverage.

- 1. Starting January 1, 2006, new Medicare (Part D) prescription drug coverage will be available to everyone with Medicare.**
- 2. California Children's Services Program has determined that its prescription drug coverage, on average for all plan participants, is expected to pay out as much as the standard Medicare prescription drug coverage will pay.**
- 3. Read this notice carefully - it explains the options your child has under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll.**

You may have heard about Medicare's new prescription drug coverage, and wondered how it would affect you.

CCS has determined that its prescription drug coverage is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare (Part D) prescription drug plans. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

**Because your child's existing coverage is on average at least as good as standard Medicare prescription drug coverage, your child can keep this coverage and not pay extra if you later decide to enroll in Medicare coverage.**

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005 through May 15, 2006. However, because your child has existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later. Each year after that, your child will have the opportunity to enroll in a Medicare prescription drug plan between November 15th through December 31st.

You should compare your child's current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

**If you do decide to enroll your child in a Medicare prescription drug plan, be aware that this will be your principal source of drug coverage. CCS will not provide wrap-around drug coverage. This means that CCS will not be supplementing the drug coverage of the Part D drug plan that you chose for your child. However, CCS will provide coverage for drugs specifically excluded in the Medicare drug plans.**

At this time, enrollment into a Medicare drug plan is not required by CCS. You will retain your current CCS drug coverage for your child if you choose not to enroll your child in a Medicare Part D drug plan. However, if you do choose to enroll your child into a Medicare drug plan, you will lose your child's CCS drug coverage except for those that are specifically excluded in the Part D drug plans.

If your child currently is designated a Medicare-Medi-Cal (Medi-Medi) recipient, enrollment into a Medicare drug plan is mandatory and you should have already received a notice from Medicare that your child has been auto-enrolled into one of the participating prescription drug plans. If your child has been auto-enrolled, CCS will only pay for drugs that are specifically excluded in the Part D drug plans.

Your child's current CCS coverage pays for other health expenses, in addition to prescription drugs, and your child will still be eligible to receive all of their current other health benefits if you choose to enroll your child in a Medicare prescription drug plan.

You should also know that if you drop or lose your child's coverage with CCS and don't enroll in Medicare prescription drug coverage after their current coverage ends, you may pay more to enroll your child in Medicare prescription drug coverage later. If after May 15, 2006, your child goes 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage; their monthly premium will

go up at least one percent per month for every month after May 15, 2006 that your child did not have that coverage. For example, if your child goes nineteen months without coverage, their premium will always be at least 19 percent higher than what most other people pay. You will have to pay this higher premium as long as your child has Medicare coverage. In addition, your child may have to wait until next November to enroll.

**For more information about this notice or your current prescription drug coverage...**

Contact Joleen Heider, Chief, Statewide Programs Section at (916) 327-0679. NOTE: Your child may receive this notice at other times in the future such as before the next period your child can enroll in Medicare prescription drug coverage, and if this coverage changes. You also may request a copy.

**For more information about your child's options under Medicare prescription drug coverage...**

More detailed information about Medicare plans that offer prescription drug coverage will be available in the "Medicare & You 2006" handbook. You'll get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans.

You can also get more information about Medicare prescription drug plans from these places:

Visit [www.medicare.gov](http://www.medicare.gov) for personalized help

- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

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For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this notice. If your child enrolls in one of the new plans approved by Medicare which offer prescription drug coverage after May 15, 2006, you may need to give a copy of this notice when your child joins to show that your child is not required to pay a higher premium amount.**

**Original signed by Marian Dalsey, M.D.,M.P.H**

Marian Dalsey, M.D., M.P.H., Acting Chief  
Children's Medical Services Branch