



## Maine AIDS Drug Assistance Program (ADAP) Medicare Prescription Drug Plan Assistance Policy

### Background:

The Federal Government requires that all ADAP clients who are eligible for the Medicare Part D Prescription Drug Benefit must join a Medicare Prescription Drug Plan (PDP), unless they have “creditable coverage” through employer or union insurance.

### Maine ADAP Policy Overview:

1. ADAP clients who have both Medicare and private employer or union insurance that is considered “creditable coverage” are not required to join a Medicare PDP. A copy of the private insurance letter proving creditable coverage must be sent to ADAP.
2. ADAP clients who may be eligible for the Low Income Subsidy (LIS) for Medicare Part D are required to apply through Social Security, and a copy of the client’s approval or denial letter must be sent to ADAP.
3. ADAP clients who join a Medicare PDP will receive assistance with PDP premiums, deductibles, and co-payments for ADAP Formulary medications. The level of assistance available to clients will be determined each year prior to the PDP open enrollment period (November 15<sup>th</sup> – December 31<sup>st</sup> annually).
4. ADAP funds used for PDP costs will not be counted toward True Out of Pocket Cost (TrOOP) accrual for individuals. ADAP will continue to pay the cost of ADAP Formulary medications for clients who enter the “donut hole,” or PDP coverage gap. For clients who accrue enough TrOOP to leave the “donut hole” and enter the PDP catastrophic benefit, ADAP will pay the cost-sharing of ADAP Formulary medications.
5. ADAP clients are responsible for choosing and enrolling in a Medicare PDP on time. If a penalty is incurred for late enrollment (after May 15<sup>th</sup>, 2006), ADAP will only pay the base premium; the individual will be responsible for the balance (the late penalty).

### 1. Eligibility for Medicare Part D:

#### *Am I required to join a Medicare PDP?*

- Clients that have ADAP and Medicare are required to join a Medicare PDP if they *do not* have other “creditable” insurance coverage, for example, through an employer or union.
- If clients *do* have other insurance, the insurance company will inform them in writing of whether or not the coverage is “creditable”, or “as good as” the Medicare PDP. If the coverage *is* creditable, the client must send a copy of the insurance letter to ADAP, and s/he is not required to join a Medicare PDP.
- Please note: If a client joins a Medicare PDP, and has other insurance coverage, s/he may *lose* the other coverage as a result of joining a Medicare PDP. Clients should carefully check their insurance coverage before joining a PDP. Their creditable private insurance coverage may provide more comprehensive health and medication coverage than a Medicare PDP.

### 2. Low Income Subsidy (LIS):

#### *Am I required to apply for the LIS? If so, how do I apply?*

- The Low Income Subsidy (LIS) provides extra help with the costs of the Medicare PDP. Individuals deemed eligible for the LIS will have reduced premiums, deductibles and co-pays for the PDP.
- The LIS determination is made by Social Security. Clients may apply by calling 1-800-772-1213 or on-line at [www.socialsecurity.gov](http://www.socialsecurity.gov).
- ADAP clients who are eligible for the Medicare PDP are required to apply for the LIS if their income is equal to or lower than 200% Federal Poverty Level (\$1,733 per month for an individual in 2008). A copy of the Social Security determination letter must be sent to ADAP.

### 3. **ADAP Assistance with the Medicare PDP:**

#### *What kind of financial assistance will ADAP provide? How will the ADAP assistance work?*

- The type and amount of assistance that ADAP provides for Medicare PDP costs will be determined each year according to ADAP's budget. This information will be communicated to ADAP clients each year prior to the PDP open enrollment period (November 15<sup>th</sup> – December 31<sup>st</sup> annually).
- During 2008, the following assistance will be available for ADAP clients who join a Medicare PDP:

#### Premiums:

- Assistance: ADAP will provide 100% coverage of monthly premiums for the client's PDP of choice. Please note: PDPs with higher premiums do not necessarily provide better drug coverage. *All* PDPs are required to provide *all* HIV antiretroviral medications. Therefore, clients are encouraged to choose the least expensive PDP that best meets their medication needs.
- Payment: Once a client chooses and enrolls in a PDP, ADAP will work with the PDP to coordinate payment of premiums on behalf of the client. Each PDP's method of coordinating premium payments may be different. Clients may be required to assist ADAP in the coordination of payment.

#### Deductibles:

- Assistance: PDPs may charge an annual deductible of up to \$250 before PDP coverage begins. ADAP will provide 100% coverage of the PDP deductible for ADAP Formulary medications.
- Payment: Deductible payment will occur automatically at the pharmacy level. ADAP will act as a secondary payer for clients, assuming costs after PDP payment occurs.

#### Co-Payments:

- Assistance: PDP medication co-pays vary depending on the PDP coverage structure and a person's eligibility for the Low Income Subsidy. ADAP will provide 100% coverage of co-pays for ADAP Formulary medications. ADAP clients will be responsible for co-pays for other medications.
- Payment: Payment of co-pays will occur automatically at the pharmacy level. ADAP will act as a secondary payer for clients, assuming costs after PDP payment occurs.

### 4. **Medicare PDP Coverage Gap and True Out of Pocket Costs:**

#### *What coverage will be available in the PDP "donut hole"?*

- Clients who join a Medicare PDP and who are *not* eligible for the Low Income Subsidy will experience a coverage gap, or "donut hole", where the client will become responsible for 100% of medication costs. Once clients have accrued enough True Out of Pocket Costs (TrOOP), they will leave the PDP "donut hole" and enter the PDP catastrophic benefit, which has low co-pays.
- ADAP will pay the full cost of ADAP Formulary medications for clients in the donut hole (assuming 100% of the client's cost-share for these medications). The ADAP funds used for these costs will not count as TrOOP, and will not help a client reach the catastrophic benefit. While in the donut hole, clients are responsible for the full cost of medications not on the ADAP Formulary. The payments that clients make for these non-ADAP medications may accrue enough TrOOP so that the client enters the catastrophic benefit. For clients who enter the catastrophic benefit, ADAP will pay the cost-sharing of ADAP Formulary medications.

### 5. **Medicare PDP Penalty Fees:**

#### *What happens if I am late signing up for a PDP?*

- Clients must enroll in a PDP during the open enrollment period (before May, 15<sup>th</sup>, 2006). Late enrollment will subject clients to a life-long penalty fee which is added onto the base PDP premium.
- If a penalty is incurred for late enrollment, ADAP will only pay the base premium; the individual will be responsible for the balance (the late penalty).