

## MEDICARE PRESCRIPTION DRUG COVERAGE – Q & A for NURSING HOME RESIDENTS, THEIR FAMILIES AND FRIENDS

Consumer Fact Sheet No. 18

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### 1 – Are nursing home residents eligible for Medicare Prescription Drug coverage?

Individuals who are eligible for Medicare are also eligible for the new prescription drug benefit under Medicare Part D. This benefit goes into effect January 1, 2006. Individuals have until May 15, 2006 to sign up for a plan, or they may face a penalty added on to their monthly premium.

Residents who are dually eligible for Medicare and Medicaid will lose their Medicaid coverage for prescription drugs on December 31, 2005 and will be automatically enrolled in a plan if they do not sign up for one themselves.

### 2 – How will residents sign up for a drug plan?

Each Medicare beneficiary must decide whether to sign up for a Medicare Part D drug plan, and also with which plan to sign up. The Medicare agency expects that family and friends will assist Medicare beneficiaries in choosing a plan. For those unable to make their own decisions, Medicare rules allow an individual who has legal authority under state law, such as a guardian or someone with power of attorney, to make enrollment decisions.

The nursing home where the resident lives can provide assistance, such as telling you which plans include the pharmacy used by the nursing home – but the choice for selecting a plan lies with the resident or his legal representative.

Further, all nursing home residents- those paying privately, and those on Medicaid, have Special Enrollment Periods (SEPs) that allow them to change plans at any time. The change becomes effective on the first day of the next calendar month. No other group has this flexibility.

The resources that have been set up to help with choosing a plan are:

- ⇒ 1-800-MEDICARE
- ⇒ [www.medicare.gov](http://www.medicare.gov) which has a Medicare Prescription Drug Plan Finder

### 3 – Will the Prescription Drug Plan (PDP) cover all the prescription drugs my loved one needs?

Not necessarily. Drug plans will cover different generic and brand name drugs in different drug categories on their drug lists (formularies).

It is important to review and compare the drug plans available in your area to determine:

- ⇒ Whether they cover all drugs taken by the resident
- ⇒ Amounts of premiums and co-payments
- ⇒ Whether the pharmacy used by the resident or nursing home participates in the prescription drug plan
- ⇒ Whether the drug plan requires prior authorization or step therapy (requiring the individual to try a different, less expensive drug first before agreeing to pay for the one originally prescribed), or has quantity limits for any of the drugs in their plan

Additionally, there are some groups of drugs that Medicare drug plans are forbidden from paying for by law. Those include drugs for weight gain, benzodiazepines (such as Xanax, Valium, or Ativan) and barbiturates (such as Phenobarbital and Nembutol). State Medicaid programs and state pharmacy assistance programs may still pay for them. Or, some Medicare drug plans offer supplemental or additional benefits for an additional premium.

### 4 – Are over-the-counter drugs covered by the plan?

Over-the-counter drugs will not be paid for under the Medicare Drug plans. Instead, over-the-counter drugs are covered in the daily rate paid to nursing homes under Medicaid, and so the nursing home must provide them. If the resident is paying privately, it is important to review the admissions contract to determine if over-the-counter medications are part of the daily rate, or if there is an extra charge.

**5 – My relative’s prescription drugs are currently paid for by Medicaid. Does she really need to sign up for a Medicare Drug Plan?**

If your relative is dually eligible for both Medicare and Medicaid, beginning January 1, 2006 Medicare will begin paying prescription drug costs instead of Medicaid. In order for Medicare to begin paying for prescription drugs, your relative must be enrolled in a new Prescription Drug Plan (PDP).

Because your relative is dually eligible for both Medicare and Medicaid, if she does not enroll in a PDP by December 31, 2005, Medicare will automatically enroll him in a plan. The auto-enrollment is random, without regard for whether the PDP covers all of the individual’s drugs, or whether the PDP includes the facility’s pharmacy in its network. So, if she is automatically enrolled, it is important to determine if the pharmacy used by her nursing home is included in the plan’s network, and whether that drug plan covers all his medications.

**6 – Not all the drugs taken by my relative are on the PDP’s formulary. What can she do?**

If your loved one is currently taking a drug that is not covered by the formulary of the PDP, she can:

- ⇒ Work with her doctor to find a comparable drug that is covered by the plan; or
- ⇒ File an exception with the PDP, a process which will take 14 days, asking them to cover the drug. With the exception, the resident will likely need a statement from her doctor as to why this particular drug is medically necessary for this individual.
- ⇒ If the PDP denies the exception, the resident can file an appeal with an administrative law judge.

During the exceptions process, the PDP is to cover an “emergency supply” of the non-covered drug for the individual.

**7 – Are there any costs, such as premiums or deductibles, with the prescription drug plans?**

If a nursing home resident **is** dually eligible for Medicare and Medicaid, then no, there are no premiums (if the resident is enrolled in a low premium plan), no deductibles, and no co-payments.

If a dually eligible resident wants to enroll in a plan with a higher monthly premium, she may do so,

but will have to pay the difference between the premium and what Medicare is willing to pay. For example, if Mrs. T wants to enroll in Plan A that has a \$50 per month premium, and Medicare will only pay \$24 per month, Mrs. T will have to make up the balance of \$26 per month.

If the resident is **not** dually eligible for both Medicare and Medicaid, she may be subject to monthly premiums (which average \$32 per month), and a deductible of up to \$250. The individual is then responsible for 25% of her drug costs, up to a coverage limit of \$2250. Once this initial coverage limit is reached, the individual is subject to a second deductible, known as the “doughnut hole,” in which they must pay the full cost of their medicine. When total out-of-pocket expenses on formulary drugs for the year reach \$3600, “catastrophic coverage” kicks in, and the individual will pay \$2 for a generic drug or \$5 for other drugs. These deductibles must be met every year.

Additionally, residents who are not eligible for Medicaid will be subject to the plan’s co-payments, which are likely higher for preferred drugs than for generic drugs.

**8 – My mother just moved into a nursing home. Does she have to change prescription drug plans?**

Not necessarily. It depends on whether her current plan includes a long-term care pharmacy used by the facility. CMS (the federal agency responsible for Medicare) requires PDPs to contract with “any willing” long-term care pharmacy that complies with CMS’s rules and the facility’s requirements (such as the way they package their medications). More important is whether the resident’s drug plan covers her prescription drugs. A resident also may choose to change plans to one that includes the facility’s long-term care pharmacy.

**9 – How does this affect the Nursing Home Reform Act of 1987?**

The requirements of the Nursing Home Reform Act still apply to all residents and facilities certified for Medicare and/or Medicaid. So, a facility must make sure that each resident is receiving, on time, all medications prescribed by the physician in the correct dose and form (i.e., injection, pill, etc.).

**For more information, go to the following:** NCCNHR, <http://nursinghomeaction.org>, The Centers for Medicare and Medicaid Services, [www.medicare.gov](http://www.medicare.gov), Center for Medicare Advocacy, [www.medicareadvocacy.org](http://www.medicareadvocacy.org), Health Assistance Partnership at Families USA, [www.healthassistancepartnership.org](http://www.healthassistancepartnership.org), American Society of Consultant Pharmacists, <http://ascp.com/MedicareRx/#new>