Achieving a Healthy America
Update on Prescription Drug Coverage and
Medicare Preventive Services

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Drug Coverage Enrollment

<table>
<thead>
<tr>
<th>Enrollment Category</th>
<th># Enrolled*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-Alone Prescription Drug Plan</td>
<td>10.39M</td>
</tr>
<tr>
<td>Medicare Advantage with Prescription Drugs</td>
<td>6.04M</td>
</tr>
<tr>
<td>Medicare-Medicaid (Automatically Enrolled)</td>
<td>6.07M</td>
</tr>
<tr>
<td>Medicare Retiree Drug Subsidy</td>
<td>6.90M</td>
</tr>
<tr>
<td>Estimated Federal Retirees (TRICARE, FEHB)</td>
<td>3.46M</td>
</tr>
<tr>
<td>Additional Sources of Creditable Coverage</td>
<td>5.95M</td>
</tr>
<tr>
<td>Total</td>
<td>38.81M</td>
</tr>
</tbody>
</table>

For more information on enrollment numbers:
http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/02_EnrollmentData.asp
Coverage Gap

- Coverage gap under defined standard benefit in 2006
  - Begins after reaching $2,250 in total drug costs
    - Initial coverage limit
  - Continues until "true out-of-pocket" (TrOOP) costs total $3,600
- After gap, pay 5% or small copayment
  - Catastrophic coverage

Options During the Gap

- If network pharmacy has better cash price
  - May purchase drug without using Part D card
    - Can count toward total drug spending and TrOOP
    - Must submit documentation to plan
  - Expected to happen rarely
Options During the Gap

- Switch to generic or less-expensive brand-name drugs
  - Will reduce copayments
    - Some plans may cover generic drugs in gap
  - Will help maximize savings
  - May also avoid reaching the gap

Options During the Gap

- Explore other available assistance
  - Low-income subsidy from Medicare (extra help)
  - State Pharmacy Assistance Programs (SPAPs)
  - AIDS Drug Assistance Programs
  - Charities
  - Patient Assistance Programs (PAPs)
  - Employer/group health plans
SSA Premium Withhold

- Generally 2 months before premiums are withheld
  - Two monthly premiums withheld from first payment
- Premiums won’t be deducted if
  - More than 3 months delay or
  - Monthly Social Security benefit isn’t enough to cover multiple premium payments at once
- Plan will contact to make other arrangements

Premium Overpayments

- SSA will automatically refund overpayment
  - Separate check
  - May take 2 – 3 months
- People who get extra help and pay reduced or no premiums
  - May have chosen a plan with a premium
  - Some plans mistakenly sent bills
    • Plans are to wait for correct amount from CMS
    • Plans are not to disenroll for non-payment
    • If bill was paid, call plan and plan will refund
People Who Qualify for Extra Help

- Nearly 9.3 million as of June 2006
  - About 7.5 million automatically qualify
  - About 1.8 million applied with SSA
  - Small number applied with state Medicaid agency

How People Qualify for Extra Help

<table>
<thead>
<tr>
<th>People with Medicare and Medicaid benefits</th>
<th>Basis</th>
<th>Data Source</th>
<th>Changes During the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Full Medicaid benefits</td>
<td></td>
<td>State files</td>
<td>■ Qualify for a full calendar year</td>
</tr>
<tr>
<td>• Medicare Savings Program</td>
<td></td>
<td></td>
<td>■ Generally only favorable changes will occur</td>
</tr>
<tr>
<td>SSI benefits</td>
<td></td>
<td>SSA</td>
<td></td>
</tr>
<tr>
<td>No Medicaid or SSI benefits</td>
<td>Must apply</td>
<td>SSA (almost all) or states</td>
<td>■ Some events can impact status through the year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>■ Extra help can increase, decrease, terminate</td>
</tr>
</tbody>
</table>
Extra Help Redeterminations
for People Who Automatically Qualify in 2006

- Starting August 2006, CMS will redetermine eligibility for calendar year 2007
  - Full-benefit dual eligibles
  - Medicare Savings Program participants
  - SSI recipients

- Changes become effective January 1, 2007

- Those currently eligible still qualify through December 31, 2006
  - Even if don’t automatically qualify for 2007

2007 Changes in Standard Benefit

<table>
<thead>
<tr>
<th>Benefit Parameters</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>$250</td>
<td>$265</td>
</tr>
<tr>
<td>Initial Coverage Limit</td>
<td>$2250</td>
<td>$2400</td>
</tr>
<tr>
<td>Out-of-Pocket Threshold</td>
<td>$3600</td>
<td>$3850</td>
</tr>
<tr>
<td>Total Covered Drug Spend at OOP Threshold</td>
<td>$5100</td>
<td>$5451.25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIS Copayments</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutionalized</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Up to or at 100% FPL</td>
<td>$1/$3</td>
<td>$1/$3.10</td>
</tr>
<tr>
<td>Other LIS</td>
<td>$2/$5</td>
<td>$2.15/$5.35</td>
</tr>
</tbody>
</table>
Medicare Plan Finders

- Medicare Prescription Drug Plan Finder
  - 2007 plan data available October 12, 2006
  - 2006 plan data available through December 31, 2006
  - Performance metrics for 2006 plans beginning November 15, 2006
  - Improved usability

- Medicare Personal Plan Finder
  - Major redesign, may be renamed
    - Will look more like drug plan finder
    - Will have personalized search option

Medicare Preventive Services
Medicare Helps You Stay Healthy

- Benefits for disease prevention and early detection
- Coverage based on your
  - Age
  - Gender
  - Medical history
- Covered by
  - Part B of Original Medicare
  - Medicare Advantage and Other Medicare Plans

Closing the Prevention Gap

- The “prevention gap”
  - Not all people with Medicare take full advantage of preventive services
- Closing the gap could
  - Ensure people take advantage of these benefits
  - Save many thousands of lives
  - Avoid billions of dollars in medical expenses for preventable medical conditions
New Preventive Services

- Added in the last 2 years
- “Welcome to Medicare Exam”
  - Initial preventive physical examination
- Cardiovascular screening blood tests
- Diabetes screening tests
- Smoking and tobacco use cessation counseling
- Diabetes self-management training
- Glaucoma screening for Hispanic Americans age 65 or over

Preventive Benefits
New in 2007

- Beginning January 1, 2007
  - Ultrasound screening for abdominal aortic aneurysms
  - No deductible for colorectal cancer screening
    - Previously subject to Part B deductible
Part D Annual Enrollment

- Part D plan marketing will begin in October
- 2007 Annual enrollment November 15 - December 31, 2006
- Effective date January 1, 2007
For More Information

- Visit www.cms.hhs.gov
- Call 1-800-MEDICARE
- Call State Health Insurance Assistance Program (SHIP)
  - Call 1-800-MEDICARE (1-800-633-4227) for SHIP telephone number
  - TTY users should call 1-877-486-2048