

PART D BENEFIT ELIGIBILITY AND ENROLLMENT

In 2006, Medicare beneficiaries will have the opportunity to receive subsidized prescription drug coverage through the new Medicare Part D program. The new drug benefit will be delivered by competing health plans, and beneficiaries who want to receive coverage will select an approved plan each year.

Beneficiaries who have other sources of drug coverage – through a former employer or union, for example – may stay in that plan and choose not to enroll in the Medicare drug plan. If their other coverage is at least as good as the new Medicare drug benefit (and therefore considered “creditable coverage”), then the beneficiary can continue to get the high quality care they have now as well as avoid higher payments later if they later sign up for the Medicare drug benefit.

Part D Plan Options

Beneficiaries will generally have two main options for how they receive their drug benefit.

- Those who wish to remain in traditional Medicare may elect to join a stand-alone prescription drug plan (PDP) that adds drug benefits to regular Medicare coverage.
- Those who wish to receive their entire medical and drug benefits from one source can join a Medicare Advantage (MA) plan and choose a MA prescription drug plan (MA-PD plan), which will provide an integrated benefit covering their hospital, physician and drug costs.

If in an area, there is not the choice of at least two PDPs or a PDP and a MA-PD plan then Medicare will contract with a fallback plan to serve as a PDP in that area.

All plans will be required to offer basic drug coverage. In addition to this required coverage, drug plans and Medicare Advantage plans can separately offer enhanced coverage for an additional premium. In the case of MA-PD's, plans may be able to reduce or eliminate the costs of their drug benefit by using rebate dollars paid by Medicare for their medical coverage. Support for enhanced coverage can also be provided by employers (through wrap around employer coverage) and states and charitable organizations (through wrap around pharmacy assistance programs).

Part D Eligibility

Anyone who is entitled to Medicare Part A **or** enrolled in Part B is eligible to enroll in the new benefit. The beneficiary also has to live in the service area of the PDP or MA-PD plan to enroll in a plan. To qualify for a PDP, a beneficiary cannot be enrolled in a MA plan, other than a MSA plan or a private-fee-for-service plan that does not provide qualified prescription drug coverage. To qualify for a MA-PD plan, a beneficiary must be eligible to enroll in the MA plan which means the individual is entitled to Part A **and** enrolled in Part B.

Part D Enrollment

The new Medicare drug benefit is entirely voluntary, and coverage for the new drug benefit begins on January 1, 2006. The program in general has an “opt-in” rule, which means that, with limited exceptions, beneficiaries will need to make an affirmative statement to sign up for the drug benefit by filling out an enrollment form for an approved plan (either a PDP or MA-PD plan). This will be different from the “opt-out” rule that exists in Part B, where people are automatically enrolled in the program when they turn 65 unless they notify Medicare otherwise.

- Initial open enrollment for the new benefit will begin November 15, 2005, and will run for six months, ending on May 15, 2006. If enrollment occurs by December 31, 2005 then coverage will begin with the start of the program on January 1, 2006. Enrollment during the rest of open enrollment will be effective the first day of the month following enrollment.
- In later years, open enrollment will run from November 15 to December 31, with enrollment effective January 1st of the following year.

After beneficiaries choose a PDP, they will generally remain enrolled for the year. We will be monitoring Part D organizations to make sure that beneficiaries have not been incorrectly denied enrollment. Each open enrollment they will have the opportunity to change plans for the following year. If beneficiaries choose a MA-PD plan, they can decide to change to traditional Medicare with or without a PDP or another MA plan with or without drug coverage within the first six months of 2006. In 2007 and subsequent years, they can make such a change during the first three months of the year.

In response to comments received to make the enrollment process easier for both beneficiaries and plan sponsors, CMS is allowing other enrollment mechanisms besides paper, such as electronic enrollment and enrollment assistance from other organizations, such as Access to Benefits Coalition, a coalition of almost 100 beneficiary and patient support organizations.

Beneficiaries who don't join a plan by May 15, 2006 and don't currently have a drug plan that, on average, covers at least as much as a Medicare prescription drug plan, their premium cost will go up at least 1% per month for every month they want to join. They will have to pay this penalty as long as they have Medicare prescription drug coverage.