

The New Medicare Part D Prescription Drug Benefit

- Affinity partners Health Net Seniority Plus & PacifiCare Secure Horizons* market Medicare HMO plans that will include Medicare Part D benefits in 2006.
- To avoid a lapse in medical coverage, Affinity Members **SHOULD NOT ENROLL** in a separate Part D plan unless they plan to disenroll from their current HMO plans.

Enrollment for the new Medicare Part D prescription drug benefit began November 15 and continues until May 15.

The actual benefit plans (available to everyone with Medicare) begin January 1, 2006.

There have already been numerous newspaper articles, ads and TV commercials sponsored by companies like Longs, Walgreens and AARP marketing stand-alone prescription drug plans.

Most Seniors are very confused about the differences between the Part D plans. Not only are the overall benefit plans that are offered to seniors different, but, each plan that includes Rx benefits uses a unique formulary that must cover at least 2 drugs in every drug category or class. This means that every Medicare patient will now have additional criteria for selecting a plan which includes physicians, hospitals and now drugs.

As a trusted source, your patients may ask you for information about the new drug coverage. They may also ask whether the drugs included in their plan formulary can be substituted for current prescriptions. Be advised that, more than ever, minor adjustments in medication can save your patients considerable amounts, especially for monthly prescriptions. Patients should contact their health plans for detailed information about the individual drug formularies or they can use the Medicare website listed below.

What will happen to current Affinity members enrolled in Health Net Seniority Plus & PacifiCare Secure Horizons. There is no need for them to enroll in a separate Medicare Part D plan because they will be automatically enrolled in a new HMO plan that includes coordinated Part D benefits.

If they do enroll in a stand-alone Part D plan, they will be automatically disenrolled by Medicare from their current plan leaving them with only basic Medicare medical coverage.

Although they will be able to make plan changes before May 15, they may unknowingly experience a lapse of considerable HMO benefit coverage, if they become seriously ill or hospitalized.

**Secure Horizons is not available to Affinity members enrolled through primary care physicians in the Alameda Region.*

A 2-page Medicare-approved Part D summary prepared by CAPG (California Association of Physician Groups) is enclosed and also posted on the Affinity physician website (affinity.ppmsi.com/login) with this AFFINITYgram.

This summary can be distributed to your physicians and office personnel as well as interested patients.

For more information, your patients can contact the following resources to compare drug formularies by plan:

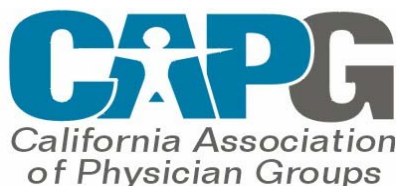
1-800-633-4227 (1-800-MEDICARE) OR <http://www.medicare.gov>

Health Net Seniority Plus 1-800-935-6565

PacifiCare Secure Horizons 1-800-228-2144

Please Forward this FAX to the Physician Listed at the Top of the Page

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Medicare has not previously had a prescription drug benefit. The new "Part D" benefit begins January 1, 2006. As a trusted source, patients may ask their health care providers for information about the new drug coverage. Taken from CMS and other sources, the following is a summary so that CAPG member providers have a basic understanding of Part D.

- **Starting January 1, 2006, a new Medicare prescription drug benefit ("Part D") will be available to everyone with Medicare.** Every Medicare beneficiary should make an active decision regarding their (voluntary) participation in Part D between November 15, 2005 and May 15, 2006. In future years the election period will be shorter.
- Part D will be available from **private companies**
 - As prescription drug plan used with Original Medicare.
 - As prescription drug plan used with HMO Medicare Advantage Plans (e.g. an HMO product such as Secure Horizons)
 - As prescription drug plan used with other types of Medicare Advantage Plans (e.g. new PPO type plans)
- Part D plans will be **based upon a formulary**. Each Part D plan formulary may be different. Part D formulary must cover at least two drugs in every drug category or class. In addition, Medicare requires Part D plans to cover all, or substantially all, of the drugs in six specific categories. These categories are antidepressant, antipsychotic, anticonvulsant, anticancer, immunosuppressant and HIV/AIDS.
- There is a **monthly premium** expected to be approximately 35 dollars nationally, but will be lower in California. In California many zero premium plans have been announced, and other plans have premiums typically less than 25 dollars. The premium will depend upon the characteristics of the formulary (including extent of generic and brand drug use), application of deductible, and other features.
- **The standard Part D benefit** includes a \$250 deductible, 25% cost sharing for total drug expense between \$250-\$2250, and a "coverage gap" or "hole" in coverage for the next \$2850 of expense. After the beneficiary has spent \$3600 in true out-of-pocket expense (\$5100 of total drug expense), there is a 5% co-payment for all other expense. Low-income beneficiaries will have their costs subsidized. Patients in Medicare Advantage Plans will have reduced expense. California is expected to be very competitive market for these plans with many Part D plans to choose from.
- **Medicare beneficiaries currently enrolled in a Medicare Advantage Plan product will be rolled into a corresponding plan by their existing health plan that will include a Part D benefit that coordinates with their HMO product.** There is no need for these patients to enroll in a separate, freestanding Medicare prescription drug plan (PDP) and, in fact, by doing so would disenroll them from their current health plan coverage. However, they may make plan changes before May 15, 2006 should they chose to do so.

- **Overall effect on patients enrolled in Medicare Advantage Plans.** The most common situation in California will be an improved formulary, zero premium, no deductible, and with the patient at risk only for the co-payment.
- **Effect on Medicare Part B drug coverage (e.g. chemotherapy).** Medicare Part B will still cover the drugs it currently covers, such as chemotherapy. Part D does not alter any current Part B drug coverage.
- Medicare beneficiaries who get their drug benefit from Medicaid (Medi-Cal), aka “**Dual Eligibles**”, will be auto-enrolled by Medicare into a Part D plan in October 2005. **As of January 1, 2006 all “dual eligibles” will cease to have a drug benefit from Medicaid (Medi-Cal). Their drug plan will be a Part D plan.** However, these beneficiaries can still look into and choose a different plan at any time. But, if they make no other decision, the Part D Plan chosen by Medicare will be the one they are enrolled into.
- “**Dual Eligibles**” will have no premium, no coverage gap, minimal co-payments (\$1-\$2 for generic, \$3-\$5 for brand name), and no co-payment after certain expense levels are met.
- Most Medicare beneficiaries who do NOT enroll in Part D by May 15, 2006 but enroll at a later time will pay a **penalty**. The penalty will be 1% of the national premium per month for every month not enrolled (i.e. the patient will pay a penalty each month of 12% of the national premium if they wait one year). This penalty will have to be paid for as long as they have Part D coverage.
- Medicare beneficiaries with **drug benefits from a current or former employer or union** (e.g. company retirees) should contact their current or former employer or union before making *any* decision regarding Part D. If their drug benefit is “at least as good” as Part D, they should not join a Part D plan at this time. Certain actions may be irrevocable.
- **Refer your patients to 1-800-633-4227 (1-800-MEDICARE) or <http://www.medicare.gov> for information.**

Important Resources

For Patients:

- Refer your Medicare patients to **1-800-633-4227 (1-800-MEDICARE)**.
- Refer your patients to **<http://www.medicare.gov>**

For Providers:

- *California Healthcare Foundation* information on Medicare Drug Coverage:
<http://www.chcf.org/topics/healthinsurance/drugbenefit/index.cfm>
- *Medicare (CMS)* Prescription Drug Coverage Information for Providers:
<http://www.cms.hhs.gov/medlearn/drugcoverage.asp>