

To:

Blood Banks

Dispensing
Physicians

Family Planning
Clinics

Federally Qualified
Health Centers

Pharmacies

Rural Health
Clinics

HMOs and Other
Managed Care
Programs

Medicare Drug Coverage for Dual Eligibles

On January 1, 2006, the Centers for Medicare and Medicaid Services (CMS) will implement an outpatient drug benefit for Medicare beneficiaries called Medicare Part D. Part D is a drug-only benefit. Part D will be administered by private entities known as Prescription Drug Plans (PDPs).

The federal law authorizing Part D eliminates Medicaid drug coverage for dual eligibles (i.e., recipients who are eligible for coverage from Medicare *and* Wisconsin Medicaid) effective January 1, 2006. Medicare Part D will provide drug coverage for dual eligibles beginning January 1, 2006. To ensure that dual eligibles do not lose prescription drug coverage, the CMS will automatically enroll dual eligibles into a PDP this fall. Dual eligibles may change PDPs after they have been automatically enrolled.

Wisconsin Medicaid will continue to cover drugs that are excluded from Part D coverage for dual eligibles. Wisconsin Medicaid will continue to cover benzodiazepines, barbiturates, and over-the-counter (OTC) drugs currently covered by Wisconsin Medicaid. Beginning January 1, 2006, claims billed to Wisconsin Medicaid for a dual eligible for any drug that is not a Medicaid-covered benzodiazepine, barbiturate, or OTC drug will deny, and the pharmacy will be instructed to bill Medicare

Part D. The explanation of benefits (EOB) message for this denial will read as follows:

Beneficiary is eligible for Medicare Part D. This is a Medicare Part D drug not covered by Medicaid for this beneficiary. Submit claim to beneficiary's Part D Plan for payment.

Claims for benzodiazepines, barbiturates, and OTC drugs may continue to be billed to Wisconsin Medicaid for dual eligibles in the provider's usual manner.

Dual eligibles are automatically deemed eligible for "extra help" under Part D. This means that dual eligibles will receive a full premium subsidy, will not pay a deductible or be subject to the "donut hole," and will have cost sharing only in the form of minimal copayments.

Medicare Copayments

Dual eligibles residing in a nursing home will have no copayments. Dual eligibles with income up to 100 percent of the Federal Poverty Level (FPL) will pay copayments of up to \$1 for a generic drug and up to \$3 for a brand name drug. Dual eligibles with income over 100 percent FPL will pay copayments of up to \$2 for a generic drug and up to \$5 for a brand name drug. Dual eligibles will not pay any cost sharing after they have reached \$3,600 in drug expenditures in 2006.

For more information about the Medicare drug benefit plan, refer to the CMS Web site at www.cms.hhs.gov/medicarereform/ or contact (800) MEDICARE. Additional assistance may be obtained by contacting Wisconsin Medicaid Provider Services at (800) 947-9627 or (608) 221-9883.

Information Regarding Medicaid HMOs

This *Wisconsin Medicaid and BadgerCare Update* contains Medicaid fee-for-service policy and applies to providers of services to recipients on fee-for-service Medicaid only. For Medicaid HMO or managed care policy, contact the appropriate managed care organization. Wisconsin Medicaid HMOs are required to provide at least the same benefits as those provided under fee-for-service arrangements.

The *Wisconsin Medicaid and BadgerCare Update* is the first source of program policy and billing information for providers.

Although the *Update* refers to Medicaid recipients, all information applies to BadgerCare recipients also.

Wisconsin Medicaid and BadgerCare are administered by the Division of Health Care Financing, Wisconsin Department of Health and Family Services, P.O. Box 309, Madison, WI 53701-0309.

For questions, call Provider Services at (800) 947-9627 or (608) 221-9883 or visit our Web site at dhfs.wisconsin.gov/medicaid/.

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