

Medicare Part D Update!

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MEDICARE SUPPLEMENT BENEFIT

An option available for Plan Sponsors under the Medicare Modernization Act is to provide coverage that will supplement a retiree's Part D benefit. This type of program will allow Plan Sponsors to offer retirees an attractive level of Medicare plus supplemental drug coverage that will be more generous and less costly than coverage offered by the Plan Sponsor alone.

A supplemental program will provide additional coverage above what Medicare is providing through the Part D benefit beginning January 1, 2006. Under this approach, qualified plan participants will enroll in a Medicare Prescription Drug Plan (PDP) of their choice and the Plan Sponsor will supplement a portion of the out-of-pocket (OOP) costs not covered by Medicare. This approach to supplementing the Part D benefit is the "stand-alone" supplemental program.

The Plan Sponsor has the flexibility under the MMA to elect to supplement any portion of the plan participants OOP. The Plan Sponsor may elect to supplement the \$250 deductible or any portion of the first or second tier coinsurance.

Summary of Medicare Part D Benefit

\$0 - \$250	Beneficiary pays 100%	
\$251 to \$2,250	Beneficiary pays 25%	Medicare pays 75%
\$2,251 to \$5,100	Beneficiary pays 100%	
Over \$5,100	Beneficiary pays 5%	Medicare pays 95%

COMMUNICATE WITH MEMBERS

Plan Sponsors planning to offer a supplemental program should communicate their intention to supplement the PDP coverage elected by their retirees. PDPs will begin to solicit enrollment in early October.

When a plan participant enrolls in a PDP, the application will ask if they have any other prescription coverage. Plan sponsors may wish to advise their retirees that they will be required to disclose their supplemental coverage to the PDP at the time of enrollment. Among other things, the PDP needs this information to track True Out-of-Pocket (TrOOP) costs.

Highlights

- Communicate with Members
- TrOOP
- TrOOP Facilitation
- Claim Processing
- Innoviant is here to Help
- Key Dates

Contact

Questions on Medicare Part D may be directed to your account manager

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Prescription Benefits Administrator

TROOP

TrOOP is a measure of out-of-pocket spending by a Medicare beneficiary under Part D. The concept of TrOOP is important because once true out of pocket spending reaches \$3,600 the catastrophic coverage becomes effective.

There are two conditions prescription drug costs will be applied towards TrOOP. First, the costs must be incurred against the annual deductible or represent any applicable cost sharing up to the out-of-pocket threshold. Second, these payments made by the plan participants, another person on behalf of the plan participant, a charitable organization, or a qualified State Pharmacy Assistance Program to qualify for TrOOP. Any amount paid by the plan sponsor does not count towards TrOOP. The supplemental coverage extends the time and total dollars spent to reach the catastrophic cap. According to CMS, the concept of TrOOP was created to give Plan Sponsors and other payers an incentive to continue offering the coverage they now offer and to limit the Medicare costs that would be incurred by simply replacing existing coverage rather than adding to beneficiary protections

TROOP FACILITATION

Medicare has awarded NDCHealth Corporation a contract to serve as the TrOOP facilitator. NDCHealth Corporation will be responsible for establishing procedures to: run eligibility queries at point-of-sale, identify costs for PDP enrollees that are being reimbursed by other payers, alert PDPs about these transactions, as well as track and report TrOOP. NDCHealth in Atlanta, GA is one of North America's largest electronic health care transaction networks. They are connected to 85 percent of all U.S. pharmacies and processes more than 5 billion pharmacy claim transactions annually.

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CLAIMS PROCESSING

Under the supplement option, the pharmacy will process claims processing at the pharmacy point-of-sale. Additional paperwork will not normally be required of the plan participant. The pharmacy will submit the plan participant's claim to the PDP. The PDP will process the claim and return their payment information to the pharmacy. The pharmacy will then submit a second claim to NDCHealth who will pass the claim to Innoviant. Innoviant will process the claim, according to the Plan Sponsors' benefit, and pass the payment information back to the pharmacy and NDCHealth. NDCHealth will then transmit the TrOOP to the PDP. Because this is all done at the point-of-sale the plan participant will not need to be concerned about tracking his/her own TrOOP.

INNOVIANT IS HERE TO HELP

For Plan Sponsors interested in offering supplemental coverage Innoviant provides:

- Account management services
- Formulary management services
- Pharmacy network management services
- Call center services
- Claims processing services
- ID card production services
- Drug utilization review services
- Pharmaceutical company rebate administration and management services
- Benefit design consultation services
- Coordination of benefit services
- Pharmacy network auditing services

KEY DATES

**September 16, 2005-
November 15, 2005-** Plan Sponsors must send creditable coverage notifications to beneficiaries. Please refer to *Rx Inform* Volume 4, Issue 9 for information on creditable coverage

October 1, 2005- PDPs will begin marketing to solicit enrollment

November 15, 2005- Beginning of initial enrollment period for Part D plans

January 1, 2006- MMA Part D Drug Benefit begins



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