



K A N S A S

GARY J. DANIELS, ACTING SECRETARY

SOCIAL AND REHABILITATION SERVICES

KATHLEEN SEBELIUS, GOVERNOR

To: All SRS Staff
From: Acting Secretary Gary J. Daniels
Date: April 29, 2005
Re: Changes in Medicare

I wanted to make you all aware of a significant change to the Medicare program. It is important that all staff become knowledgeable about this change and its impact on our consumers.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) enhances health care coverage for all Medicare Beneficiaries by offering a new prescription drug benefit which begins January 1, 2006. This new benefit will be known as Part D coverage.

Part D drug coverage will be optional and open to all Medicare beneficiaries. The individual will actually receive coverage through a private plan. Each private plan will have a specific list of drugs that are covered, or a formulary. Beneficiaries must select a plan according to his or her needs.

People can begin signing up for Part D coverage in November 2005. There will be a monthly premium for coverage as well as copayments and deductibles. Low income beneficiaries can receive help with these costs through special subsidies. There are several different levels of subsidy depending on income and resources. Beneficiaries can apply for the Part D Subsidy (also called the Low Income Subsidy) through Social Security or SRS.

The application process for Part D Subsidy begins in July 2005. Application for the subsidy does not enroll the person in a Part D prescription plan and beneficiaries must separately enroll with a private prescription plan beginning in November 2005.

There are special rules for Medicare beneficiaries also enrolled in Medicaid, or dual eligibles. First, all dual eligibles will be deemed eligible for Part D Subsidy and won't have to apply separately. This includes persons covered under any Medicaid program, including HCBS, Medically Needy-Spend down, Working Healthy and nursing facility. Persons enrolled only in a special Medicare Savings Program, QMB or LMB, will also be deemed eligible for Part D Subsidy.

The second, and most significant, change for dual eligibles is a change in how they will get drug coverage. Beginning in January 2006 Medicaid will no longer provide drug coverage for persons entitled to Medicare. Dual eligibles must enroll in a private plan through Medicare Part D to continue to receive drug coverage. Failure to do so may cause some beneficiaries to go without drug coverage. Some dual eligibles will be assigned to a plan if they don't pick one.

SRS staff and other human service organizations and agencies will play a key role in helping dual eligibles understand the new law. Most important, we must be prepared to take subsidy applications and assist beneficiaries in selecting a private prescription drug plan to ensure access to prescription drug coverage.

Because of the impact and the magnitude of the rule, it is important that everyone have a general understanding of the Medicare program and the changes that are coming about because of the new law. The attached fact sheet provides you with an overview of the Medicare program, coverage changes with Part D and the Part D Subsidy.

To provide more information about Medicare and the new Part D benefit, short training sessions have been scheduled throughout the state. You will be receiving further information about these sessions in the near future. The training will also provide more information about Social Security's application process for the subsidy program, an overview of services provided through the Senior Health Insurance Counseling for Kansas (SHICK) program as well as specific training on the Part D Subsidy process for SRS staff.

These sessions are mandatory for all EES staff responsible for processing Medicare -related Medicaid applications. However, all SRS staff who come into contact with Medicare beneficiaries are encouraged to attend. SRS is required to take applications for the new Part D Subsidy program beginning July 1, 2005.

For the Medicare beneficiaries we serve, your understanding of the significant changes in these programs is critical to a successful transition to the Medicare prescription drug plan.

Attachment