



KANSAS

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DIVISION OF HEALTH POLICY AND FINANCE

MEMORANDUM

TO: SRS/EES Regional Office Staff
HealthWave Eligibility Clearinghouse Staff
HCBS Waiver Managers
DD State Hospital Reimbursement Officers

DATE: October 31, 2005

FROM: Jeanine Schieferecke

RE: Auto Enrollment of Medicaid Beneficiaries into a Medicare Prescription Drug Plan

The purpose of this memo is to provide information about the automatic enrollment process for certain Medicaid beneficiaries into a Medicare Part D Prescription Drug Plan (PDP).

Beginning in January 1, 2006 Medicaid will no longer cover most prescription drugs for people who are also covered under Medicare. Medicare beneficiaries will receive drug coverage through the PDP instead of Medicaid. In order to ensure current Medicaid beneficiaries have access to prescription drug coverage, a special process has been created by the Centers for Medicaid and Medicare Services (CMS) to place these beneficiaries in a plan. The effective dates of all processes are noted.

I. Background Information

The automatic enrollment process is determined by the type of Medicaid coverage the individual receives. The following definitions are critical to auto enrollment:

- a. **Full Dual Eligible** - A person who is both a Medicare Beneficiary and a Medicaid recipient with full coverage, including prescription drug coverage, in the same month. This group includes persons who are eligible under a Title XIX benefit plan or those Medically Needy with a met spenddown. Medicaid coverage may be under any program, including MS, CI, SI and MA CM.
- b. **Partial Dual Eligible** - A person who is a Medicare beneficiary and a recipient of Medicaid coverage under any of the Qualified Medicare Beneficiary (QMB), the Low Income Medicare Beneficiary (LMB) or the Expanded LMB programs in the same month. These programs are called Medicare Savings Programs (MSP). Persons who receive an MSP in addition to coverage under another medical program are partial dual eligibles UNLESS the other program provides full Medicaid (XIX or Medically Needy with met spenddown). Persons covered under an MSP only, persons covered under an MSP and the AIDS Drug Assistance Program (ADAP) and persons covered under an MSP and also attempting to meet a

Medically Needy spenddown are examples of partial dual eligibles.

Both full dual eligibles and partial dual eligibles will also be eligible for extra help with Medicare prescription drug expenses. Persons determined eligible under either group will be deemed eligible for the Low Income Subsidy through CMS, the agency which will administer the subsidy program.

CMS identifies dual eligibility status through a special file sent from each state Medicaid agency. In Kansas the file is produced and transmitted by the Medicaid fiscal agent, EDS. The file, called the MMA File, provides CMS a list of all partial and full dual eligibles. Only one file is sent each month, on the 15th. CMS processes the file and notifies the state of any non-matches or other discrepancies in the file. For example, a person on the file who isn't entitled to Medicare will be rejected. Other information, such as the name of the PDP serving the individual and confirmation of Part D entitlement information is also included. More information on the MMA response file will be provided at a later date.

It is important to understand that only persons whose benefits are approved on or before the 15th day of each month will be included in the current file. Those with later approval dates will be included in next month's file. This will be a critical processing deadline in the future.

Although this process is similar to the Medicare buy-in process for payment of Part A and B premiums, this is a separate process from buy-in. The buy-in file will continue to run as scheduled, on or about the 22nd of each month.

Additional information on the benefits associated with the subsidy will be released in a separate memo. Please visit the SRS website for more information on Part D.

II. Medicare Part D Enrollment Process

In order for the Medicare beneficiary to receive prescription drug coverage through Medicare Part D, the beneficiary must join a drug plan. Each drug plan is different, offering a different formulary of covered or preferred drugs and a different choice of providers (pharmacies) that participate with the plan. Most people will pay premiums, co-payments and deductibles when they join the plan. Most people who fail to enroll during the initial enrollment period for Medicare Part D will pay an additional monthly premium for late enrollment.

The Medicare beneficiary should be prepared to compare the different plan choices before choosing a plan. Once the choice is made, the beneficiary will enroll directly through the PDP. The PDP will tell the beneficiary if the enrollment is accepted. Persons who do not enroll will not have access to Medicare prescription drug benefits.

Medicare beneficiaries who have prescription drug coverage through an employer, union or group may be able to keep this existing coverage if the coverage is at least as good as that offered through Medicare Part D. This is called creditable coverage. People with creditable coverage will be notified of the option to keep their existing coverage or enroll in Medicare Part D through their current insurance plan. People with creditable coverage may avoid the late enrollment premium charge if they follow the proper steps.

III. Auto-Enrollment Process

CMS recognized the potential impact on Medicaid beneficiaries who do not choose a plan and developed a process to automatically enroll these beneficiaries into a PDP. This auto enrollment process will randomly place certain Medicaid beneficiaries into a Medicare prescription drug plan. The plan in which the individual was auto enrolled will become the individual's PDP beginning January 1 unless a different plan is selected.

All beneficiaries are STRONGLY encouraged to examine the plan in which they have been placed. If the plan is not a good fit for the individual, it may be changed.

Auto enrollment is initiated for persons appearing on the MMA file. The initial auto enrollment process occurred in October, 2005 and processed all persons identified on this file as a full benefit dual eligible from April 1, 2005 - October 15, 2005. A monthly auto enrollment process will occur thereafter to ensure prescription drug coverage is available for new Medicaid beneficiaries. Persons determined eligible as a full dual in 2005 will be auto enrolled for January, 2006.

IV. Auto-Enrolled Beneficiaries

All individuals identified as a full dual eligible since May, 2005 will be automatically enrolled into a Medicare prescription drug plan. In Kansas, about 38,000 people are being auto enrolled. This includes individuals who received Medicaid during this time period, but are no longer eligible. CMS specifically designed the process to include a broad group of individuals, and some ineligible individuals are included in the auto enrollment process. As indicated above, all full dual eligibles are deemed eligible for the subsidy benefit. Subsidy eligibility for all persons deemed eligible will run through December, 2006.

CMS auto enrolled individuals by their current Medicare address. This may be different than the address reflected in the Medicaid file. If both files indicate a Kansas address, there should be little impact on the auto enrollment. However, persons who are living in another state, or have recently moved to Kansas from another state, may be auto enrolled into an out of state plan. People will appear on the file according to Medicare address. For example, a Kansas Medicaid beneficiary who has a Michigan address with Medicare will appear on the Michigan file. If people who meet this criteria are identified, they are to be referred to Medicare for resolution.

The auto enrollment process specifically excludes some individuals who are currently eligible for Medicaid:

1. The partial dual eligibles. Persons who were not qualified as a full dual eligible will not be auto enrolled. The partial dual eligibles will be auto enrolled in May, 2006 for June, 2006. More information will be available at that time.
2. Persons enrolled in a PACE plan. The PACE plan continues to be responsible for prescription drug expenses of the participant and such individuals will not need to enroll in a Part D plan. The only approved PACE plan at this time is Via Christi HOPE in Wichita.

3. Persons enrolled in a Medicare Advantage (MA) plan where the Medicare Advantage plan offers prescription drug coverage. Individuals in these Medicare replacement plans will be enrolled in a plan offered through the Medicare Advantage carrier.
4. Persons who CMS records show are inmates in a public institution or live outside of the US and those who are deceased.

V. Notification to the Beneficiary

Two notices will be sent to the dual eligible beneficiary.

1. The CMS Notice. CMS will provide the beneficiary with a notice of auto enrollment. The notice is scheduled to be mailed at the end of October, 2005. The notice gives the name of the assigned plan and the copayment level of the beneficiary. A copy of the notice is included with this information.
2. The Medicaid Notice. In mid-November, a separate notice will be mailed from Kansas Medicaid. The notice reminds beneficiaries of the changes in Medicaid coverage and the need to enroll with a Medicare plan. A separate notice will be sent to full dual eligibles and partial dual eligibles. Copies of these are also included with this information.

VI. Auto Enrollment Lists

CMS has provided the Kansas Medicaid program with a list of all Kansas residents who will be auto enrolled. Specific assignment information is being shared with the following entities:

1. SRS and DHPF eligibility case workers - A printout, sorted by Section-Unit-Caseload, listing all beneficiaries who have auto enrolled. This list is provided for informational purposes only. **SRS/DHPF eligibility staff are not expected to take an active role in helping the client make a plan choice. However, the caseworker is responsible for helping the beneficiary understand the impact of Medicare Part D on their Medicaid case.** Information on the assigned plan may be critical when explaining Medicaid changes to the beneficiary. Persons with questions about changing plans may be referred to SHICK or to 1-800-Medicare for additional help.

A list of full dual eligibles who have not been auto enrolled is also being sent to case workers. This is a list of people who are on file as having full Medicaid benefits and Medicare coverage, but were not in the initial auto enrollment file. These individuals may be exempt from auto enrollment (see above) or on another state's file. They may have missed the first processing deadline and are scheduled for later enrollment. This list is being provided for informational purposes too.

2. HCBS Waiver Managers - A list of assignments is being made available to each waiver manager for distribution to the regional case managers and independent living counselors. Waiver managers will provide guidance to individual case managers on their role with the Medicare Part D choice process.

3. State Institutions - A list is being sent to the Reimbursement Officer of each DD state facility, Kansas Neurological Institute and Parsons State Hospital.

A list of Medicare Part D plans approved in Kansas is included with this material. Where multiple plans exist for a single company, the auto enrolled beneficiary will be placed in the basic plan (lowest cost) offered through the company.

Thank you for your assistance with the Medicare Part D effort. If you have questions about the file or the processes in this memo, feel free to contact me at (785) 296-8866.

JS:jmm