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**To:           All Medicaid Members Who Also Have Medicare**

**Subject:    Medicaid Prescription Drug Coverage Changes Due to  
              the New Medicare Prescription Drug Coverage**

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## **Overview**

Beginning Sunday, January 1, 2006, Medicaid can no longer pay for prescription drugs for people who have both Medicare and Medicaid, commonly referred to as dual eligibles.

### ***Medicaid Prescription Drug Coverage Changes for Medicare Beneficiaries***

Instead, your prescription drugs will be covered by a Medicare prescription drug plan (PDP). This plan is sometimes called Medicare Part D. If you continue to be eligible for Medicaid, Medicaid will continue to pay for other Medicaid-covered health care for which you are eligible that Medicare does not cover.

### ***What This Change Means For You***

Because Medicaid can no longer cover your prescription drugs, you must enroll in a **Medicare** PDP to continue getting prescription drug coverage. Medicare is working with companies that offer these PDPs. You can choose from 13 plans available in your area and not have a premium. Some drug plans may not cover all the drugs you take, some may limit what pharmacies you can use, or they may require small co-payments. For these reasons, you must pick a plan that best meets your needs. You can get help choosing a Medicare PDP by contacting:

- Medicare at 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048 or visit the Medicare Web site at [www.medicare.gov](http://www.medicare.gov)

If you do not enroll yourself in a Medicare PDP by December 31, 2005, Medicare will automatically enroll you in a low-cost PDP in your area. This guarantees that you will still have prescription drug coverage on January 1, 2006. You can choose another

Medicare PDP at any time. The change will take effect the first day of the month following the receipt of the change.

### **Extra Help with Medicare Prescription Drug Plan Costs**

Because you get full Medicaid benefits, Medicare will give you extra help paying for your PDP costs. The extra help you get from Medicare will pay no more than \$35.69 toward your monthly premium for prescription drug coverage. If you choose a Medicare PDP with a higher premium, you will have to pay out of pocket the difference between the higher premium amount and \$35.69. Please note that some members will have no premium to pay at all.

Depending on the drug plan you choose, you will pay:

- No monthly premium or a low monthly premium
- No yearly deductible
- \$0 to \$5 co-payments for your prescription drugs

If you are in a long-term care facility (nursing facility), Intermediate Care Facility for the Mentally Retarded, or Community Residential Facility for the Developmentally Disabled (group home) you will have no co-payment while you are in the facility. If you are in an assisted living facility or adult living facility you will have a small co-payment.

### **Choose a Prescription Drug Plan by December 31, 2005**

The *Medicare & You 2006* handbook issued in October 2005, has information about Medicare PDPs, and it lists the plans in your area and how to enroll. You can enroll in a Medicare PDP on your own or you can stay with the plan that Medicare chose for you. If you do not enroll yourself in a Medicare PDP by December 31, 2005, you will remain with the plan chosen for you by Medicare. This guarantees that you still have prescription drug coverage on January 1, 2006.

### **Prescription Drug Coverage through an Employer or Union**

If you already have prescription drug coverage through your past or current employer or union, you may not need to enroll in a Medicare PDP. Some retirement plans may discount retiree coverage if you join a Medicare PDP. Talk with your employer or union benefits administrator to see if your current prescription drug coverage is at least as good as the Medicare drug plan. If your current prescription drug coverage is not better, then choose a Medicare plan that meets your needs. You can get help choosing a Medicare PDP that meets your needs by contacting:

- Medicare at 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048 or visit the Medicare Web site at [www.medicare.gov](http://www.medicare.gov)

## **Effects of Coverage Change for People with Medicare and Medicaid**

It is important for you to know that, beginning January 1, 2006, Indiana Medicaid will no longer cover your prescription drugs, except for a few types of prescription drugs that are excluded from the new Medicare prescription drug benefit and are covered by Indiana Medicaid. Although Medicare will cover most prescription drugs for people who have both Medicaid and Medicare, Indiana Medicaid will still pay for benzodiazepines (examples include Xanax, Ativan, Klonopin and Valium), barbiturates (examples include Seconal and phenobarbital), and over-the-counter (OTC) drugs that are on the *State of Indiana Over-the-Counter Drug Formulary*.

Medicaid will continue to pay for all your other Medicaid-covered health care, such as hospital, physician, and home health care services. When appropriate, Medicaid will also continue to pay your monthly premiums for Medicare Part A (hospital) and Medicare Part B (medical) coverage.

These coverage changes are necessary due to the passage of the Medicare Modernization Act (MMA) and federal rules supporting the MMA. This change in law affects all people who are eligible for both Medicare and Medicaid. You are eligible for both Medicare and Medicaid.

**You have the right to request an appeal, but because you are eligible for Medicare and Medicaid, your appeal will be considered without a hearing.** Full Medicaid drug benefits can only continue for those not eligible to enroll in Medicare. **You will continue to receive Medicaid coverage, but most of your drugs will now be covered by Medicare.**

## **Additional Information**

If you have any additional questions please go to [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227), or TTY 1-877-486-2048. You can call the EDS Member Hotline at (317) 713-9627 or 1-800-457-4584.