



North Carolina  
Department of Health and Human Services  
**Division of Medical Assistance**  
**Recipient Services EIS**

1985 Umstead Drive – 2501 Mail Service Center - Raleigh, N.C. 27699-2501  
Courier Number 56-20-06

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Gary H. Fuquay, Director  
(919) 857-4019

April 22, 2004

**Re: Medicare Discount Drug Card**

Dear County Director of Social Services:

The purpose of this letter is to provide you with general information on the Medicare Prescription Drug Discount Card and Transitional Assistance Program. The Medicare Prescription Drug Discount Card and Transitional Assistance Program were enacted into law on December 8, 2003, as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This is a voluntary program to give immediate relief to seniors and disabled people covered under Medicare to reduce their costs for prescription drugs now, before the new Medicare drug benefit is implemented on January 1, 2006. Participation in the program is optional.

**PRESCRIPTION DRUG DISCOUNT CARD**

The Discount Card is a first step toward a prescription drug benefit for Medicare beneficiaries. Card sponsors will begin taking applications in May 2004. The Discount Card is not a comprehensive Medicare prescription drug benefit. It is intended as a temporary program to provide immediate assistance in lowering prescription drug costs for Medicare beneficiaries during 2004 and 2005 and will end when Medicare implements the new comprehensive prescription drug benefit on January 1, 2006.

Medicare will contract with private companies to offer new drug discount cards until the Medicare prescription drug benefit starts in 2006. The Discount Card is designed to provide Medicare beneficiaries access to discounts on their prescription drugs through enrollment in a card program offered by one of the sponsors endorsed by Medicare. All Medicare beneficiaries who are enrolled in Part A or B are eligible for the Discount Card, except for those who have Medicaid drug coverage. Dually eligible Medicaid recipients will continue to have prescription drug coverage through Medicaid until the prescription drug benefit starts in 2006. Once a beneficiary is found eligible, he will remain eligible regardless of changes to his situation even if he later qualifies for Medicaid. He will remain eligible until December 31, 2005, unless he decides to make changes during the open enrollment period that will be from November 15, 2004, through December 31, 2004.

Beneficiaries will have a choice of at least two Medicare-endorsed cards, but will be allowed to enroll in only one drug card at a time. Card sponsors can be Pharmacy Benefit Managers (PBMs), wholesalers, retail pharmacies, insurers, or Medicare Advantage plans. No card sponsor will be permitted to offer a mail-order only program. Participating beneficiaries can continue to get the help they need from the community pharmacists, as all endorsed cards must include an extensive national or regional network of retail pharmacies.

Drug card sponsors will be required to provide information to beneficiaries on the enrollment fee, which cannot be more than \$30 per year, and to publish discount prices for prescription drugs. Medicare also will provide reliable, easy-to-compare information that will allow beneficiaries to choose the discount card program that best meets their needs. It is anticipated that beneficiaries will save 10% to 25% off the retail prices they paid before they had a Medicare-endorsed discount card.

### **TRANSITIONAL ASSISTANCE PROGRAM**

In addition to the discounted prices available with the Discount Card, low-income Medicare beneficiaries are also eligible for up to \$600 a year toward prescription drugs if their income is not more than 135% of the poverty level. Effective April 1, 2004, the new poverty level will be \$1,048 for a single individual and \$1,406 for married individuals. Also, to qualify for these funds, beneficiaries must not be receiving outpatient drug coverage from other sources, including Medicaid, TRICARE, or employer group health plans.

Based on these income limits, all MQB-Q/B/E recipients who do not have prescription coverage may qualify for the transitional assistance program, but they must apply for the benefit. While most eligible Medicare beneficiaries will receive information regarding the prescription drug discount card and transitional assistance program through Medicare, you may want to provide information to your clients who are applying for MQB-Q/B/E.

The beneficiary will access the \$600 in transitional assistance through the Medicare-endorsed discount card. When the discount card is presented at the pharmacy, the beneficiary is able to 'draw down' from the \$600 to purchase the medicine. The Federal Government will pay the discount card enrollment fees for low-income seniors. Generally, once a person qualifies for the \$600, they are qualified until the new Medicare drug benefit begins in 2006. They will receive \$600 in 2004 and another \$600 in 2005.

When applying the \$600 toward prescription drug purchases, beneficiaries at or below 100% of poverty will pay 5% coinsurance and beneficiaries above 100% of poverty to 135% of poverty will pay a 10% coinsurance. Transitional assistance benefits cannot be used to pay for this coinsurance.

### **ENROLLMENT PROCESS**

Below is the enrollment process.

- A. To enroll, the beneficiary will first select the discount card program that best meets his needs. He will then submit basic information on an enrollment form to the selected approved discount card program about his Medicare and Medicaid status. If the beneficiary wants the \$600 transitional

assistance, he also must complete an application for this benefit. He must submit income and other information about retirement and other health benefits, and attest to its truthfulness.

- B. The Center for Medicare and Medicaid Services will verify this information and notify the approved discount card program of the beneficiary's eligibility and enrollment outcome.
- C. Beneficiaries who are eligible are enrolled and may start obtaining discounts and, if receiving the \$600, begin using these funds to purchase prescription drugs, as early as the first day of the following month.
- D. After the initial enrollment, the beneficiary will have the option for 2005 of choosing a different card program during the annual coordinated election period between November 15, 2004, and December 31, 2004. There are other special situations such as if the beneficiary has a change of residence or moves outside the service area, that he may change cards outside of the special election period.

## **OUTREACH**

Medicare will provide general information about when the program will begin, how the program operates, who can qualify and how to join, as well as some comparative information on card sponsors through [www.medicare.gov](http://www.medicare.gov) and 1-800-MEDICARE (1-800-633-4227). There will also be a price comparison website which will provide a mechanism for Medicare beneficiaries to compare negotiated prices, fees, and other card program features. In addition, Medicare recipients will receive direct mailings from drug card sponsors beginning in April. If clients have questions, they may contact the local SHIIP volunteers or the State Senior Health Insurance Information Program (SHIIP) office at 1-800-443-9354.

Informational inserts will be sent to all individuals who receive a Medicaid card in May, including SSI, AAF, and SA. (See Attachment 1 and 2.) An informational letter will be sent to all MQB Q/B/E recipients in May. (See Attachment 3.) A list of the individuals who were mailed the MQB letter is in NCXPTR. The report name is DHREJ MEDICARE DRUG LTRS.

Also attached is an easy reference for you to use when answering your client's questions regarding the Discount Drug Program. (See Attachment 4.)

If you have any questions, please contact the Medicaid Eligibility Unit at 919-857-4019.

Gary H. Fuquay  
Director



## DRUG DISCOUNT CARDS START IN MAY 2004

You have probably heard by now about the changes to the Medicare Program to provide prescription drug coverage. The first step in beginning this program is a Medicare Approved Discount Drug Card. Enrollment for this program will begin in May 2004. It is available to help Medicare beneficiaries save on their prescription drug costs. If you receive a **BLUE** or **PINK** Medicaid card, you are **not** eligible for a Discount Drug Card. You are not eligible because Medicaid already covers the cost of your prescriptions.

If you have questions about the Discount Drug Card Program, you may contact Medicare at 1-800-MEDICARE (1-800-633-4227) or the State Senior Health Insurance Information Program (SHIIP) office at 1-800-443-9354.

(Attachment 1, Insert in Blue/Pink Medicaid cards)



## IMPORTANT NOTICE FOR MEDICARE RECIPIENTS

You are eligible to enroll in the new **Medicare Discount Drug Card Program**. (Medicaid recipients, who receive a **blue** or **pink** Medicaid card, are **not** eligible for this program.) This program is available to help you save on your prescription drug costs. Medicare will contract with private companies to offer new drug discount cards until a Medicare prescription drug benefit starts in 2006. Enrollment in the Medicare Discount Drug Card Program begins in May 2004 and continues through December 31, 2005. Enrolling is your choice. Medicare will send you information on how to enroll.

Medicare also has a new **Transitional Benefit Program** if you enroll in the Medicare Discount Drug Card Program. This program will provide you a \$600 credit each year to use for your prescription costs. You may be eligible for this program if you do not have prescription coverage. You **must request** this assistance when you complete your discount drug card application. When you present your discount drug card at the pharmacy, the pharmacist will charge you a coinsurance amount and charge the remaining amount of the prescription cost to the \$600. You are responsible for paying a coinsurance of 5% or 10% depending on your income. We encourage you to request this assistance.

If you have questions about the Discount Drug Card Program or the Transitional Benefit Program, you may contact Medicare at 1-800-MEDICARE (1-800-633-4227) or the State Senior Health Insurance Information Program (SHIIP) office at 1-800-443-9354.

(Attachment 2, Insert in Buff Medicaid card)



## IMPORTANT NOTICE FOR MEDICARE RECIPIENTS

Since you are eligible for Medicaid to pay your Medicare Part B premium, you are eligible to enroll in the new **Medicare Discount Drug Card Program**. (Medicaid recipients that receive a **blue** or **pink** Medicaid card, are **not** eligible for this program.) This program is available to help you save on your prescription drug costs. Medicare will contract with private companies to offer new drug discount cards until a Medicare prescription drug benefit starts in 2006. Enrollment in the Medicare Discount Drug Card Program begins in May 2004 and continues through December 31, 2005. Enrolling is your choice. Medicare will send you information on how to enroll.

Medicare also has a new **Transitional Benefit Program** if you enroll in the Medicare Discount Drug Card Program. This program will provide you a \$600 credit each year to use for your prescription costs. You may be eligible for this program if you do not have prescription coverage. You **must request** this assistance when you complete your discount drug card application. When you present your discount drug card at the pharmacy, the pharmacist will charge you a coinsurance amount and charge the remaining amount of the prescription cost to the \$600. You are responsible for paying a coinsurance of 5% or 10% depending on your income. We encourage you to request this assistance.

If you have questions about the Discount Drug Card Program or the Transitional Benefit Program, you may contact Medicare at 1-800-MEDICARE (1-800-633-4227) or the State Senior Health Insurance Information Program (SHIIP) office at 1-800-443-9354.

(Attachment 3, Direct mail to MQB clients)

## MEDICARE SAVINGS PROGRAM INFORMATION SHEET

The Discount Drug Card Program begins in May 2004 and ends in January 2006 when the Medicare Drug benefit is implemented. An individual may enroll in only one discount drug card program. Each discount drug card covers different drugs. The individual must determine which card best meets his prescription needs. Volunteers with the State Senior Health Insurance Information Program (SHIIP) are available to assist individuals in evaluating the available drug sponsors and making the best choice for their needs. Clients may contact the local SHIIP volunteers or the State SHIIP office at 1-800-443-9354.

	<b>Discount Drug Card without Transitional Assistance</b>	<b>Discount Drug Card with Transitional Assistance</b>
<b>Medicaid Coverage (blue/pink card)</b>	Not eligible	Not eligible
<b>Other Insurance</b>	Eligible	Not eligible
<b>Medicare A/B Recipient (MQB-Q/B/E)</b>	Eligible-must be enrolled	Eligible-must be enrolled
<b>Application Required</b>	Yes	Yes, must request on discount drug card application
<b>Reserve</b>	N/A	N/A
<b>Income</b>	N/A	Up to 135% of poverty \$1,048 individual \$1,406 couple
<b>Cost to A/R</b>	Discount price	Up to 100% of poverty pays 5% of discount price 100% to 135% of poverty pays 10% of discount price When \$600 is exhausted, pays the discount price
<b>Enrollment Fee</b>	Up to \$30	N/A

**NOTE:** If an individual enrolls in a discount drug card program and later is determined eligible for Medicaid, he may keep the discount drug card.