

## MANUAL MATERIAL TRANSMITTED

**MANUAL:** WV Income Maintenance Manual

**CHANGE NUMBER:** 334

### DELETE

### INSERT OF CHANGE

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**DATE:** October 1, 2004

**TO:** ALL INCOME MAINTENANCE MANUAL HOLDERS

This change is being made to add policy which addresses the treatment of Medicare drug benefits available to recipients of Food Stamps, Medicaid and WV WORKS as a result of the Medicare Prescription Drug Improvement and Modernization Act of 2003. Specific policies were issued by Food and Nutrition Services (FNS) and the Centers for Medicare and Medicaid Services (CMS) regarding the treatment of Medicare drug benefits received by recipients of Food Stamps and Medicaid, based on provisions of the Act. Especially important are the policies for the Food Stamp medical deduction and Medicaid spenddown. Although the intent of both policies is the same, no decrease in benefits, the policies for the 2 programs offer different methods for accomplishing the intent. Appropriate changes were made in Chapters 4 and 10 to add these policies.

The Medicare Drug Discount Program and Transitional Assistance began effective June 2004. West Virginia's Food Stamp policy regarding treatment of the Drug Program and Transitional Assistance is effective October 1, 2004. Any Food Stamp AG with a member who became enrolled in the Drug Discount Program between June 2004 and the effective date of the policy change in October 2004 may be entitled to restored benefits if the following circumstances exist:

- An application was made or a redetermination completed between June and October 2004; or
- The client reported enrollment in the Drug Program between June and October 2004; and
- The policy change would have resulted in increased benefits.

Under no circumstances are benefits restored prior to June 2004 due to application of this policy.

For example, a client enrolled in the Medicare Drug Discount Program in June 2004. His Food Stamp case was redetermined in July 2004. Because the Department's policy for treatment of the Drug Program was not effective, he did not receive any possible benefit from application of the new policy. It is determined later that his Food Stamp coupon allotment would have increased with the October 2004 policy change. He is due restored benefits beginning in August 2004.

In addition, the following background information about provisions of the bill is being provided to assist you in responding to inquiries you may receive about the Medicare-Approved Drug Program Card and Transitional Assistance.

## Medicare Prescription Drug Improvement and Modernization Act of 2003

The Medicare Prescription Drug Improvement and Modernization Act of 2003 provides for major changes in pharmacy coverage.

## Phase 1, Medicare Drug Discount Card

This program is designed to help Medicare beneficiaries, who do not receive Medicaid, with the cost of prescriptions. Some outreach has already been accomplished and applications began May 3, 2004. Each Medicare beneficiary will be able to buy one prescription-drug discount card from a Medicare-approved vendor, which includes insurance companies, retail pharmacies, and health plans. The cards cannot cost more than \$30/year and provide discounts between 10% to 25% on approved drugs. Discounts became available beginning June 1, 2004.

The Bureau for Medical Services (BMS) has sent a computer file to the Center for Medicare and Medicaid (CMS) to match against SSA's Medicare files.

There are numerous vendors offering local, regional, and national discount cards. The client must choose the plan that best suits his needs. For example, only one of the plans may have an expensive drug the client takes daily on its list of approved drugs. That would be the plan which could best serve the client. DHHR staff at all levels are prohibited from making a recommendations about which vendor offers the best plan for the individual client.

The Bureau of Senior Services (BoSS) and other advocates for seniors are providing some assistance in selecting a vendor and completing the application. Some pharmacies are offering help and the vendors will do their own outreach. The choice is locked in for one year.

Transitional Benefits: In addition to a free drug discount card (CMS pays the enrollment fee), two low-income groups qualify for transitional benefits. These will be the benefits received during Phase 1 until Phase 2 begins in 2006.

	Income Limit	Benefit Amount	Co-insurance Amount	Use Benefit for Co-insurance?
Group 1	At or Below 135% FPL	\$600 Credit (Not cash payment)	10%	No
Group 2	Up to 100% FPL	Same as above	5%	No

### Additional Information

- Each discount card vendor can offer a different plan
- Rather than have a separate enrollment form for each vendor, CMS has developed a common enrollment form. This is on the Medicare web page. If a vendor offers an enhanced package of coverage, that vendor's own enrollment form must be used.
- The phone number 1-800-Medicare was set up as a toll free line for client questions or individuals may call the WV Bureau of Senior Services (BoSS) SHINE Program at 1-877-987-4463 for information and assistance.
- It is unknown yet how states will be notified by Medicare of newly-approved providers

- Private insurers can drop the pharmacy coverage from their benefit packages when an insured person receives a drug discount card.
- AIDS Programs supported by the Ryan White Fund can qualify for Medicaid and for the discount card. Eligibility for transitional benefits depends on income.
- There is no automatic enrollment process.
- There is no annual cap on expenditures for the discount card and transitional benefits.
- CMS determines eligibility for the drug discount card and for transitional benefits.
- Income will be calculated differently than for any Medicaid coverage group. Some income excluded for Medicaid will be counted and some deductions will be different. Therefore, do not indicate to any client whether or not he appears to be eligible.

## Phase 2, Medicare, Part D (Prescription Drug Coverage)

Medicare, Part D, will provide prescription drug coverage to Medicare recipients, including “dual-eligible” Medicaid recipients beginning in January, 2006. Dual eligibles are those persons who qualify for Medicare and Medicaid.

When Part D begins, the discount card and transitional benefits (\$600), i.e. Phase 1, end. Medicaid will then begin to pay Medicare for the cost of prescription drugs for those covered under Part D.

Beginning in November, 2005 there will be an initial enrollment for Medicare, Part D. Those who become eligible later will have an enrollment period of at least 6 months. It appears now that application may be made for Part D at SSA or at DHHR. It is believed that more applications will be taken in DHHR offices because they are more accessible than SSA offices.

Basics: The federal government will be setting up regions across the country where private insurers will bid to provide prescription drug coverage to Medicare beneficiaries. Private insurers may provide a drug-only plan or a comprehensive health plan, i.e. prescription drugs and long-term care. If no private plan bids to serve a region, a government-sponsored plan will provide coverage in that area.

Enrollment will be voluntary, but those who do not sign up in the first year, will pay a penalty if they enroll later.

Questions should be directed to the DFA Economic Services Policy Unit.