Prescription Drug Benefit — Changes for 2013

Agenda

- What is Medicare Part D and how does it impact me?
- What is covered under this new program?
- Are there any differences in my drug coverage?
- What pharmacies can I use?
- What types of interaction will I have with my pharmacist?
- What type of communications will I receive?
- Where do I get additional information?
What is Medicare Part D?

- Medicare Part D was developed by the Federal Government in 2006 to provide drug coverage specific for Medicare recipients.
- Medicare Part D is provided by private insurance companies under the direction of the Centers for Medicare and Medicaid Services (CMS) which is a division of the Federal Government.
- Medicare Part D benefit plans are available to those retirees eligible for Medicare Parts A and B.
- Individuals or groups can access Medicare Part D plans.
- The State of Michigan is enrolling its retirees as a “group” into a Medicare Part D plan.
  - Group enrollment is called an Employer Group Waiver Plan or EGWP.
- The State of Michigan is also providing additional coverage and benefits through a supplemental plan which is commonly referred to as a “wrap plan.”
- The combination of the Medicare Part D plan plus a wrap benefit provides retirees a benefit virtually identical to the current plan.
Medicare Part D Specifics for 2013

- If a retiree was to enroll as an individual into a typical Medicare Part D plan for 2013 you would experience:
  - A $325 upfront deductible
  - 80% drug coverage (called the “initial coverage level”) until a retiree spends an additional $529, then
  - A coverage gap (commonly called the “donut hole”) until the retiree has spent an additional $3,896 prior to,
    - “Catastrophic coverage” where the benefit provides 95% drug coverage thereafter
- Low income premium subsidy is available (LIPS)
- Low income copay subsidy is available (LICS)
- Some drugs are not covered under a typical Part D plan:
  - Over The Counter medications (OTC)
  - Weight loss drugs
  - Cough and Cold items
  - Certain Vitamins
  - Erectile dysfunction or drugs used to treat impotency
- Strictly enforced, and CMS approved, Formulary and drug management programs
What will the State of Michigan Retiree Drug Benefit Look Like?

- The State of Michigan has engaged Medicare GenerationRx to administer the Part D benefit and supplemental wrap plan starting January 1, 2013
- The State of Michigan plan will be similar to your benefits today and include:
  - No upfront deductible for Rx
  - Traditional copays in the initial coverage level and throughout the “donut hole”
  - Catastrophic coverage
  - LICS and LIPS for eligible retirees
  - Pharmacy network includes retail, mail order and specialty drug pharmacy access
  - New benefit option whereby retirees can receive a 90-day supply of maintenance medication at retail pharmacies
  - Enhanced drug safety programs
Medication Coverage Rules Under EGWP

Primary Benefit (as required by CMS)
- Mandatory mail order is not allowed
- A 90-day retail pharmacy benefit must be available
- Retail lock-out of specialty medication is not allowed due to “any willing provider” provisions

Supplemental Wrap
- Coverage provided for those excluded Part D medications
  - weight loss drugs
  - certain vitamins
  - erectile dysfunction or drugs used to treat impotency

Clinical and utilization edits such as Prior Authorization, Quantity Limits and Step Edits will continue similar to today
- Refill too soon edits under CMS require a retiree take 75% of their medication prior to a refill
Medicare Part B vs. Medicare Part D Drug Coverage

- Certain supplies and drugs are not covered under a standard Medicare Part D plan because these supplies/drugs can be covered under Medicare Part B
  - “Standard Medicare Part D” portion of an EGWP plan has to “reject” Part B drugs
    - CMS requires these drugs to reject at point of service (POS)
    - claim is reviewed to ensure which benefit is applicable
- Retirees might experience this at a Retail Pharmacy
  - examples of medications that can be reimbursed under Part B and Part D include some drugs to treat osteoporosis, inhaled solutions for asthma or COPD, and diabetic supplies
Transition of Care Program

- What is transition of care?
  - Transition of care applies to new prescriptions with restrictions such as Prior Authorization, Step Therapy or Quantity Limits
  - Retiree receives a temporary fill up to a 31-day supply for the first 90 days in the Plan
- How does this program work?
  - For the first 90 days in the plan, drug restrictions are waived. The retiree receives a medication and transition letter advising them to work with your physician
  - Transition letters are mailed to retirees and prescribers within three days of a prescription fill
Pharmacy Access

- The State of Michigan will continue to offer a large retail network with access to over 98% of pharmacies in the State of MI, along with other national and major chain retailers and independent pharmacies
- Pharmacy directories will be distributed to retirees
  - Directories will include those pharmacies allowed to dispense 90-day supplies
- The Mail Order facility will be NoviXus, located in Novi, and this benefit will continue to save you money based on copays for chronically used medications
- Specialty medications, or self-administered injectables used to treat rare conditions, are encouraged to be filled through Diplomat pharmacy (located in Flint)
Clinical Programs

- Safety edits at Point-of-Sale
  - High risk drug alerts (drugs in combination) will be sent to your pharmacy and physician where applicable

- Medication Therapy Management (MTM) program
  - Retirees having 3 or more targeted conditions with 7 or more prescriptions in the past year will automatically be enrolled in a program
  - Retirees are encouraged to have a consultation with a Medicare GenerationRx pharmacist regarding medication concerns
    - retirees can opt-out

- Fraud, Waste, and Abuse
  - Identifies concerning medication patterns such as controlled substance abuse
What will I Receive in the Mail?

- Retiree Pre-Enrollment Kit will include:
  - Summary of Benefits (description of benefit)
  - Formulary noting covered drugs and restricted drugs
  - Pharmacy Directory
  - Explanation of grievances and appeals process
  - Opt out notice (and instructions if you choose to opt-out)

- Retiree Welcome Kit will include:
  - Welcome letter
  - Evidence of coverage
  - Privacy policy
  - Pharmacy options letter

- ID cards will come in a separate mailing
  - ID cards are issued for each individual (there is no “family” coverage in Medicare)
What do I do if I have Questions?

- Medicare GenerationRx will have a user friendly website to:
  - Keep you up to date on your State of Michigan retiree pharmacy benefit program
  - Help you locate a pharmacy
  - Look up the cost of a drug
  - See if a recommended drug is on the Formulary
  - Keep track of your medications and general health information
  - Help you file a grievance or appeal
  - Website  [www.medicaregenerationrx.com/som](http://www.medicaregenerationrx.com/som)

- Medicare GenerationRx will manage Customer Service phone lines for the State
  - Able to access a representative 24 hours a day, 7 days a week by calling 877-633-7943
    - Representatives available beginning on 12/10/2012
Questions