



Michigan League FOR Human Services

April 2006

### Medicare Part D Fact Sheet

1. In Michigan, there are 18 different companies offering 40 different stand-alone prescription drug plans. Premiums range from \$13.75 - \$65.69 per month. 23 plans do not require the \$250 deductible; 6 plans offer coverage in the "donut hole."
2. May 15, 2006 is the final date for the *initial* enrollment into a Medicare Part D plan for 2006. One plan change is allowed between January 1, 2006 and May 15, 2006. The next open enrollment period will be November 15 – December 31, 2006, with coverage effective January 1, 2007. Dual eligibles, those eligible for both Medicaid and Medicare are allowed to change plans at any time.
3. Late enrollment penalties of one percent of the base premium for each month not enrolled will be assessed on those who apply after the initial enrollment period ends and did not have "creditable" coverage. Creditable coverage is defined as prescription drug coverage that is at least as comprehensive as the standard Medicare Part D plan.
4. With the exception of dual eligibles (those eligible for both Medicaid and Medicare), beneficiaries can generally change their prescription drug plans only during annual enrollment periods, November 15 – December 31 of each year. Dual eligibles are allowed to change prescription drug plans at any time.
5. As of April 18, 2006, on a national basis, nearly 13.4 million beneficiaries eligible for Medicare Part D are not enrolled and do not have other identified creditable drug coverage. (*Kaiser State Health Facts*)
6. In Michigan, as of April 18, 2006, 293,399 beneficiaries have enrolled in a stand alone prescription drug plan, and 48,873 are participating in Medicare Advantage Plans (managed care plans). More than 460,800 Medicare beneficiaries have not enrolled in a plan and do not have other creditable prescription drug coverage. (*Kaiser State Health Facts*)
7. The Social Security Administration reported that as of March 31, 2006, Michigan had 52,057 beneficiaries determined eligible for the low-income subsidy ("extra help") program. The Social Security Administration had processed 122,443 of the nearly 127,000 applications that required a determination (Duplicate applications were submitted for some beneficiaries as well as applications for beneficiaries who were automatically eligible for the subsidy; those applications did not require a determination.)

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1115 SOUTH PENNSYLVANIA AVENUE • SUITE 202 • LANSING, MICHIGAN 48912

517.487.5436/PHONE • 517.371.4546/FAX • [WWW.MILHS.ORG](http://WWW.MILHS.ORG)

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8. Anyone who submits the federal application for the low income subsidy ( extra help ) for Medicare Part D to the state Department of Human Services and requests an eligibility determination will be mailed a state application for the Medicaid Program. Anyone determined eligible for Medicaid or a Medicare Savings Program will receive additional benefits beyond the low income subsidy for Medicare Part D.
9. Drug companies Patient Assistance Programs will be allowed to continue based on guidance from the federal government issued April 18, 2006.
10. The federal Medicare Part D Standard Benefit cost sharing for 2007 was released on April 5, 2006. Prescription drug plans are not required to increase cost sharing as they have great flexibility in designing plans, and few actually offer the standard benefit. Most plans offer tiered copays (rather than the 25 percent coinsurance) some have no deductible, and some plans offer coverage in the donut hole. The projected increase for 2007 is 6.86 percent. The impact for the standard benefit is as follows:
  - § Deductible -- \$265 (from \$250 in 2006)
  - § Initial coverage limit (beginning of the donut hole )-- \$2,400 (from \$2,250 in 2006)
  - § Catastrophic coverage begins -- \$5,451.25 in Part D covered drug costs (from \$5,100)
  - § Copayment increases Where the law specified \$2 and \$5 copays in 2006, those amounts will increase to \$2.15 and \$5.35 in 2007
  - § Low income subsidy beneficiaries with incomes between 135 -150 percent of poverty will have a \$53 deductible (from \$50 in 2006)
11. Subsidies paid to employers and other entities retaining retiree drug coverage will increase to \$1,424 from \$1,330 in 2006.