

Medicare Rx Discount Card Q & A

General Information

Who can get a card?

Anyone who is covered under Medicare, *except those who are also enrolled in Medicaid*. For example, even if individuals already have drug coverage such as programs offered to federal or state retirees, TRICARE, Indian Health Service, or a state pharmaceutical assistance program, those individuals are still eligible to apply for a card.

When can Medicare beneficiaries get a card?

Seniors can begin enrolling in the discount card program on May 3, 2004. Discounts do not start until the beginning of June 2004. The discount card program ends on December 31, 2005, when the Medicare drug benefit begins.

How much does the card cost?

The cost of the card varies by the organization sponsoring the card. Current information indicates that some cards are not charging any fee, while others are charging up to \$30, the maximum charge allowed under the law. Currently there are two national cards offered that charge a fee -- the Aetna Rx Savings Card (\$30) and the Caremark Advantage All Rx Drug Discount Card (\$20). The Freedom Card (by Scrip Solutions) is only one of two national cards that does not charge an enrollment fee. Seniors will pay the enrollment fee directly to the card sponsor, not Medicare. Medicare will pay the enrollment fee for those who qualify for the \$600 subsidy.

Low-Income Subsidy

Who can get the \$600 subsidy?

If an individual's income is less than \$12,569 a year in 2004 (\$16,862 for couples), the discount card is free and they qualify for a \$600 a year subsidy. To qualify for the subsidy, people must NOT receive outpatient drug coverage from other sources, including Medicaid, TRICARE, group health insurance, or Federal Employee Health Benefit Plans (FEHBP). Those enrolled in Medigap or a Medicare HMO can, however, receive the subsidy. Generally, once a person qualifies for the \$600 subsidy, they continue to receive it until the new drug benefit begins; there is no need to reapply for the subsidy next year. There is no asset test, and seniors only need to state their annual income on the application (no proof required).

How do you apply for the \$600 subsidy?

An individual must submit a separate application to the card sponsor for this transitional assistance. The sponsor will send the information to CMS, which may verify a senior's income by reviewing available data, such as tax returns or Social Security records. This money will become available beginning on June 1, 2004. Seniors can apply for this subsidy at any time, even if the subsidy application was not done when applying for the discount card. Seniors who apply for this subsidy must agree to allow CMS and possibly the drug discount card sponsor, as well, to review their federal tax information.

Can the \$600 subsidy be carried over from 2004 to 2005?

Yes. Beneficiaries can carry any unused money from 2004 over to 2005. However, for beneficiaries enrolling in the drug card for the first time in 2005, their \$600 amount will be prorated, based on the month in which they enroll.

Can the \$600 subsidy be used to pay for all of the cost of each prescription?

No. When applying the \$600 credit toward the purchase of prescription drugs, beneficiaries who have incomes at or below 100 percent of poverty (\$9,310 for individuals or \$12,490 for couples) will pay five percent coinsurance. Those with incomes between 101 and 135 percent will pay 10 percent coinsurance.

Can the \$600 be used for anything besides prescription drugs?

Seniors can also use the \$600 for purchase of syringes and medical supplies for insulin injections, such as needles, alcohol, and gauze.

Who keeps track of the \$600 assistance?

Drug card sponsors keep track of the amount of assistance each beneficiary has remaining. Seniors can find out how much assistance is remaining in their account by checking with their pharmacist or their card program's website.

Number of Cards and How to Enroll

How many cards can seniors get?

Seniors may only have ONE Medicare-endorsed card at a time. However, they can switch Medicare-endorsed cards once between November 15 and December 31, 2004, for the next year (2005). A senior can still obtain other non-Medicare endorsed drug discount cards.

Can seniors sign up for any Medicare-endorsed card?

Yes, unless they are a member of an HMO offering a discount card. In that case, they may only sign up for that HMO's card. Note, however, that they can only sign up for a regional discount card if they live in that region.

Do seniors sign up for the card through Medicare?

No, Medicare will not enroll seniors in the card program. Seniors must contact the individual card sponsor of the card they are interested in. The card sponsor will then provide them with an application.

Information About Card Sponsors

How many Medicare-endorsed cards are available?

As of April 2004, there are 16 national card sponsors offering 26 different cards. There are also a number of regional cards being offered -- cards that are exclusive to residents of a particular state. The total number of cards available could increase before enrollment begins on May 3rd.

Who is offering the Medicare-endorsed discount cards?

The primary groups offering the cards are HMOs, pharmaceutical benefits managers (PBMs), and other insurance companies or groups of insurers and drug companies. Examples include AdvancePCS Health, Caremark Advantage, Express Scripts, Aetna Health, Blue Cross, First Health Services Corporation, Sierra Health and Life Insurance Company, and United Healthcare Insurance. Some of these are offering the cards on behalf of other entities. For example, Advance PCS is offering a card on behalf of Readers' Digest, and United Health Insurance is offering a card on behalf of AARP.

Discounts, Access to Needed Drugs, and Local Pharmacies

What discount will the card provide?

The law does not specify or require card sponsors to provide any particular discount on prescription medicines. The card sponsor decides how much of the discount gets passed on to seniors and how much of the discount it keeps for profit. Card sponsors can change the discounted prices frequently, but will be required to post price changes only weekly.

No discounts will be available for barbiturates, benzodiazepines, fertility drugs, vitamins, weight-related drugs, cosmetic drugs, cough and cold remedies, over-the-counter drugs, and any drug already covered by Medicare Part B.

Will the discount card be accepted at any local pharmacy?

Maybe. It will depend on which discount card is selected. The law sets basic access standards, but does not require a card to contract with any and all pharmacies in an area. Minimum location requirements include:

- In urban areas served by the program, 90 percent of card enrollees, on average, must live within two miles of a participating pharmacy;
- In suburban areas served by the program, 90 percent of card enrollees, on average, must live within five miles of a participating pharmacy;
- In rural areas served by the program, 70 percent of card enrollees, on average, must live within 15 miles of a participating pharmacy.
- Additionally, programs may offer mail order options, but they are prohibited from offering only a mail-order program, and may not require enrollees to use mail-order pharmacies.

Will the discount card offer discounts on all prescription drugs?

Not necessarily. The drug card sponsor creates a formulary of select drugs that will be given discounts. The sponsor decides which drugs in a therapeutic class (i.e., analgesics) to offer discounts on, but must offer a discount on at least one drug in each of the 209 therapeutic categories representing the most commonly needed drugs for Medicare beneficiaries. Which specific drugs are discounted, though, can change at any time. Note: if a drug is not on a beneficiary's formulary, a low-income beneficiary can still use his \$600 to pay the non-discounted price for the prescription.

Will drug prices be the same at every pharmacy once the discount is applied?

No. Seniors will have to compare the prices offered by each pharmacy that accepts their card in order to find the best price.

Will the discount card offer discounts on anything other than prescription drugs?

Discount drug cards may offer discounts on over-the-counter drugs. However, the \$600 low-income subsidy cannot be used to purchase these drugs. Discount cards may not market any other products, such as durable medical equipment or wheelchairs, to seniors other than discounted drugs. Card sponsors that do so would be in violation of the law.

Other Questions

Is the personal medical information available to the discount card sponsors safe?

Yes and no. All card sponsors must comply with the requirements of the Health Insurance Portability and Accountability law (HIPPA) which is intended to protect medical privacy. Card sponsors, however, who later become Medicare drug benefit providers under the Medicare prescription drug plan may use the information compiled from discount card users (such as spending habits, illnesses) to target potential enrollees in their Medicare drug plan in 2006.

What about seniors who are in a state pharmacy assistance program? Can they still get the discount card?

States with pharmacy assistance programs can coordinate with a card sponsor, or encourage their own program to apply for the Medicare endorsement. States may choose to pay the enrollment fees for beneficiaries, and may pay the coinsurance for beneficiaries who receive the \$600 subsidy.