



Medicare: Today's Issue

June 25, 2004

BETTER BENEFITS – MORE CHOICES

*Good News about the Medicare Prescription Drug, Improvement
and Modernization Act of 2003!*

*-- Under Section 641 of the MMA, the Medicare Replacement Drug
Demonstration Extends Access to Certain Drugs for Beneficiaries with
Serious and Chronic Illnesses --*

- ❖ HHS Secretary Tommy G. Thompson announced yesterday a **new Medicare demonstration program that will save seniors and persons with disabilities substantial money -- up to 90 percent in some cases -- on the life-enhancing medicines they take for serious diseases, including cancer, multiple sclerosis and rheumatoid arthritis.**
- ❖ The demonstration program, created as part of the Medicare Modernization Act, will **extend Medicare coverage to prescription medicines that can be self-administered rather than administered by a health care provider. The demonstration will help up to 50,000 beneficiaries with serious illnesses** who do not have comprehensive prescription drug coverage today.

“This demonstration **will provide access and affordability to life-saving medicines for people fighting serious diseases,**” Secretary Thompson said.
“Through this coverage, **seniors will save thousands of dollars on essential medicines that they can take at home.** It will relieve some of the burden of battling a debilitating disease.”
- ❖ The Medicare Replacement Drug Demonstration was mandated under Section 641 of the Medicare Modernization Act of 2003 (MMA). As set by Congress, enrollment in the demonstration will be open to 50,000 people and total spending on the covered drugs will be up to \$500 million.
- ❖ Under this initiative, Medicare will pay for certain drugs and biologicals that can be taken by the patient at home and that replace drugs which are currently covered under Medicare Part B when given in a doctor's office. Additionally, **newer, more effective medications that replace some currently covered oral anti-cancer drugs will also be covered.**
- ❖ Drugs for treatment of such diseases as rheumatoid arthritis, multiple sclerosis, pulmonary hypertension and a variety of cancers will be included in the demonstration. The drugs were selected based on criteria developed after extensive input from physicians and other experts.
- ❖ Beneficiary cost sharing for these drugs will mirror the “standard” Medicare Part D prescription drug benefit when it is implemented in 2006 (however, participants will not pay the monthly premium in the demonstration). Beneficiaries with limited resources and incomes of less than 150 percent of the federal poverty level (FLP) will have even lower cost sharing requirements.

- ❖ The demonstration will give Medicare beneficiaries a glimpse of the significant savings coming their way when the Part D prescription drug benefit is fully implemented in 2006.
- ❖ Examples of estimated savings over a year include:
 - » Patients with Chronic Myelogenous Lymphoma (a cancer) using Gleevec could save nearly 90 percent or \$40,654 annually. Gleevec has an estimated annual cost of \$45,952, but patients in the demo would only pay \$5,298.
 - » Patients with Multiple sclerosis could save 75 percent or \$12,260 annually off medicines that cost an estimated \$16,298 annually. They would pay only \$4,038.
 - » Patients with rheumatoid arthritis could save 75 percent or \$11,975 annually off medicines that cost an estimated \$16,000. They would pay only \$4,025.
 - » And patients with pulmonary hypertension using Tracleer could save 86 percent or \$31,255 off of a cost that otherwise could reach \$36,136. They would pay only \$4,881.
- ❖ Low-income beneficiaries in the demonstration would save significantly more. Using the above examples, for those between 135 and 150 percent of the FPL estimated savings would be: for Gleevec they would pay \$638, for MS and rheumatoid arthritis patients they would pay \$628, and for someone taking Tracleer their annual cost would be \$638. For those between 100 and 135 percent of the FPL, they would pay at most \$60 per year for any of the drugs covered in the demonstration program, and seniors below 100 percent of FPL could pay less.
- ❖ As directed by Congress in creation of the demonstration, **approximately 40 percent of the funding will be allocated for oral anti-cancer medications.** If more beneficiaries apply than Medicare is able to serve, CMS will select participants among the cancer and non-cancer groups randomly from the applications received, on an alternating basis between the two groups.
- ❖ **To be eligible for the demonstration, a beneficiary must be enrolled in Medicare Part A and Part B, Medicare must be their primary payer, and the beneficiary may not have comprehensive drug coverage through other sources (such as TriCare, Medicaid, or an employer or union sponsored plan). A beneficiary must also have a signed certification from a doctor that he or she requires one of the drugs covered under the demonstration for the indicated disease.**

“We intend to work with our state and local partners, and with patient organizations and others, to help beneficiaries with these serious diseases find out about how to take advantage of this program -- and about the additional help now available to assist with drug costs,” Dr. McClellan said.

- ❖ **CMS is conducting an Open Door Forum on June 29 with patient advocacy groups, physician specialty groups, physicians and drug manufacturers so they can help beneficiaries in applying for the program.**
- ❖ To enroll in the demonstration program, beneficiaries should complete an application, get their physician to complete the required form certifying their need for the covered drug, and submit both forms to CMS’ demonstration contractor, TrailBlazer Health Enterprises.

- ❖ Participants in the demonstration will be able to get their drugs at a local retail pharmacy or by home delivery through Caremark, Trailblazer's subcontractor for administering the drug benefit.
- ❖ **The demonstration will run through Dec. 31, 2005**, at which time all beneficiaries will be able to enroll in the new Medicare Part D drug benefit.
- ❖ **Starting immediately**, applications may be downloaded from the CMS Web site at <http://www.cms.hhs.gov/researchers/demos/drugcoveredemo.asp>. Starting July 6, customer service representatives will be available at 1-866-563-5386, TTY Number: 1-866-536-5387 to answer questions about the demonstration and assist beneficiaries in obtaining and completing the application forms. Between now and July 6, beneficiaries who have questions can call 1-800 MEDICARE. **Applications will be accepted for consideration beginning July 6 through Sept. 30.**
- ❖ Those beneficiaries who are able to get their applications in by Aug. 16 will be in an "early selection" process that will give them coverage by Sept. 1.
- ❖ **Applications will be accepted through Sept. 30**, at which time another selection process will be held. **As long as the application is received by Sept.30, all applicants will have an equal chance to get into the demonstration.** If enrollment slots are still available, applications will continue to be accepted after that date.