



 **National Medicare**
TRAINING PROGRAM

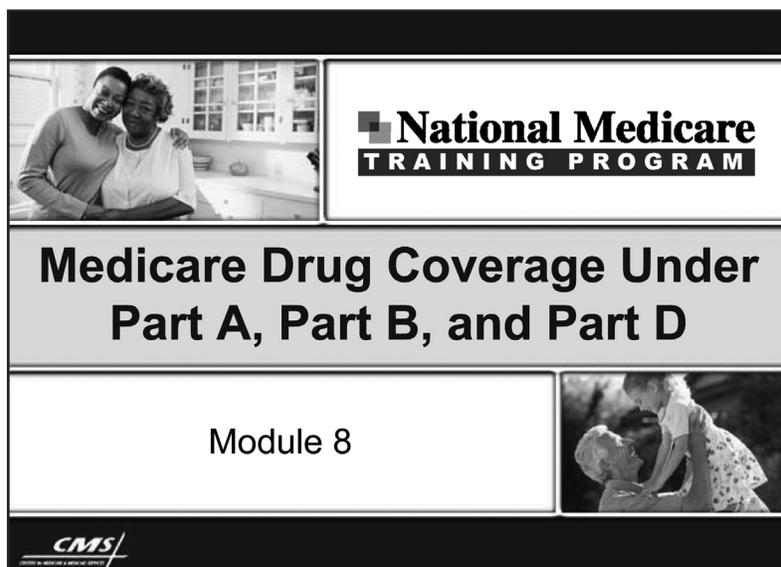
Module 8

**Medicare Drug
Coverage Under
Part A, Part B,
and Part D**

Training Workbook



Module 8: Medicare Drug Coverage Under Part A, Part B, and Part D



This presentation was created to help health care providers and partners understand how Medicare Prescription Drug Plans (Part D) interface with Parts A and B of Original Medicare.

This training module was developed and approved by the Centers for Medicare & Medicaid Services (CMS), the Federal agency that administers Medicare and Medicaid.

The information in this module was correct as of April 2008. To check for an updated version of this training module, visit www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp on the web.

This set of National Medicare Training Program materials is not a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings.

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Module 8: Medicare Drug Coverage Under Part A, Part B, and Part D

Medicare Parts A, B, and D

■ Coverage under Part A, B, or D factors

- Health care setting
 - For example, home or institution
- Medical indication
 - For example, cancer
- Special coverage requirements
 - For example, those for immunosuppressive drugs

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Determining whether a drug is covered under Part A, B, or D depends on several factors, including:

- The health care setting (e.g., home or institution) where the health care will be provided.
- The medical indication or reason why the person needs the medication (e.g., cancer)
- Any special coverage requirements, such as those for immunosuppressive drugs, which we'll discuss in a few minutes

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Medicare Hospice Benefits

- In Medicare-approved hospice program
 - Medicare Part A **will** pay
 - Drugs for symptom control or pain relief
 - Medicare **will not** pay
 - Drugs intended to cure the terminal illness
 - In a Medicare drug plan
 - Plan will pay for drugs unrelated to terminal illness

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Part A also covers hospice care for people who are terminally ill and their families. Hospice care is meant to give comfort and relief from pain during the last months of life, not to cure the terminal illness. The patient must sign a statement choosing hospice care instead of benefits to treat the terminal illness. Medical services to treat other conditions are still covered by Medicare.

For people who have elected Medicare hospice benefits:

- Medicare Part A will pay for drugs for symptom control or pain relief. However, Medicare will not pay for prescriptions intended to cure the terminal illness.
- For people who are in a Medicare Prescription Drug Plan (Part D), the plan could pay for drugs to treat conditions unrelated to the terminal illness.

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Part B Drug Coverage

- Part B covers a limited set of outpatient drugs
 - Injectable and infusible drugs
 - Not usually self-administered
 - Furnished and administered as part of a physician service
 - Some other types of drugs

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Part B—Medical Insurance

Medicare Part B covers a limited set of drugs. Medicare Part B covers injectable and infusible drugs that are not usually self-administered and that are furnished and administered as part of a physician service. If the injection is usually self-administered (e.g., Imitrex) or is not furnished and administered as part of a physician service, it is not covered by Part B.

Medicare Part B also covers a limited number of other types of outpatient drugs. There may be regional differences in Part B drug coverage policies in the absence of a national coverage decision.

For example, Medicare Part B covers certain oral anti-cancer and oral anti-emetic drugs, immunosuppressive drugs for people who had a Medicare covered transplant, erythropoietin for people with End-Stage Renal Disease, parenteral nutrition for people with a permanent dysfunction of digestive tract, drugs requiring administration via a nebulizer or infusion pump in the home, and certain vaccines:

influenza, Pneumococcal, and (for intermediate-to high-risk individuals) Hepatitis B.

Medicare Part B also covers some other vaccines (such as a tetanus shot) when they are related to the treatment of an injury or illness.

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Part B Drug Coverage

- Oral drugs or DME drugs covered by Part B
 - Pharmacy/supplier must be participating DME provider
 - Drug must be medically necessary
 - According to guidelines

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For drugs to be covered by Medicare Part B, the person will need to choose a pharmacy or supplier that is a participating durable medical equipment (DME) provider in the Medicare Part B program.

To get drugs covered by a Medicare Part D Prescription Drug Plan, the person will need to go to a pharmacy in the plan's network.

For Medicare Part B to cover a drug in a particular situation, all requirements have to be met, e.g., a drug must still be medically necessary to be covered.

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Oral Anticancer Drugs*

- Busulfan
- Capecitabine
- Cyclophosphamide
- Etoposide
- Melphalan
- Methotrexate
- Temozolomide

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*List is subject to change

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This slide shows the oral anti-cancer drugs covered by Part B. Note this is not an exhaustive list of Part B-covered drugs, and it is possible for the list to change over time.

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Immunosuppressive Drugs*

- Azathioprine-oral
- Azathioprine-parenteral
- Cyclophosphamide-Oral
- Cyclosporine-Oral
- Cyclosporine-Parenteral
- Daclizumab-Parenteral
- Lymphocyte Immune Globulin, Antithymocyte Globulin-Parenteral
- Methotrexate-Oral
- Methylprednisolone-Oral
- Methylprednisolone Sodium Succinate Injection
- Muromonab-Cd3-Parenteral
- Mycophenolate Acid-Oral
- Mycophenolate Mofetil-Oral
- Prednisolone-Oral
- Prednisone-Oral
- Sirolimus-Oral
- Tacrolimus-Oral
- Tacrolimus-Parenteral

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*List is subject to change

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This slide shows the list of immunosuppressive drugs covered by Medicare Part B. Again, this list is subject to change.

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Immunosuppressive Drug Coverage

Entitled to Part A at time of transplant AND Medicare paid for the transplant OR Medicare was secondary payer but made no payment	Covered by Part B
Transplant conditions not met	Part D may cover

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Immunosuppressive drug therapy is only covered by Medicare Part B for people who were entitled to Part A at the time of a kidney transplant, the transplant was performed at a Medicare-approved facility, and

- Medicare made payment for the transplant, or
- If Medicare made no payment, Medicare was secondary payer.

(NOTE: People who apply for Medicare based on ESRD within 12 months of a kidney transplant can get Part A retroactive to the month of the transplant. They can choose to either delay Part B or take Part B with coverage retroactive to the Part A entitlement date or effective with the month the application is filed.)

People who don't meet the conditions for Part B coverage of immunosuppressive drugs may be able to get coverage by enrolling in Part D.

It's important to note that Medicare entitlement ends 36 months after a successful kidney transplant

if ESRD is the only reason for Medicare entitlement, i.e., the person is not age 65 and does not receive Social Security disability benefits. In this situation, all Medicare coverage will end. Enrolling in Part D does not change this period.

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Immunosuppressive Drug Coverage—ESRD

- Covered under Part B
 - Medicare pays 80%
 - Patient pays 20%
 - Will not count toward catastrophic under Part D
- Part D
 - Pays for immunosuppressive drugs
 - If conditions for Part B coverage not met
 - Helps pay for drugs needed for other conditions

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Should Transplant Recipients Enroll in Part D?

Now let's talk more about Part D enrollment considerations for people with ESRD and employer group health plan coverage.

It is important to note that people cannot get drugs they can get under Part B, such as immunosuppressive drug therapy under the conditions we just discussed, through Medicare prescription drug coverage.

(NOTE: Part D will not cover immunosuppressive drugs if they would be covered by Part B except the person has not enrolled even if the person is not enrolled in Part B.)

Under Part B, Medicare generally pays 80% of the cost of medications and the patient must pay the balance, called coinsurance.

Part D cost-sharing varies depending on the plan. The out-of-pocket expenses for Part B drugs do not count in determining when the catastrophic

coverage limit is reached under Part D.

In addition, Part D could help pay for outpatient drugs needed to treat other medical conditions, such as medications for high blood pressure, to control blood sugar, or to lower cholesterol.

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Part D

- Definition of Part D covered drugs
 - Available only by prescription
 - Used and sold in the United States
 - Used for a medically accepted indication
- Includes supplies associated with injection of insulin
 - Syringes, needles, alcohol swabs, gauze
- May cover if requirements under Part A or B not met
 - Immunosuppressive drugs after an organ transplant
 - Some oral anti-cancer drugs
 - Parenteral nutrition
 - Drugs that are not usually self-administered

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To be covered by Medicare, a drug must be available only by prescription, approved by the Food and Drug Administration (FDA), used and sold in the United States, and used for a medically accepted indication.

Part D-covered drugs include prescription drugs, biological products, and insulin. Medical supplies associated with the injection of insulin, such as syringes, needles, alcohol swabs, and gauze, are also covered.

If a drug is covered under Part A or Part B, it can be covered under the Part D if the individual does not meet the coverage requirements for the drug under Medicare Part A or Part B. Examples may include immunosuppressive drugs after an organ transplant, some oral anti-cancer drugs, drugs that are not usually self-administered, etc.

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Part D Coverage

- “All or substantially all” drugs to treat certain conditions
 - Cancer medications
 - HIV/AIDS treatments
 - Antidepressants
 - Antipsychotic medications
 - Anticonvulsive treatments
 - For epilepsy and other conditions
 - Immunosuppressants

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CMS requires that Medicare drug plans to cover “all or substantially all” medications in the following categories:

- Cancer medications
- HIV/AIDS treatments
- Antidepressants
- Antipsychotic medications
- Anticonvulsive treatments for epilepsy and other conditions
- Immunosuppressants

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Access to Covered Drugs

- Plans can manage access to covered drugs
 - Tiers
 - Prior authorization
 - Step therapy
 - Quantity limits
- Plans must have processes in place
 - Members obtain medically necessary prescriptions
 - Request coverage determinations and appeals

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You probably know that Part D plans can use several processes to manage access to the drugs on their formularies.

Plans can manage access through:

- Tiers—Different cost levels for different types of drugs (e.g., generic, preferred, brand-name)
- Prior authorization—Doctor must contact plan before prescription will be covered
- Step therapy—Person must try a similar, usually less-expensive drug that has proven effective
- Quantity limits—Plans may limit quantity of drugs they cover over a certain period of time

All plans must have coverage determination and appeals processes in place that will allow their members to obtain the prescriptions that are medically necessary for them.

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Part D Coordination of Benefits

- Medicare generally provides primary coverage for prescription drugs
 - Part D plan pays first
- Situations involving employer group health plan (EGHP)
 - Part D plan denies primary claims

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Many people who have Medicare Part D also have another form of prescription drug coverage. Generally, Medicare provides primary coverage for prescription drugs when a person has other coverage. Whenever Medicare is primary, the Part D plan is billed and will pay first.

In situations involving an employer group health plan (EGHP) when Medicare is the secondary payer, Part D plans will always deny primary claims. That would apply for:

- Person age 65 or over with EGHP based on current employment of self or spouse by a firm with 20 or more employees
- Person with Medicare based on a disability with large EGHP and firm has 100 or more employees
- Person with Medicare based on ESRD during the 30-month coordination period with EGHP and firm is any size

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Part A/B/D Conclusion

- If payment could be available under Part A or B
 - Drug will **not** be covered under Part D
 - Even if a beneficiary has only Part A or Part B
 - Payment considered available
 - If person could choose to pay Part A and B premiums and deductibles

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In conclusion, if payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D. This will be the case even if a beneficiary has Part A, but not Part B, or vice versa. Thus, for all Part D-eligible individuals, drugs covered under Parts A and B are considered available if the person could choose to pay the appropriate premiums and deductibles.

(NOTE: Part D sponsors must offer a uniform benefit package in order to carry out the intent of Congress. If Part B-covered drugs were included in the Part D benefit package only for those enrollees without Part B, but not for others, it would not be possible for Part D sponsors to offer uniform benefit packages for a uniform premium to all enrollees. In addition, payment for a drug under Part A or B is available to any individual who could sign up for Parts A or B, regardless of whether they have actually enrolled or are waiting to be enrolled.)

All individuals who are entitled to premium-free Part A are eligible to enroll in Part B. This includes individuals who are entitled to Part A based on age, disability, and ESRD. All individuals who are entitled to Part B only are age 65 or older and, in almost all instances, not eligible for premium-free Part A. However, they are eligible to buy into Part A for a premium.

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For More Information ...

- Medicare Drug Coverage
 - Medicare.gov
 - Search Tools
 - Find out what Medicare Covers or
 - Compare Medicare Prescription Drug Plans
- Medicare Part D Coverage Determination Request Form
 - www.cms.hhs.gov/MLNProducts/Downloads/Form_Exceptions_final.pdf

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For more detailed information on Medicare drug coverage, you can go to **Medicare.gov** under “Search Tools” and select “Find out what Medicare Covers” or “Compare Medicare Prescription Drug Plans.” This slide also shows the web address for the Medicare Part D Coverage Determination Request Form.

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Exercise

Exercise

1. Most outpatient drugs are covered under Medicare Part A.
 - A. True
 - B. False

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1. Most outpatient drugs are covered under Medicare Part A.
 - A. True
 - B. False

NOTES:

ANSWER: B. False

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Exercise

Exercise

2. Medicare Part A payments made to hospitals and Skilled Nursing Facilities generally cover all drugs provided during a stay.
- A. True
 - B. False

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2. Medicare Part A payments made to hospitals and Skilled Nursing Facilities generally cover all drugs provided during a stay.
- A. True
 - B. False

NOTES:

Answer: A. True

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Exercise

Exercise

3. Part B can pay hospitals and Skilled Nursing Facilities for certain categories of Part B covered drugs if a person does not have Part A coverage.
- A. True
 - B. False

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3. Part B can pay hospitals and Skilled Nursing Facilities for certain categories of Part B covered drugs if a person does not have Part A coverage.
- A. True
 - B. False

NOTES:

ANSWER: A. True

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Exercise

Exercise

4. In Medicare-approved hospice program Medicare Part A will not pay for drugs for symptom control or pain relief.
- A. True
 - B. False

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4. In Medicare-approved hospice program Medicare Part A will not pay for drugs for symptom control or pain relief.
- A. True
 - B. False

NOTES:

Answer: B. False

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Exercise

Exercise

5. If payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D.
- A. True
 - B. False

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5. If payment for a drug could be available to an individual under Part A or Part B, then it will not be covered under Part D.
- A. True
 - B. False

NOTES:

ANSWER: A. True

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