

**Information for Medicare+Choice organizations offering employer-only plans for Medicare eligible military retirees**

General information on coordination between Medicare+Choice (M+C) organizations and employer groups: 42 CFR section 422.106, requires M+C organizations to negotiate with an employer group in order to provide enhanced benefit packages to members of the employer group who are enrolled in an M+C plan. These benefit enhancements are the product of an agreement between the M+C organization and the employer group and are arranged for by the employer group. An overview of employer-only plans including a discussion of available employer group waivers was sent to M+C organizations in an August 7, 2001 letter. Additional information was provided in the supplemental ACR Instructions dated August 15, 2001. Both documents are available on the Centers for Medicare & Medicaid Services website at <http://www.hcfa.gov/medicare/amh-waiverltr.rtf>.

**Issue: M+C Organizations have expressed an interest in developing employer-only plans for Medicare eligible military retirees.**

Based on regulations and discussions with the Department of Defense (DoD), M+C organizations must have an agreement with DoD in order to offer an employer-only plan to military retirees. Accordingly, if an M+C organization wants to offer Medicare eligible military retirees an employer-only plan, the M+C organization must have an agreement with DoD/TRICARE Management Activity. Below are instructions for submitting a proposal to DoD.

Employer Group Benefit Proposals must include 3 copies of:

- a. Brief narrative explaining the difference between the employer group benefit and the M+C plan that will be available to the individual Medicare beneficiaries in the open market.
- b. All marketing materials and letters for the proposed employer group benefit
- c. The CY 2002 Plan Benefit Package for the proposed employer group benefit
- d. M+C organization contact person

Send Employer group benefit proposals to:

TRICARE Management Activity  
5 Skyline, Suite 810  
5111 Leesburg Pike  
Falls Church, Virginia 22041-3206  
Attention: Anne Breslin

Anne Breslin can be reached at 703-681-0039 ext. 3605 or [anne.breslin@tma.osd.mil](mailto:anne.breslin@tma.osd.mil).

## **TRICARE Information and Qs and As**

The FY 2001 National Defense Authorization Act modified the TRICARE program (DoD's healthcare program) to include coverage for those over age 65. This program, referred to as TRICARE for Life (TFL), began October 1, 2001. To be eligible, military retirees and/or their dependents are also required to have Medicare Parts A & B. Under TFL, DoD will pay secondary to Medicare, similar to a Medigap policy. Dual eligibles will have generous coverage under both Medicare and TFL, including a generous pharmacy benefit under the TRICARE Senior Pharmacy program. Details on the TRICARE for Life program can be obtained from the TRICARE website at: <http://www.tricare.osd.mil/ndaa/>.

There have been a number of questions on how TFL will apply to Medicare beneficiaries who are enrolled in an M+C organization. Following are some clarifications:

### **1) Are beneficiaries required to disenroll from an M+C organization in order to participate in TFL?**

No. Dual eligible beneficiaries will not be required to disenroll from an M+C organization.

### **2) Will TRICARE for Life cover copayments for beneficiaries enrolled in an M+C organization under TFL?**

Yes. TRICARE for Life will pay for beneficiaries' out of pocket expenses, including copayments and deductibles, with the exception of premiums. There are two options: the M+C organization may submit claims on behalf of the beneficiaries to DoD for reimbursement (instructions are available on the TRICARE web site at <http://www.tricare.osd.mil/>) or, the beneficiary can pay the M+C plan copayments and subsequently request reimbursement from DoD. We would expect that this fact would be explained to beneficiaries in any M+C marketing materials explaining this program.

### **3) Can Medicare eligible military retirees who are eligible for TFL be treated as an employer group for purposes of the ACR under the Benefits Improvement and Protections Act of 2000 (BIPA) waiver authority?**

Yes. Medicare eligible military retirees may be considered an employer group. However, as previously noted in order to establish an employer-only plan, there must be an agreement with the employer. M+C organizations must have an agreement with DoD/TRICARE Management Activity in order to offer an employer only plan to military retirees.

### **4) How will the TRICARE Senior Pharmacy program work for those beneficiaries with other health insurance?**

TRICARE beneficiaries with other health insurance have "double coverage." TRICARE is second payer after the other health insurance has paid a claim for covered drugs, or when the prescription coverage under that plan is exhausted for the year. Double coverage does not prevent the beneficiary from enjoying the benefits of the TRICARE Senior Pharmacy Program. Examples of other health plans are those that provide coverage through a current or former employer, an association or private insurer, an M+C plan, the Federal Employees Health Benefits Program (FEHBP), or Medigap supplemental insurance with a prescription benefit. If the beneficiary has other health insurance with a pharmacy benefit, he/she can file a claim to TRICARE for reimbursement of out-of-pocket costs after the other health insurance pays on the prescription claim. It is important for beneficiaries to keep pharmacy receipts showing out-of-pocket expenses and an explanation of benefits (EOB) statement from the other health insurance. TRICARE will provide reimbursement up to the amount TRICARE would have paid as first payer, or the amount of the out-of-pocket expense, whichever is less.

### **5) With regard to the TRICARE Senior Pharmacy Program, will beneficiaries who are in M+C plans have access to the National Mail Order Pharmacy (NMOP) on April 1, 2001? Do M+C plans count as other health insurance?**

To the extent they provide a prescription drug benefit, M+C organizations are considered to be other health insurance and thus must be used first to cover costs of prescriptions. If the M+C organization does not include a

pharmacy benefit, eligible beneficiaries may use the NMOP if they send a copy of their Explanation of Benefits or other documentation along with the prescription to Merck-Medco.

**6) Will M+C organizations be able to identify who is eligible for TFL through the Medicare data system, e.g., the reply listing?**

At this time, M+C organizations will not be able to identify which of their members are eligible for TFL through CMS data systems.

**7) How will beneficiaries know about the option of remaining in the M+C organization under TFL?**

The M+C organization may inform beneficiaries through newsletters or other appropriate marketing materials to DoD beneficiaries, reviewed and approved by DoD/TRICARE Management Activity. Again, we would expect that the cost-sharing policies for remaining in the M+C plan would be fully explained to beneficiaries.