



**CABINET FOR HEALTH AND FAMILY SERVICES
OFFICE OF THE UNDERSECRETARY FOR HEALTH**

Ernie Fletcher
Governor

DEPARTMENT FOR MEDICAID SERVICES
COMMISSIONER'S OFFICE
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James W. Holsinger, Jr., M.D.
Secretary

November 28, 2005

RE: Medicare Modernization Act (MMA)
Part D – Pharmacy Coverage

Dear Provider:

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), also known as Medicare Part D, provides that Medicaid beneficiaries who are entitled to receive Medicare benefits under Part A or Part B will no longer receive their pharmacy benefits through State Medicaid Programs. Therefore, the purpose of this letter is to provide you with the following useful and timely information about Medicare Part D and its impact on dual eligible members (persons eligible for both Medicare and Medicaid) who will begin receiving their pharmacy benefits under Part D effective January 1, 2006:

- Some drugs will not be covered by Medicare and are considered excluded drug categories. However, Kentucky Medicaid will continue to cover the following excluded drug categories for dual eligible members:
 - Over the counter drugs currently covered for non-dual members (except for those members in long-term care facilities, as certain over the counter drugs are included in the daily nursing facility rate)
 - Benzodiazepines
 - Barbiturates
- Medicaid co-payments will continue to apply to drugs in excluded categories.
- Dual eligible members are exempt from Part D monthly premiums, deductibles, and the “donut hole”. Their Medicare co-payments will be no more than \$3 per prescription. (Medicare eligible individuals residing in long-term care facilities will be excluded from the Part D co-payment requirement). Children covered by Medicare as dual eligible individuals will be required to pay Medicare Part D co-payments even though they were excluded from the co-payment requirement under Medicaid.

- In December, Medicaid will only allow up to a 32-day supply of drugs to be filled for dual eligible members.
- Medicaid will not provide “wrap around” benefits for dual eligible individuals. This means that if a Part D Plan (PDP) does not cover particular drugs on its formulary (in the covered categories), Medicaid will not cover these drugs for the dual eligible individuals. Members will need to either appeal the denial of coverage to their Medicare PDP, change to another PDP that covers more of the drugs they are currently taking, or conform to the PDP’s formulary (ask the physician to prescribe for formulary drugs). Medicaid will not fill gaps that may exist in prescription coverage, other than coverage of the excluded drug categories as described previously.
- Qualified Medicare Beneficiaries (QMB) will also have prescription drug benefits through Medicare Part D. Although Medicaid covers Medicare deductibles, co-insurance amounts, and co-payments for these individuals for other Medicare-covered services (such as hospital charges, physician visits, etc), these individuals are responsible for their Part D drug co-payments (except for individuals in long-term care facilities). Because these persons are not “full duals” and currently have no pharmacy coverage under Medicaid, they will not have Medicaid coverage for drugs in the excluded drug categories.
- Persons with Medicare coverage, who from time to time “spend down” to qualify for Medicaid, will have pharmacy coverage through Medicare Part D and will only have Medicaid coverage for the drugs in the excluded categories when they have met their spend down for Medicaid eligibility.
- Dual eligible members are allowed to change their Medicare PDP every month.

Pharmacists:

- Claims submitted to Medicaid for drugs which are Medicare Part D covered benefits for dual eligible members will deny with NCPDP edit 41, “Bill other Payer, Bill Medicare Part D.”
 - Due to some Medicare PDPs electing to include some drugs in excluded categories in their benefit packages, Medicaid will require pharmacies to submit a claim for Medicare Part D excluded drug categories to the Part D Plans (PDPs) before it will be considered by Medicaid. The following drug classes will be considered for payment by Medicaid if not covered by the PDP:
 - OTC drugs currently covered for non-dual members (except for LTC members - certain OTC drugs are included in the daily nursing facility rate)
 - Benzodiazepines
 - Barbiturates

Page Three
November 28, 2005

More information regarding the Medicare Part D prescription benefit:

- 1-800-MEDICARE
- 1-800-SSA-1213
- <http://www.medicare.gov/>
- <http://www.cms.hhs.gov/>
- <http://www.cms.hhs.gov/medicarereform/pharmacy/hottopics.asp>
- <http://www.ssa.gov/>

Toolkits:

- Providers: <http://www.cms.hhs.gov/medlearn/provtoolkit.pdf>
- Members:
<http://www.cms.hhs.gov/partnerships/tools/materials/medicaretraining/hihresourcekit/default.asp>

If you have any specific claim processing questions regarding the KY Medicaid pharmacy program, please contact the Provider Help Desk at 1-800-432-7005. Kentucky Medicaid pharmacy program information may be downloaded from the following websites: <http://chfs.ky.gov/dms/Pharmacy.htm> or <http://kentucky.fhsc.com/pharmacy/default.asp>.

Sincerely,



Shannon R. Turner, J.D.
Commissioner

SRT/CS/sbb