

# ABOUT MEDICARE PART D

## “Extra Help With Medicare Prescription Drug Plan Costs,”<sup>1</sup> or Low-Income Subsidy (LIS), May Be Available for Your Medicare Patients

### What is Medicare Part D?<sup>2</sup>

The Medicare Prescription Drug Program, or “Part D,” offers prescription drug coverage to all Medicare beneficiaries. To obtain coverage, individuals enroll in either a stand-alone Prescription Drug Plan (PDP) or a Medicare Advantage PDP, administered by an insurance company or a private company approved by Medicare.

### How much do patients pay under Part D?

The Centers for Medicare & Medicaid Services (CMS) sets a defined standard benefit each year, but plans are permitted to offer coverage (basic or enhanced) that is actuarially equivalent to this benefit. Nearly all plans opt to offer actuarially equivalent coverage, meaning that plans vary in terms of cost and drugs covered. The standard benefits design consists of a monthly premium, yearly deductible, copayments or coinsurance, and catastrophic coverage.<sup>2</sup>

### Part D: Sample Cost per Tier Under Most Plans

		Standard Copay Range <sup>3,a</sup>	LIS Copay <sup>2</sup>
TIER 1	Preferred generic	Approximately \$1 to \$3 per drug	No more than \$9.20 <sup>b</sup>
TIER 2	Generic	Averages between \$7 and \$11 per drug	
TIER 3	Preferred brand	Averages between \$38 and \$42 per drug	
TIER 4	Nonpreferred drug	About 45% to 50% of the drug cost	
TIER 5	Specialty drug	About 25% to 33% of the drug cost	

<sup>a</sup>Blue Cross Blue Shield of Michigan data are being used as an example. Other Part D carriers may have both lower or higher copay amounts. The estimated cost information is for a one-month supply of drugs from an in-network preferred pharmacy.

<sup>b</sup>Copay amount subject to meeting out-of-pocket threshold for some qualified patients (see reverse side).

### How can Medicare patients get “Extra Help” with paying for their drugs?

Some patients with LIS, such as those who are dually eligible for Medicare and Medicaid, are deemed eligible, whereas others must apply. Enrollees with low incomes and modest assets who have not already been assigned to a plan automatically can **contact the Social Security Administration (SSA) or their State Medicaid Agency** to determine whether they qualify. Examples of how subsidies can help are shown on the next page.<sup>2</sup>

# About LIS (“Extra Help”) Available to Enrollees of Medicare Part D

## LIS Eligibility and Cost Sharing<sup>4</sup>

The 2020 Federal Poverty Level (FPL) Guidelines determine the income level requirements for people applying for the Medicare Part D LIS program, also known as the Extra Help program.

- The amount of Extra Help a beneficiary receives depends on his or her income and resources
- Beneficiaries will receive either a full subsidy or a partial subsidy

### Part D: Typical Costs for Beneficiaries Receiving LIS (Extra Help)

Most people who qualify for Extra Help and automatically receive full LIS benefits will pay:	\$4.00 for a brand drug if their income is ≤100% of FPL <sup>4</sup> \$9.20 for a brand drug if their income is >100% of FPL <sup>4</sup>
Medicare beneficiaries whose income is ≤135% of FPL (with asset levels valued at no more than \$9,360 for singles and \$14,800 for couples) may receive full LIS and will pay:	\$9.20 for a brand drug <sup>4</sup>
Medicare beneficiaries whose income is <150% of FPL (with asset levels valued at no more than \$14,160 for singles and \$29,160 for couples) may receive partial LIS benefits and will pay:	15% coinsurance up to the out-of-pocket threshold of \$6,550 \$9.20 for a brand drug (after the out-of-pocket threshold has been reached) <sup>4</sup>

## Where Can Patients Go for More Information?

### SSA<sup>2,5</sup>

- SSA allows certain individuals to get extra help paying monthly premiums, annual deductibles, and copays related to Medicare Part D
- Patients can find more information by going to <https://www.ssa.gov/benefits/medicare/prescriptionhelp/> or calling **1-800-772-1213**
- Visit [socialsecurity.gov/i1020](https://www.socialsecurity.gov/i1020) to apply online

### STATE MEDICAID CASE MANAGERS<sup>2</sup>

- Medicaid case managers can also help patients apply for Extra Help
- To get the phone number of a state Medicaid case manager, visit [Medicare.gov/contacts](https://www.medicare.gov/contacts) and choose your state and State Medical Assistance Office, or call **1-800-MEDICARE (1-800-633-4227)**

- **Once approved, receiving LIS subsidy is fairly quick and easy. Patients will receive a notification explaining that they’re approved and what their reduced copay will be<sup>2</sup>**

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**References:** **1.** Social Security Administration. Extra help with Medicare prescription drug plan costs. <https://www.ssa.gov/benefits/medicare/prescriptionhelp/>. Accessed November 12, 2020. **2.** Centers for Medicare & Medicaid Services. Medicare & You Handbook 2021. <https://www.medicare.gov/Pubs/pdf/10050-Medicare-and-You.pdf>. Accessed November 12, 2020. **3.** Blue Cross Blue Shield Blue Care Network of Michigan. How do drug tiers work? <https://www.bcbsm.com/medicare/help/understanding-plans/pharmacy-prescription-drugs/tiers.html>. Accessed November 12, 2020. **4.** Centers for Medicare & Medicaid Services. Announcement of Calendar Year (CY) 2021 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. <https://www.cms.gov/files/document/2021-announcement.pdf>. Accessed November 12, 2020. **5.** Social Security Administration. Understanding the extra help with your Medicare prescription drug plan. <https://www.ssa.gov/pubs/EN-05-10508.pdf>. Accessed November 12, 2020.