CHANGES TO MEDICARE - 2023 & BEYOND

Recertification Training
September 28, 2022

AGENDA

- Beneficiary Enrollment Simplification ~ 2023
- Expanded coverage of Immunosuppressive Drugs
- Inflation Reduction Act of 2022
  - 2023 Changes
  - 2024 – 2026 Changes
- Medicare Part D – cost structure

BENEFICIARY ENROLLMENT SIMPLIFICATION - 2023

- Beginning January 1, 2023, Medicare coverage will become effective sooner for individuals enrolling in the last 3 months of their Initial Enrollment Period (IEP) or in the General Enrollment Period (GEP)
- Coverage for these individuals will be effective the month after their month of enrollment
- There are also technical changes to the calculation for Medicare late enrollment penalties
- Special Enrollment Periods (SEPs) may be established for individuals who meet exceptional conditions specified by the U.S. Department of Health & Human Services (HHS) Secretary

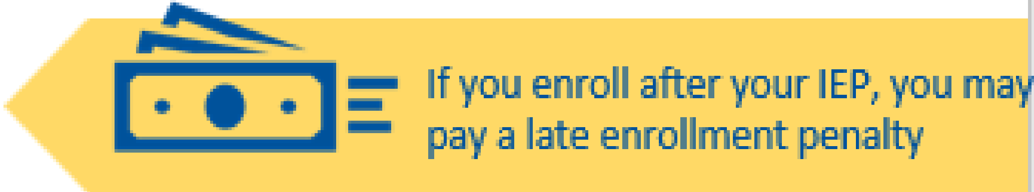
INITIAL ENROLLMENT PERIOD (IEP)

7-Month Period

If you apply **before** you turn 65, your coverage starts the month you turn 65.

If you apply **during** the month you turn 65, your coverage starts the next month.

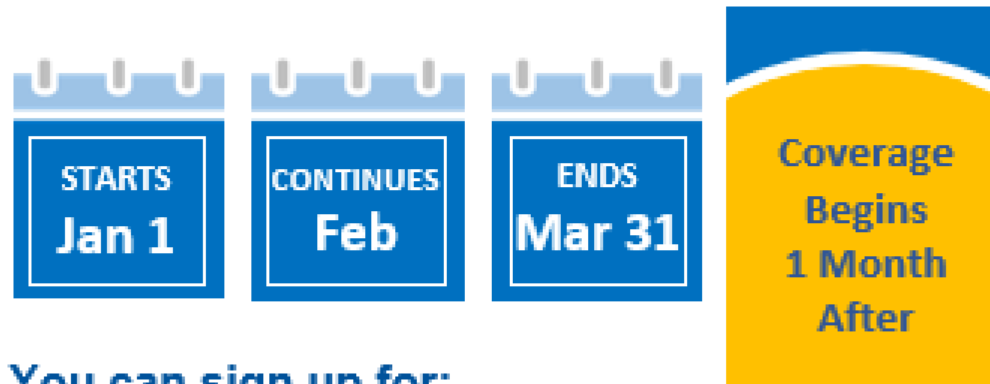
If you apply after the month you turn 65, your coverage begins 1 months after you turn 65.



NOTE: Your 6-month Medigap OEP starts when you're both 65 and have Part B.

GENERAL ENROLLMENT PERIOD (GEP)

3-Month GEP each year



You can sign up for:

- Part A (if you have to buy it)
- Part B

You can enroll in:

- Medicare Advantage Plan
  (if you have Part A and Part B)
- Part D (if you have Part A and/or Part B)

If you enroll in Medicare during the GEP

May have late enrollment penalties

BENEFICIARY ENROLLMENT SIMPLIFICATION SPECIAL ENROLLMENT PERIODS (SEPS)

You may have an SEP if you:

Individuals Impacted by an Emergency or Disaster

Health Plan or Employer Error

Termination of Medicaid Coverage

Formerly Incarcerated Individuals

Other Exceptional Conditions – case-by-case basis

2023 COVERAGE OF IMMUNOSUPPRESSIVE DRUGS FOR KIDNEY TRANSPLANT PATIENTS EXTENDED

Extends immunosuppressive drug coverage for Medicare kidney transplant recipients beyond the current law's 36-month limit

- Provides coverage under Medicare Part B (Medical Insurance) solely for immunosuppressive drugs. Individuals wouldn't get Medicare coverage for any other items or services.
- Available to individuals for whom Medicare coverage ends, or will end, 36 months after the month in which an individual received a successful kidney transplant.
- Individuals may not be enrolled in certain other types of coverage.
- Coverage would begin no earlier than January 1, 2023.
- **CMS is referring to this benefit as the immunosuppressive drug benefit, or the Part B-ID benefit.**

2023 - EXTENSION OF COVERAGE OF IMMUNOSUPPRESSIVE DRUGS FOR KIDNEY TRANSPLANT PATIENTS (CONTINUED)

As outlined in the proposed rule, the new immunosuppressive drug benefit would have the following features:

- There would be no specific enrollment periods; if an individual is eligible, they can enroll (or disenroll) at any time
- The benefit would only cover immunosuppressive drugs and would not include coverage for any other Part B benefits or services
- An individual would be required to attest that they are not enrolled in, and do not expect to enroll in, certain other types of coverage
- The premium would be less than the standard Part B premium, and enrollees would not be subject to late enrollment penalties
- Individuals eligible for Medicare Savings Programs (MSPs) can receive coverage for Medicare Part B premium and cost sharing

NEW – 2024 - POSTAL SERVICE REFORM ACT OF 2022 MEDICARE ENROLLMENT REQUIREMENT

- Creates a new Postal Service Health Benefits (PSHB) program within the Federal Employees Health Benefits (FEHB) program
- Requires Medicare Part B enrollment for certain annuitants and their family members as a condition to keep their employer health benefits plan (starting January 1, 2025)
- Exception:
  - Current annuitants and current employees 64 and over, as of January 1, 2025
  - Annuitants and family members residing abroad
  - Annuitants and family members enrolled in Veterans Affairs (VA) or the Indian Health Service (IHS)

NEW – 2024 - POSTAL SERVICE REFORM ACT OF 2022 MEDICARE ENROLLMENT REQUIREMENT

Established a Part B SEP:

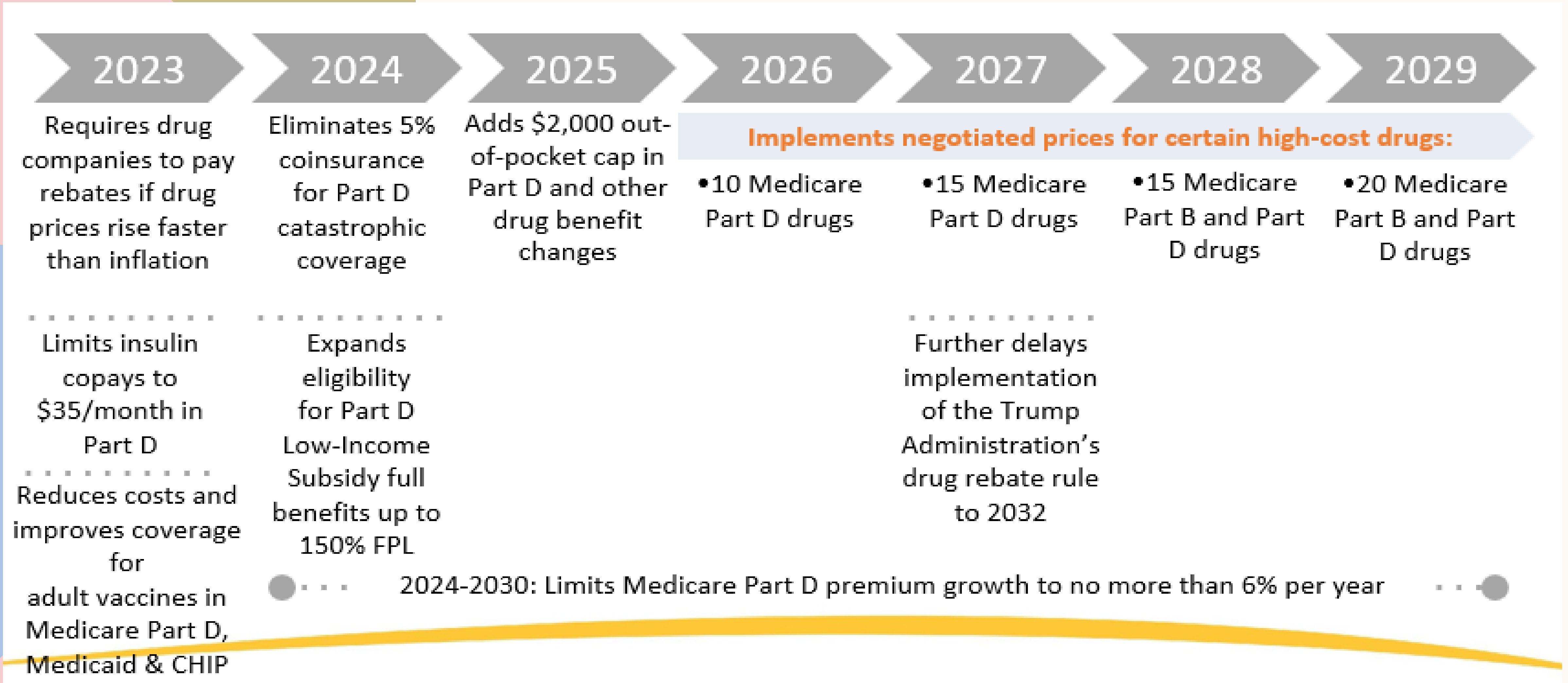
- Annuitants and family members entitled to premium-free Medicare Part A (Hospital Insurance), but not enrolled in Part B as of January 1, 2024
- Can enroll during 6–month period beginning on April 1, 2024
- Postal Service would cover any Part B late enrollment penalty
- Coverage would begin January 1, 2025

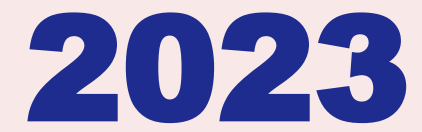
PRESCRIPTION DRUG PROVISIONS IN THE INFLATION REDUCTION ACT*

- For the first time, **requires the federal government to negotiate prices** for some top-selling drugs covered under Medicare
- Requires drug companies to pay **rebates if prices rise faster than inflation** for drugs used by Medicare beneficiaries
- **Eliminates 5% coinsurance** for catastrophic coverage in Medicare Part D in 2024, adds a **$2,000 cap on Part D out-of-pocket spending** in 2025, and limits annual increases in Part D premiums for 2024-2030
- Limits monthly cost sharing for **insulin products to $35** for people with Medicare
- **Expands eligibility** for **Medicare Part D Low-Income Subsidy** full benefits
- **Eliminates cost sharing for adult vaccines** covered under Medicare Part D and improves access to adult vaccines under Medicaid and CHIP
- Further **delays implementation** of the Trump Administration's **drug rebate rule**

NOTE: *Based on the Senate-passed legislation

IMPLEMENTATION TIMELINE OF THE PRESCRIPTION DRUG PROVISIONS IN THE INFLATION REDUCTION ACT





Changes to Medicare

REQUIRES DRUG MANUFACTURERS TO PAY REBATES FOR DRUG PRICE INCREASES ABOVE INFLATION

- **Requires drug manufacturers to pay a rebate if drug prices increase faster than the rate of inflation (CPI-U) for:**
  - Single-source drugs and biologicals covered under Medicare Part B
  - All covered drugs under Medicare Part D except those where average annual cost is <$100
- 2021 is the base year for measuring cumulative price changes relative to inflation
- The rebate amount is based on units sold in Medicare multiplied by the amount that a drug's price in a given year exceeds the inflation-adjusted price
- Price changes are measured based on the average sales price (for Part B drugs) or the average manufacturer price (for Part D); these measures include prices charged in the commercial market
- Rebates paid by manufacturers would be deposited in the Medicare Supplementary Medical Insurance (SMI) trust fund
- Manufacturers that do not pay the required rebate would face a penalty of at least 125% of the original rebate amount

LIMITS MONTHLY COPAYMENTS FOR INSULIN IN MEDICARE

- Beginning in 2023, **limits copayments to $35 per month** per prescription for **covered insulin** products in **Medicare Part D** plans and for insulin furnished through durable medical equipment under **Medicare Part B, with no deductible**

For 2026 and beyond, limits monthly Part D copayments for insulin to the lesser of:

- $35
- 25% of the maximum fair price (in cases where the insulin product has been selected for negotiation)
- 25% of the negotiated price in Part D plans

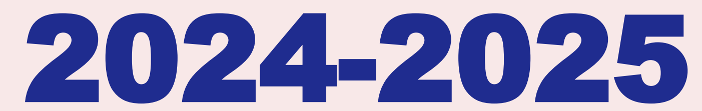
ELIMINATES COST SHARING FOR ADULT VACCINES IN MEDICARE PART D AND IMPROVES ACCESS TO ADULT

Medicare Part D

- Eliminates cost sharing for adult vaccines covered under Medicare Part D that are recommended by the Advisory Committee on Immunization Practices (ACIP), such as for shingles

Medicaid and CHIP

- Requires state Medicaid and CHIP programs to cover all approved vaccines recommended by ACIP and vaccine administration, without cost sharing



Changes to Medicare

EXPANDS ELIGIBILITY FOR FULL BENEFITS UNDER THE MEDICARE PART D LOW-INCOME SUBSIDY PROGRAM

The Part D Low-Income Subsidy (LIS) Program helps beneficiaries with their Part D premiums, deductibles, and cost sharing. Beneficiaries qualify for full or partial benefits depending on their income and resources

- **Current law:**
  - Beneficiaries qualify for **full LIS benefits** if they have **income up to 135% of poverty** **ower resources** (up to $9,900 individual, $15,600 couple in 2022*)
  - Beneficiaries qualify for **partial LIS benefits** if they have **income between 135-150% of poverty and higher resources** (up to $15,510 individual, $30,950 couple in 2022*)
- **Inflation Reduction Act:**
  - Expands eligibility for full LIS benefits to individuals with **incomes between 135% and 150% of poverty** and **higher resources** (at or below the limits for partial LIS benefits), and eliminates the partial LIS benefit

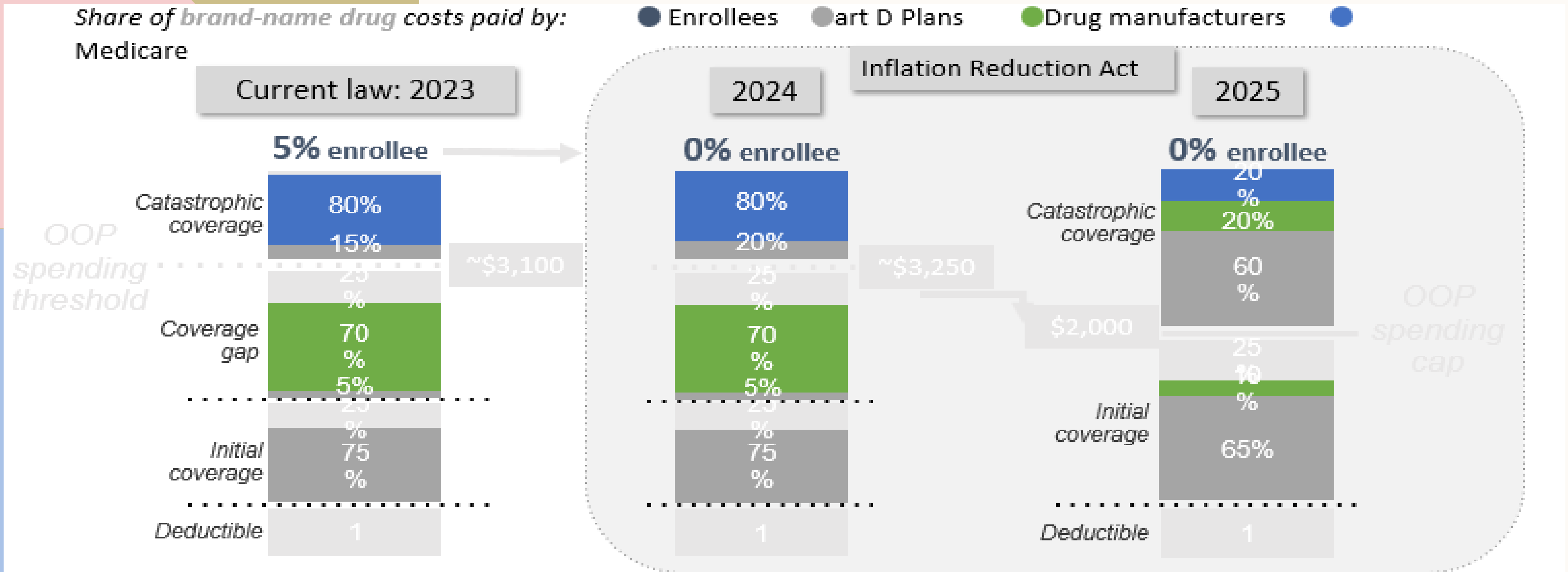
NOTE: *Includes a $1,500 per person allowance for funeral/burial expenses.

CAPPING MEDICARE PART D OUT-OF-POCKET SPENDING AND OTHER PART D BENEFIT CHANGES

Changes would lower beneficiary spending, reduce Medicare's liability for high drug costs, and increase Part D plan and manufacturer liability for high drug costs

Beneficiaries	Medicare	Part D Plans	Drug Companies
• Eliminates 5% coinsurance for catastrophic coverage in 2024 • Caps out-of-pocket drug spending at $2,000 beginning in 2025 • Allows spreading out of out-of-pocket costs over the year • Limits premium growth to no more than 6% per year for 2024-2030	• Lowers share of costs above the out-of-pocket spending cap ("reinsurance")	• Increases share of costs above the out-of-pocket spending cap • Modifies share of costs below the out-of-pocket spending cap	• Requires a price discount on brand-name drugs above the out-of-pocket spending cap • Modifies the price discount on brands below the out-of-pocket spending cap

CHANGES TO MEDICARE PART D FOR BRAND-NAME DRUG COSTS



NOTE: OOP is out-of-pocket. The out-of-pocket spending threshold will be $7,400 in 2023 and is projected to be $7,750 in 2024 and $8,100 in 2025, including what beneficiaries pay directly out of pocket and the value of the manufacturer discount on brand-name drugs in the coverage gap phase. These amounts translate to out-of-pocket spending of approximately $3,100, $3,250, and $3,400 (based on brand-name drug use only).

2026 - REQUIRES THE SECRETARY OF HHS TO NEGOTIATE MEDICARE DRUG PRICES

Modifies the current law “non-interference” clause to require the HHS Secretary to negotiate drug price with manufacturers for some drugs covered under Medicare Part B and Part D

NEW 2023 - BENEFICIARY REAL TIME BENEFIT TOOL (RTBT)

Drug plans to offer real-time comparison tools to enrollees starting January 1, 2023 by providing access to real-time formulary and benefit information, including cost-sharing. This will allow enrollees to:

- Compare cost sharing to find the most cost-effective drugs for their health needs
- Be better able to know what they'll need to pay before standing at the pharmacy counter

NEW 2024 - LOWERING BENEFICIARY COST-SHARING AT THE PHARMACY COUNTER

- Requires Medicare drug plans to apply all price concessions they get from network pharmacies to the negotiated price at the point of sale
- Redefining the negotiated price as the baseline, or lowest possible, payment to a pharmacy
- Reduces beneficiary out-of-pocket costs and improves price transparency and market competition in the Part D program
- Effective January 1, 2024

2023 - RESUMING ELIGIBILITY AND ENROLLMENT OPERATIONS WHEN THE PUBLIC HEALTH EMERGENCY (PHE) ENDS (UNWINDING)

- Following the end of the PHE, states will process Medicaid and CHIP renewals
- For some beneficiaries, this will be the first time their coverage will be renewed since the PHE began
- CMS is working with states and other stakeholders to ensure eligible beneficiaries maintain coverage and individual who become eligible for other forms of coverage transition between coverage programs during the unwinding
- CMS views the work of assisting Medicaid and CHIP beneficiaries' continuous enrollment unwinding as 2 phases:
  - Phase 1: Inform beneficiaries about renewing their coverage and encourage them to update their contact information now
  - Phase 2: Help Medicaid and CHIP beneficiaries take the necessary steps to renew coverage, and transition to other coverage if they're no longer eligible for Medicaid or CHIP

2023 - WHAT PARTNERS CAN DO NOW TO HELP PREPARE FOR THE RENEWAL PROCESS

- Partners can inform Medicaid and CHIP beneficiaries what they can do to prepare for renewing their coverage and available health coverage options
- There are three main messages that partners should focus on now when communicating with people that are enrolled in Medicaid and CHIP

1. **Update your contact information** – Make sure the state has your current mailing address, phone number, email, or other contact information. WWW.Apply.MT.gov
2. **Check your mail** – State will mail you a letter about your Medicaid or CHIP coverage
3. **Complete your renewal form** (**if you get one**) – Fill out the form and return it to the State Medicaid or CHIP program right away to help avoid a gap in your Medicaid or CHIP coverage

- **If they no longer qualify for Medicaid or CHIP**
  - They may be able to buy a health plan through the Health Insurance Marketplace®, and get help paying for it

STANDARD BENEFIT PART D

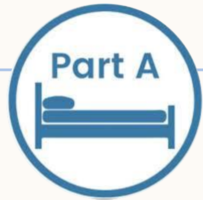
2022

- Deductible - $480.00
- Initial Coverage Limit - $4,430
- Out-of-pocket Threshold - $7,050
- Minimum Cost-Sharing in Catastrophic Coverage Portion of the Benefit –
  - Generic/Preferred Multi-Source Drug - $3.95
  - Other – $9.85
- FBDE – up to 100% $1.35/$4.00
- Over 100% - $3.95/$9.85
- Partial Subsidy - $99 deductible/15% copay

2023

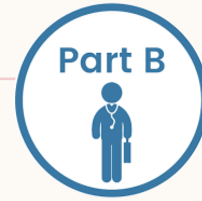
- Deductible - $505.00
- Initial Coverage Limit - $4,660
- Out-of-pocket Threshold - $7,400
- Minimum Cost-Sharing in Catastrophic Coverage Portion of the Benefit –
  - Generic/Preferred Multi-Source Drug - $4.15
  - Other - $10.35
- FBDE – up to 100% $1.45/$4.30
- Over 100% - $4.15/$10.35
- Partial Subsidy - $104 deductible/15% copay

2023 MEDICARE COSTS



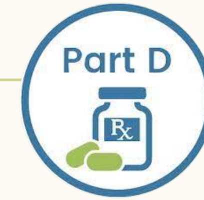
PART A COSTS

- Premium **$278/$506**
- Deductibles
  - Inpatient - **$1,600**
  - Daily days 61st- 90th - **$400**
  - Daily lifetime reserve days - **$800**
  - SNF daily 21st-100th Coinsurance - **$200**



PART B COSTS

- Premium **- $164.90**
- Deductible - **$233.00**
- Insulin through pump **$35** cap
- Immunosuppressant Drug premium - **$97.10**
  - Maga less than **$97,000/$194,000**



PART D COSTS

- Deductible - **$505.00**
- Initial Coverage Limit - **$4,660**
- Out-of-pocket Threshold - **$7,400**
- Copayments
  - **$1.45 - $10.35**