

Medicare Prescription Drug, Improvement and Modernization Act of 2003

Summary of Major Provisions:

- For first time, adds prescription drug benefit to Medicare program
- Drug benefit starts in 2006; drug discount card to be made available before 2006
- Drug benefit will be delivered through private insurance companies only, including stand-alone prescription plans or comprehensive medical care plans. Government fallback plan included for areas without sufficient plan choices
- Monthly Premium: \$35 per month in 2006, gradually increasing to \$58 in 2013
- Deductible: \$250 in 2006, indexed to increase (estimated \$445 in 2013)
- Drug Cost Sharing:
 - \$0 - \$2,250 in annual medication costs: 75% government / 25% consumer
 - \$2,251-\$3,600: no coverage
 - \$3,601 +: 95% government, 5% consumer
- Government subsidies for low-income populations:
 - All Medicaid full benefit dual eligibles are eligible for full premium subsidy, regardless of income or assets
 - Other enrollees with incomes below 135% of poverty receive full subsidy
 - 100% and under of poverty: No deductible, copay of \$1 generics / \$3 brand
 - 100-135% of poverty: no deductible, copay of \$2 generics / \$5 brand
 - 135-150% of poverty: \$50 deductible, 15% coinsurance up to stop-loss threshold, and \$2 generics / \$5 brands above stop-loss
- Dual eligibles: States will no longer receive federal Medicaid matching funds to cover Medicaid Part D (prescription drugs) copayments to dual eligibles enrolled in Medicaid.
- Each private insurance plan will develop its own formulary – legislation requires drugs in each category and class to be covered, but no mandate that all drugs must be covered in formularies. List of covered drugs may be changed only once a year, except to account for new medications or uses.

Impact on persons with HIV/AIDS:

- Essentially eliminates eligibility for Medicaid for persons dually eligible for Medicaid and Medicare
- Each insurance plan will develop their own formulary of covered drugs. The legislation only requires that drugs in each category and class be covered, but no requirement that all drugs be covered. It is possible that plans will exclude some HIV medications.