

April Fools for Medicare Part D Beneficiaries? Transitional Benefits End April 1

Just around the corner, Medicare beneficiaries, their health care providers, patient advocates, and policymakers will face another potentially disruptive milestone in the rocky and confusing start of the Medicare Part D drug benefit. Starting April 1, 2006, Part D prescription drug plans will no longer have to provide extended transitional supplies of non-covered medications to members who joined before March 2006. This means that beneficiaries, especially dual eligibles and those with chronic conditions, could face new roadblocks when trying to obtain drugs they need but that their plans do not cover.

Transitional Supplies Have Been a Vital Bridge for Beneficiaries

Each Part D drug plan establishes its own formulary (list of the drugs it covers) and sets its own rules for utilization management (policies like prior authorization requirements that limit access to particular drugs). When beneficiaries first join a plan, they may be taking medications that are not on their plan's formulary, meaning that their new plan does not cover them. However, the Centers for Medicare and Medicaid Services (CMS) has directed Part D plans to provide a temporary "transitional" supply of drugs to new beneficiaries who are taking drugs that the plans would not normally cover.

Initially, plans were encouraged, but not required, to provide a 30-day supply of such drugs to new beneficiaries. When the Part D program started in January 2006, however, thousands of beneficiaries could not get essential medications, for a few reasons. One reason was that some plans were not following their own transition policies. Another reason was that plans had not told doctors, pharmacists, and beneficiaries that transitional medications were available. As a result, CMS changed its policy and required plans to cover transitional medications for 90 days—until March 31, 2006. Starting in March 2006, beneficiaries who join drug plans will get only a 30-day supply of transitional medications.

Beneficiaries are supposed to use the transition period to either (1) change to a different drug, (2) ask their plan for an exception, or (3) file an appeal if their plan denies their exception. Dual eligible beneficiaries—those who used to have drug coverage through Medicaid—also have the option of changing plans.

Beneficiaries May Not Be Ready When Their Transitional Supplies Expire

Since the beginning of the year, most Part D plans have done little to inform affected beneficiaries that their supply of medication is only temporary. Few plans, if any, have sent personalized notices to members whose drugs will not be covered as of April 1. CMS expects pharmacists to work these problems out with patients who are getting transitional medications, but few pharmacists even appear aware of this expectation, and most do not have the time or resources to provide extensive individualized counseling.

It is likely that many thousands of beneficiaries will be unprepared when their plan stops covering some or all of their drugs on April 1. Switching medications requires consultation with physicians, who may not have appointments available. And requesting an exception from a plan can be a time-consuming process that involves doctors and beneficiaries working together to make their case to the drug plan.

Neediest Beneficiaries Are Most at Risk

Dual eligibles, whose drug coverage changed from Medicaid to Medicare Part D, are the group of enrollees most likely to be taking drugs that are not covered by their plans. They often have complicated medical conditions and take multiple medications. What's more, many of them were automatically assigned at random to Part D drug plans without regard to whether the plans covered all of their medications. Because they are low-income, they usually cannot pay out of their own pockets for drugs their plans do not cover. In addition, because transitional benefits are available to all beneficiaries, anyone enrolled in a Part D plan could find out on April 1 that some of their drugs are no longer covered.

Strategies to Solve the Transition Problem

Right now, beneficiaries need to look out for themselves. They should talk with their pharmacists and their drug plans to see if any of their current prescriptions are categorized as "transitional" medications. If so, they must consult with their doctor to see if they can either safely change medications or ask their plan for an exception (and appeal, if necessary). Each plan sets its own rules on exception processes, which can be quite complex.

Should there be substantial problems after April 1, 2006, CMS could act as it did in January and extend transitional benefits for an additional period of time. It could also determine that most beneficiaries have in fact switched drugs or obtained exceptions before allowing plans to end transitional coverage. In addition, states can provide a safety net, especially for dual eligibles. During the startup of Part D, states stepped in to provide drug coverage when it was clear that thousands of beneficiaries could not obtain the drugs they needed. Such a policy could be implemented again, though states will likely be hesitant to act unless they know they will be compensated.

Finally, in the long term, a simpler Part D program in which Medicare delivers a comprehensive benefit would obviate most of these problems. Such a program would eliminate the confusion caused by the dozens of formularies and utilization rules adopted by the many different plans. However, such a change would require Congress to intervene, and that is not likely to happen in the near future.