

## Difference between Dual Eligibles and PAAD Beneficiaries Transition to Medicare Part D

### Dual Eligibles (Medicare and Medicaid)

### PAAD Beneficiaries

<b>Eligibility</b>	Income less than \$798/month \$9,750 a year (under 100% of poverty level)	Income must be under \$20,988/Annual
<b>Number of NJ residents covered</b>	140,000	110,000 with incomes under 150% of poverty level. --27,300 persons under 100% of poverty level --58,400 persons between 100-135% of poverty level -- 24,600 persons between 135-150% of poverty level.
<b>Characteristics of beneficiaries</b>	Elderly, developmental disabilities, mental illness, HIV-AIDS, and physical disabilities	Elderly on Social Security as well as low income Medicare beneficiaries who qualify because of their disability.
<b>How Receive Prescriptions prior to January 1, 2006</b>	Medicaid, which has no formulary or co-pays	PAAD beneficiaries have a copay of \$5 for drugs.
<b>Impact of New Medicare Part D benefit as of January 1, 2006</b>	Prescription drugs under Medicaid are terminated as of December 31, 2005.  Random automatic enrollment by CMS into Medicare drug plan.  Medicare drug plans will have a formulary so that some medications will not be available to beneficiary depending upon the plan.  Co-pays of \$1 generic or \$3 for brand name.	PAAD beneficiaries will be required to join a Medicare drug plan but will continue to receive their current medications with no additional cost.
<b>Plans for a State wrap-around</b>	No current plan for wrap-around.  State is concerned but has no proposal in the budget.	Yes. New Jersey plans to coordinate Part D benefits with PAAD. Coordination will mean that PAAD will pay the monthly premiums, deductibles, co-payments, any coverage gaps and cover drugs that are not in the formulary.  Require beneficiaries to enroll in Medicare Part D and to cooperate in the enrollment process as a condition of continued eligibility.

**Impact of the New Medicare Part D Program on Dual Eligibles  
(Dual Eligibles are people who receive both Medicare and Medicaid)**

	<b>Dual Eligibles Before Medicare Part D is Implemented</b>	<b>Dual Eligibles After Implementation of Medicare Part D on January 1, 2006</b>
<b>Income</b>	≤ \$798/month; \$9,570/Annual	≤ \$798/month; \$9,570/Annual
<b>Co-Pays</b>	None	\$1 Generic/\$3 Brand Name-Mandatory patient obligation
<b>Limited Prescription Coverage (Formulary)</b>	None-Medicaid has no formulary	Yes-Each Prescription Drug Plan creates its own formulary
<b>Broad Pharmacy Choice</b>	Yes- Medicaid gives beneficiaries freedom of choice of providers	No- Each Prescription Drug Plan has its Network of Providers

**Recommendation:**

- **Allocate the funding needed for wrap-around or supplemental coverage for the dual eligibles to cover prescriptions not included in Medicare Part D plan formularies and cover the required Part D co-payments.**
- **\$20 million is needed to cover the wrap-around for the dual eligibles. This wrap-around can be funded by using a small portion of the PAAD program savings (\$90 million from January-June 2006) that will be occur, due to the fact that Medicare Part D will offset the costs to the PAAD program.**