

MEDICAID STAKEHOLDERS COMMENTS ON PROPOSED MEDICARE PRESCRIPTION DRUG REGULATIONS

Medicaid stakeholders have expressed several concerns related to the states' role in funding the Medicare Prescription Drug Benefit and ensuring that dual-eligibles (eligible for both Medicare and Medicaid) who previously had drug coverage under Medicaid are enrolled and have adequate drug coverage under the new Medicare program.

These concerns were communicated by the National Association of State Medicaid Directors (NASMD) and others in comments submitted to Centers for Medicare and Medicaid Services (CMS) on the proposed rule to govern the new drug benefit. Their comments stressed the potential administrative and financial burdens that the new drug law, scheduled to begin Jan. 1, 2006, would have on the Medicaid program.

Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), drug coverage will begin Jan. 1, 2006. Enrollment for full benefit dual eligibles is to run from Nov.15, 2005 to May 15, 2006. However, full benefit dual eligibles will lose their Medicaid prescription drug coverage effective Jan. 1, 2006 if they have not already enrolled in a plan. Automatic enrollment does not begin until after the May 15, 2006 deadline. The gap between the loss of Medicaid drug coverage and scheduled automatic enrollment could leave many without prescription drug coverage for several months. In addition to their concern that patients will not get the drugs they need during this gap, states are also concerned that they would be paying for the full cost of the unenrolled dual eligibles during this period.

In an October Kaiser Commission on Medicaid and the Uninsured report, "The Continuing Medicaid Budget Challenges: State Medicaid Spending Growth and Cost Containment in Fiscal Year 2004 and 2005," state Medicaid officials were asked to identify key concerns with the new Medicare (Part D) drug benefits.

Key concerns identified were:

- 39 states expressed concerns with the "clawback" requirements" in the new drug benefit, which requires states to return their savings to the federal government for providing drug coverage to dual eligibles.
- 16 states are concerned with the requirement that states perform low-income subsidy determinations.
- 15 states were concerned that they would actually end up spending more for drug coverage for dual eligibles (through the clawback) than they would absent of Part D.
- 12 States were concerned with the adequacy of Part D plan formularies.

The National Association of State Medicaid Directors comments are available at www.nasmd.org/MMAcomments-final10-04-2004.doc

The Kaiser report is available at www.kff.org/medicaid/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=48004

If you have any questions on these or other topics, please contact Shuan Tomlinson at 800-338-2746 ext. 4547 or by email at stomlinson@acponline.org.

November, 2004