

Medicare Minutes

No Medicare Part D Late Fee for Low-income Enrollees

The Centers for Medicare and Medicaid (CMS) recently announced the elimination of the 2007 late-enrollment penalty for beneficiaries who are eligible for the low-income subsidy for a Part D plan.

Usually, Medicare beneficiaries who qualify to join a Part D prescription plan, but choose not to enroll during their initial enrollment period, may be subject to a late-enrollment penalty (LEP). These fees were intended to encourage Medicare beneficiaries to sign up for a drug coverage plan when they first become eligible.

The new waiver program is aimed at seniors who qualify for extra help in paying for their Medicare prescription drug coverage. Potential low-income beneficiaries can check with the Social Security Administration to determine eligibility for extra help.

CMS Awards Demonstration Grants to 17 States

Seventeen states will receive more than \$23 million in grants for fiscal year 2007 and up to \$900 million over 5 years for demonstration programs aimed at developing greater choice in Medicaid long-term care (LTC) programs—shifting emphasis away from institutional care toward a full range of home- and community-based services. During the next 5 years (2007 to 2011) grants for this initiative (part of the Deficit Reduction Act of 2005 [DRA]) will total more than \$1.75 billion.

The Medicaid program traditionally pays for care of elderly and disabled individuals living in institutions who need help with activities of daily living. Before implementation of the DRA, states had to establish “waiver programs” separate from the approved state Medicaid plan to cover home- and community-based services.

According to CMS Acting Administrator Leslie

Norwalk, about 20,000 individuals will be transitioned from institutions into community settings as part of the “Money Follows the Person” (MPF) rebalancing initiative. States receiving grant funds may be eligible to receive a higher percentage of federal matching dollars to help cover the costs of people moving out of institutions and into community settings. The higher matching rate will be applied to certain services provided to an individual for a 1-year period after the move. The state must continue to provide community services after that period as long as the person needs community services and is eligible for Medicaid.

States receiving grants under the MFP initiative (see Table 1) will design programs with three major objectives:

1. Eliminate barriers or mechanisms that prevent Medicaid-eligible individuals from receiving support for appropriate and necessary LTC services in the settings of their choice
2. Increase the state’s ability to ensure continued provision of home- and community-based LTC

Table 1

2007 MFP Awards*

State	FY 2007 Award Amount
AR	\$139,519
CA	\$90,000
CT	\$1,313,823
IA	\$307,933
IN	\$860,514
MD	\$1,000,000
MI	\$2,034,732
MO	\$3,398,225
NE	\$202,500
NH	\$297,671
NY	\$192,981
OH	\$2,079,488
OK	\$3,526,428
SC	\$34,789
TX	\$143,401
WA	\$108,500
WI	\$8,020,388
Total	\$23,750,892

*All states were eligible to apply for participation in the 5-year demonstration that requires a commitment to participate in the demonstration services for at least 2 consecutive years. A second round of state grants may be announced later this year using 2007 grant money.

services to eligible individuals who choose to move from an institutional to a community setting

3. Provide quality assurance for individuals receiving Medicaid home- and community-based LTC services and ensure continuous quality improvement in such services

For more details about the New Freedom Initiative, of which these demonstration grants are a part, visit the CMS web site at: www.cms.hhs.gov/newfreedom/.

Medicare Physician Fee Schedule

A fact sheet detailing the Medicare physician fee schedule is now available in downloadable format from the Medicare Learning Network at: www.cms.hhs.gov/MLNProducts/downloads/MedcrePhysFeeSchedfct-sht.pdf. Additional changes to the schedule are available in *MLN Matters* article MM 5498 at: <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5498.pdf>. The related CMS Manual instruction is posted at: <http://www.cms.hhs.gov/transmittals/downloads/R1161CP.pdf>. To find calendar year 2007 Physician Fee Schedule National Payment Amount Files, go to: www.cms.hhs.gov/PhysicianFeeSched/PFSNPAF/list.asp#TopOfPage.

Growth in Healthcare Spending Continues to Slow

CMS's recently released US Health Spending Estimates through 2006 indicate that growth of healthcare spending in the United States slowed for the third consecutive year in 2005, increasing 6.9% compared to 7.2% in 2004 and 8.1% in 2003.

The 6.9% increase marks the slowest rate of growth in healthcare spending since 1999, when growth was 6.2%. Healthcare spending reached almost \$2.0 trillion in 2005, or \$6697 per person, up from \$6322 per person in 2004.

Educational Video from Medicare Learning Network

An Overview of Medicare Preventive Services for Physicians, Providers, Suppliers, and Other Health Care Professionals

professionals is a new educational video that discusses Medicare preventive services, highlighting the importance of prevention, detection, and early treatment and including information on risk factors for various preventable diseases. The 75-minute video program, available in DVD or VHS format, offers 0.1 International Association for Continuing Education and Training (IACET) CEU credit. Order a copy at: http://cms.meridianksi.com/kc/main/kc_frame.asp?kc_ident=kc0001&loc=5 on the CMS Web site.

Medicare Part D Enrollment Update

More than 1.4 million beneficiaries have enrolled in Medicare's part D program since June 2006, bringing the total number of Medicare beneficiaries receiving comprehensive prescription drug coverage to more than 39 million.

December 31, 2006, marked the end of the 45-day open enrollment period. Beneficiaries eligible for the low-income subsidy and those aging into the Medicare program can enroll without penalty in 2007.

About 88.5% of beneficiaries who enrolled in a prescription drug plan for 2007 chose a plan that offers coverage other than the standard benefit, such as no deductible or coverage in the "donut hole." Most of those enrolled in Medicare Advantage (MA) plans also get more comprehensive drug coverage than the standard plan. Open enrollment for MA plans continues through March 31, 2007.

Overall, about 10% of Part D enrollees changed plans including those who selected some coverage in the gap. There were about 900,000 enrollments during the 45-day period, with about 350,000 of those occurring online.

Even with hundreds of thousands of newly-enrolled beneficiaries going to pharmacies, there were few of the problems experienced by beneficiaries and pharmacists during last year's Part D implementation.

The program also provides savings to beneficiaries and reduced cost to taxpayers. Beneficiaries save an average of \$1200 annually, with monthly premiums projected to average \$22—42% lower than originally estimated. Moreover, CMS actuaries estimate that payments to Part D plans will be \$113 billion lower over the next 10 years, with \$96 billion of that as a direct result of competition and lower Part D plan bids.

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