

The following is an excerpt from *NCAL Connections*, the [National Center for Assisted Living's](#) e-newsletter, Vol. 6, No. 1.

Dual Eligible Enrollment In Medicare Part D May Risk Family Members Health Insurance

Acknowledging that enrolling in a Medicare Part D prescription drug plan could cost some beneficiaries and their families their retiree drug and medical coverage, the Centers for Medicare & Medicaid Services (CMS) has issued a tip sheet and issue paper for employer and union plan sponsors asking them to take steps to prevent this from occurring.

While highlighting the vulnerability of many Medicare beneficiaries to the potential loss of coverage, CMS' suggestions for employer and union sponsors, however, are not binding. (The CMS' issue paper is available on NCAL's Members Only website at:

http://www.ahca.org/members/assisted/part_d/unionplans_autoenroll_051227.pdf.)

Some employers and unions have advised retirees that if they enroll in a Medicare drug plan they will lose their employer or union drug coverage, and, in some cases, retiree medical coverage, according to CMS. Both skilled nursing and assisted living/residential care residents who have retiree coverage and their legal representatives should be careful to check with their retiree plan administrators about what will happen to their coverage if they sign up for Part D.

Among those who are the most vulnerable to losing retiree coverage for themselves and family members are residents who are dually eligible for Medicare and Medicaid. CMS has randomly assigned more than 6 million dually eligible beneficiaries to lower-cost Part D plans, with enrollment effective Jan. 1, 2006.

Some employers and unions are offering plans that will supplement Medicare drug coverage, but others have designed plans to replace Medicare drug coverage. A resident covered by one of these types of plans may lose coverage for themselves or family members if he or she enrolls in a Part D plan.

Residents enrolled or auto-enrolled in a Part D plan who wish to forego Part D coverage to preserve their retiree coverage (or for other reasons) must affirmatively opt out by calling 1-800-Medicare or by contacting the Medicare drug plan in which they were enrolled. CMS states that, "based on the best available data, several tens of thousands of dually eligible individuals also receive retiree drug coverage from an employer or union plan sponsor."

According to CMS, "because the consequences for an affected retiree are so significant, it is important that every employer and union plan sponsor be aware of these issues and consider taking steps to reduce the risk to and adverse impact on affected retirees." Among the options CMS recommends that employers take are the following:

- Providing a flexible transition/correction period, including deferring permanent changes in retirees' plan eligibility, enrollment, and covered benefits for a period of time to allow retirees to opt out of Medicare Part D plans; providing a special re-enrollment period in the employer/union plan; and coordinating benefits with Part D plans for a period of time.
- Allowing spouses and dependents to continue receiving retiree coverage when the retiree enrolls in a Medicare drug plan;

- Adding an option for the retiree plan to supplement Medicare coverage; and
- Providing information to retirees to help them opt out of a Medicare drug plan when that is what they choose to do.

Beneficiaries' decisions about whether to enroll in Medicare Part D are further complicated by the fact that some states have decided to link Medicaid eligibility to enrollment in the Medicare Part D program. In such states, choosing not to be in a Part D plan could cost someone their Medicaid coverage.

"For dually eligible individuals in these states, particularly those in nursing [facilities] whose costs are being paid by Medicaid, even more severe trade-offs arise," according to CMS. For example, the individual may have to choose between remaining enrolled in a Medicare drug plan, so Medicaid will continue to pay for his/her nursing home costs, and foregoing both Medicare drug coverage and Medicaid nursing home payment in order to preserve employer/union coverage for his/her spouse and dependents. A similar, though generally less severe, situation arises when the individual receives drug coverage from a State Pharmacy Assistance Program (SPAP) that has decided to make enrollment in a Medicare drug plan a condition of continued participation in the SPAP."