



CMA Weekly Alert – April 20, 2006

IMPORTANT PART D UPDATES

Part D Coverage of Prescription Niacin

As a result, in part, of efforts by the Center for Medicare Advocacy, the Centers for Medicare & Medicaid Services (CMS) has agreed that Part D plans should cover prescription Niacin products such as Niaspan and Niacor, which are used to help manage cholesterol levels. A February 3, 2006 letter to Part D plans said these products were excluded from coverage as prescription vitamins. After reviewing the use of these drugs, CMS determined that they are approved by the Food and Drug Administration for treatment of dyslipidemia at dosages much higher than when they are used as nutritional supplements, and that they should therefore not be universally excluded from Part D coverage. Accordingly, CMS issued a directive to Part D plans about covering these products on April 11, 2006.

The April 11 CMS memorandum states that in 2006 Part D plans have the option, but are not required, to add Niaspan and Niacor to their formularies. Further, CMS instructs plans that will now cover Niacin products and that previously notified their enrollees that the products would be removed from their formularies to “update their enrollees through the upcoming Formulary change section of the Explanation of Benefits (EOB) document.” CMS also instructs plans to consider including these prescription niacin products in their 2007 formularies.

CMS Announces Part D Cost-Sharing for 2007

The following are the new, increased cost-sharing amounts for Part D in 2007:

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|--|------------|
| Deductible | \$265.00 |
| Initial Coverage Limit (ICL) | \$2,400.00 |
| Out-of-pocket Threshold | \$3,850.00 |
| Total Covered Part D Drugs To Get To Catastrophic Limit | \$5,451.25 |
| Catastrophic cost-sharing | |
| Generic/preferred drug | \$2.15 |
| Other | \$5.35 |

Low-Income Subsidy Co-Payments (LIS)

Full Benefit Dual Eligibles w/incomes

≤ 100% Federal Poverty Level

| | |
|--------------------------------|--------|
| Generic/Preferred Drugs | \$1.00 |
|--------------------------------|--------|

| | |
|---|---------|
| Other | \$3.10 |
| Above Catastrophic Limit | \$0.00 |
| Full Benefit Duals with Incomes | |
| >100% Federal Poverty Level & | |
| Other <i>Full-Subsidy</i> Eligible Beneficiaries | |
| Generic/preferred drugs | \$2.00 |
| Other | \$5.35 |
| Above Catastrophic Limit | \$0.00 |
| <i>Partial Subsidy</i> Eligible Beneficiaries | |
| Deductible | \$53.00 |
| Co-insurance to ICL | 15% |
| Generics above catastrophic limit | \$2.15 |
| Others above catastrophic limit | \$5.35 |

Exceptions Request Form

The Center for Medicare Advocacy participated in a work group headed by the American Medical Association (AMA) to develop a form for doctors and others to use when requesting an exception or prior authorization. The form, developed by this workgroup in conjunction with America's Health Insurance Plans (AHIP), the trade association that includes Part D and Medicare Advantage plans, is now posted on the CMS web site at <http://www.cms.hhs.gov/center/provider.asp>.

CMS sent a memo to plans advising them that they consider use of this form a "best practice," they expect plans and doctors to use the form, and that plans should post the form on their web sites.

The form does not apply for prior authorization for drugs that fall within a specialty tier. These are generally high cost drugs and may include drugs such as Avonex and Betaserone. The AMA work group and AHIP will continue their efforts to develop a form for those drugs.

For more information please contact attorney Vicki Gottlich (vgottlich@medicareadvocacy.org) in the Center for Medicare Advocacy's Washington, DC office at (202) 216-0028.