

HOUSE RESEARCH

Bill Summary

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Subject: Modifying Medicare Part D, Ombudsman for Managed Care, and MnDHO Provisions

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Overview

This bill provides assistance to certain low-income individuals and MA recipients with Medicare Part D cost-sharing, and provides MA coverage for prescription drugs for persons awaiting Medicare Part D enrollment. This bill also modifies provisions related to the Ombudsman for Managed Care and MnDHO.

Medicare Part D provides prescription drug coverage for Medicare enrollees, and also to persons enrolled in both Medicare and MA (referred to as dual eligibles). For 2007, the standard Part D benefit has a \$265 deductible and 25 percent coinsurance until total drug costs reach the initial coverage limit of \$2,400. Once this limit is reached, enrollees are responsible for 100 percent of the drug costs until they have incurred \$5,451 in total drug costs (the "doughnut hole"), above which enrollees are responsible for 5 percent of costs. Enrollees must also pay a Part D premium.

Enrollees with incomes below 150 percent of the federal poverty guidelines (FPG) who meet specified asset standards pay reduced cost-sharing and are not subject to the doughnut hole. These individuals pay either no premiums or pay premiums based on a sliding scale.

The Office of Ombudsman for Managed Care Programs, or the Ombudsman Office, helps people in Minnesota's Health Care Programs who are required to be

enrolled in a health plan. This includes people covered by Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare. The ombudsman helps people enrolled in a health plan with access, service, and billing problems. The office provides information about the managed health care grievance and appeal process that is available through the health plan and the state.

Minnesota Disability Health Options (MnDHO) is a program for people with physical disabilities who are eligible for MA. People who are eligible for both MA and Medicare may also enroll. People with physical disabilities can choose to join MnDHO or stay in their current MA program. There is no additional cost to join MnDHO.

Section

- 1 Medicare Part D assistance program.** Adds § 256.4765. Requires the commissioner of human services, by January 1, 2008, to implement a program to reimburse qualifying individuals for all costs, above a \$1,500 out-of-pocket limit, related to Medicare Part D cost-sharing and out-of-pocket costs incurred once the Medicare Part D initial coverage limit (\$2,400 in total drug costs) is reached.

Defines a qualifying individual as a person enrolled in Medicare Part D, not enrolled in MA, and with a household income that does not exceed 175 percent of FPG.
- 2** Specifies income methodology and requires the commissioner to publicize and make information available on the program.

Ombudsman. Amends § 256B.031, subd. 6. (a) Requires local agencies to annually inform recipients enrolled in prepaid health plans about the ombudsman for managed care program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers. Currently, recipients are only informed of this at the time of enrollment in a prepaid health plan.

(b) Requires the managed care ombudsman to report annually to the legislative chairs of the committees having jurisdiction over health and human services on the budget for and activities of the office, the types of problems encountered, actions taken, outcomes for enrollees, and any recommendations for certain changes to improve managed care services.
- 3 Medicare Part D.** Amends § 256B.0625, by adding subd. 13i. (a) For recipients enrolled in a Medicare Part D drug plan or Medicare Advantage special needs plan, provides MA coverage for: (1) prescription drug copayments, once the recipient has paid \$12/month; and (2) any prescription drug not covered by the plan, if the Board on Aging makes a determination that the recipient is enrolled in the plan that provides the most comprehensive drug coverage in terms of the recipient's needs.

(b) For recipients eligible for Medicare Part D but who are awaiting enrollment, provides prescription drug coverage under MA for 60 days, beginning on the date the Part D application was submitted.

(c) States that prescription drug coverage under this subdivision is governed by the

provisions that apply to standard MA prescription drug coverage.

Provides an effective date of July 1, 2007.

- 4 Alternative services; elderly and disabled persons.** Amends § 256B.69, subd. 23. Extends the limitation on expansion of MnDHO projects that include home and community-based services from January 1, 2008, to July 1, 2009.

- 5 Appropriation; ombudsman for managed care.** Appropriates \$300,000 from the general fund to the commissioner of human services for the 2008-09 biennium for the ombudsman for managed care to increase staff specifically trained and experienced to assist persons with disabilities on issues involving health coverage under the prepayment demonstration project. Specifies that federal MA matching funds available for this function shall be dedicated to the commissioner for this purpose.