

Medicare Prescription Drug Coverage


for Ryan White HIV/AIDS Program Clients

Medicare prescription drug coverage helps individuals pay for both brand-name and generic drugs, including HIV medications. Individuals can get Medicare prescription drug coverage in two ways:¹

1. Purchasing a Medicare Part D prescription drug coverage plan to complement **Original (also known as Traditional) Medicare**.
2. Enrolling in a **Medicare Advantage Plan**, which includes prescription drug coverage.

However, if a Medicare enrollee is enrolled in Original Medicare and chooses **not** to enroll in drug coverage when they are first eligible, they will likely have to pay a **late enrollment penalty** to join later, unless they have other creditable prescription drug coverage. The penalty is in addition to their monthly premium for as long as they have a Medicare drug plan.

Clients with creditable drug coverage should receive a written notice each September from their health plan.² If clients are unsure, they should ask their health plan administrator for a copy of the notice.

 **Creditable prescription drug coverage** is prescription drug coverage that provides (i.e., pays for) at least as much as Medicare's standard prescription drug coverage, on average. People who have other creditable prescription drug coverage when they apply for Medicare, such as through an employer, can generally keep that coverage without paying a penalty if they decide to enroll in a Part D plan later.

Standard Level of Coverage for All Medicare Drug Plans

All Medicare drug plans must provide a standard level of coverage set by Medicare, but may offer different combinations of coverage and cost sharing. Medicare drug plans may differ in the prescription drugs they cover, how much individuals have to pay, and which pharmacies they can use. For all diseases, plan formularies (the list of drugs a health insurance provider or plan covers) must include a minimum of two drugs in each drug class.

This resource provides an overview of Medicare prescription drug coverage for Ryan White HIV/AIDS Program (RWHAP) clients and other people with HIV.



Find the answers to these questions:

1. How do clients get Medicare prescription drug coverage?
2. Are clients required to enroll in Medicare prescription drug coverage?
3. Does Medicare prescription drug coverage cover HIV medications?
4. How can the RWHAP, including its AIDS Drug Assistance Program (ADAP), help clients pay for Medicare prescription drug coverage?
5. What is the "donut hole" period for prescription drug coverage?

Medicare Coverage for HIV Drugs

All Medicare prescription drug plans are required to cover all or nearly all drugs in six “protected” drug classes, including antiretroviral treatments for HIV.² HIV drugs are required to be covered without any utilization management (e.g., prior authorization or step therapy). However, Medicare Part D plans may place HIV drugs on specialty tiers with higher cost sharing requirements.



Prior authorization: Requiring coverage and utilization review prior to prescribing the preferred regimen.



Step therapy: Starting patients on a less expensive treatment regimen and requiring them to “fail” on these options in order to get access to the prescriber’s recommended regimen.

How ADAP Can Help with Prescription Costs

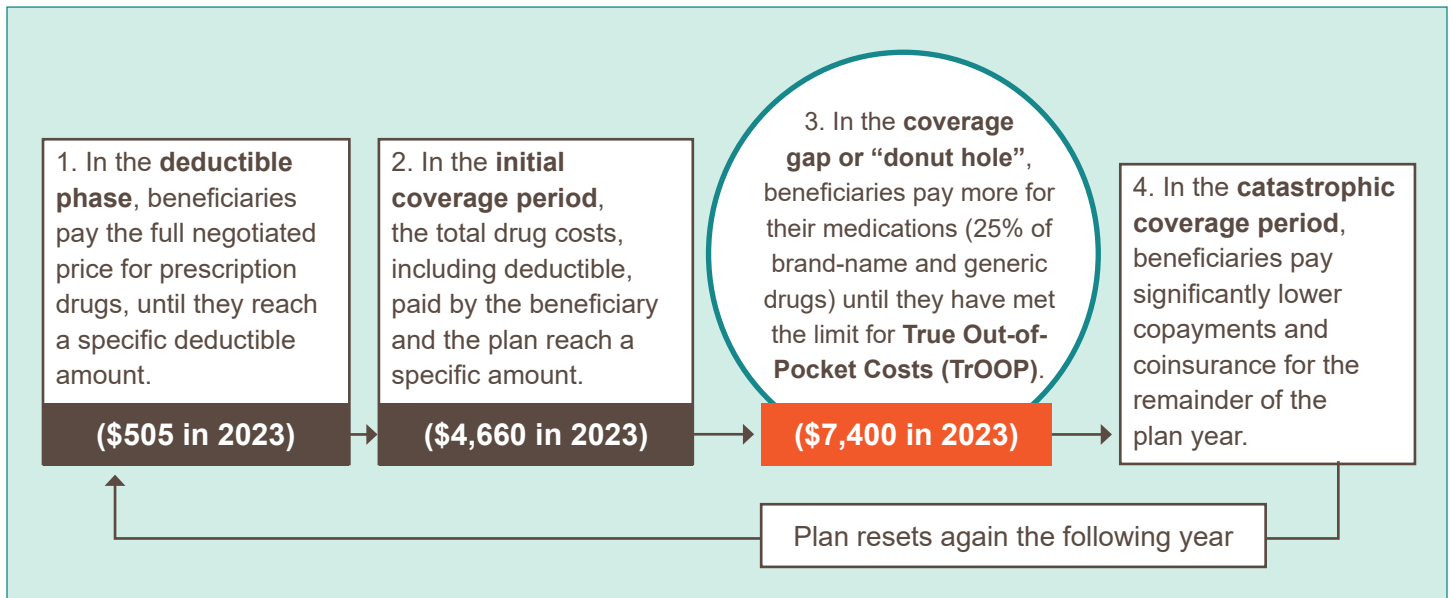
The RWHAP Part B AIDS Drug Assistance Program (ADAP) can help Medicare-eligible clients pay for Medicare Part D premiums, inclusive of any late enrollment penalties, and cost sharing for HIV medications.⁴ However, **ADAP is not considered creditable prescription drug coverage by Medicare** because it generally only covers HIV/AIDS-related medications. ADAPs may pay in full or in part for Medicare premiums, deductibles, and copayments.³ Check with your local ADAP to determine what it covers. Other RWHAP Parts can also help eligible clients with Medicare Part D premiums and cost sharing.⁶



Use the **ADAP Coordinator Directory** to contact your ADAP to learn how it works with Medicare’s drug coverage.
www.nastad.org/member-directory/areas?area=7

“The Donut Hole” Period for Prescription Drug Coverage

The Medicare Coverage Gap—also known as the “donut hole” period—refers to the gap when a Medicare beneficiary’s initial Medicare drug coverage has ended, but they do not yet qualify for catastrophic coverage. During this period, the amount the person pays will be higher.



The Inflation Reduction Act, passed by Congress in 2022, makes significant changes to Medicare Part D drug costs.⁷

1. Starting in 2024, Medicare’s Extra Help program, which lowers premiums and out-of-pocket costs for low-income Medicare Part D beneficiaries, will be expanded. Beneficiaries with incomes up to 150% FPL will be eligible for the full Low Income Subsidy.
2. Starting in 2024, there will be no cost sharing in the catastrophic coverage period in the Medicare Part D “Donut Hole”.
3. Starting in 2025, there will be a \$2,000 annual out-of-pocket cap on Medicare Part D cost sharing and beneficiaries will have the option to pay their out-of-pocket costs in monthly amounts over the entire plan year.

How ADAPs Can Help Clients In the “Donut Hole”

ADAP expenditures for clients on Medicare Part D count toward their total **true out-of-pocket (TrOOP) costs**, which are expenses that count toward individuals’ Medicare drug plan out-of-pocket limit.

ADAP expenditures on behalf of clients count towards their total TrOOP expenditures, which helps clients to reach the catastrophic coverage level faster (when Medicare begins covering the full cost of medications).⁸

Coverage for Dual-Eligible Clients

Many Medicare beneficiaries with HIV are eligible for both Medicare and Medicaid. This is known as **dual eligibility**. Dual-eligible clients receive low-income subsidies under Medicare Part D. Also, if clients have both Medicaid and Medicare, then **Medicare** will help pay for their prescription drugs.

Medicare enrollees who have limited income and resources may get help paying for their Medicare premiums and out-of-pocket medical expenses from Medicaid through the **Medicare Savings Program (MSP)**. If a client qualifies for one of the following MSP programs, they automatically qualify to get extra help paying for Medicare prescription drug coverage.

- Qualified Medicare Beneficiary (QMB)
- Specified Low-income Medicare Beneficiary (SLMB)
- Qualifying Individual (QI)

See our other fact sheets for additional information about Medicare:

- [The Basics of Medicare for RWHAP Clients](#)
- [How Medicare Enrollment Works](#)

The RWHAP, including ADAP, is still able to support clients after they enroll in Medicare.

References

- 1 <https://www.medicare.gov/drug-coverage-part-d/how-to-get-prescription-drug-coverage>
- 2 <https://www.medicare.gov/basics/forms-publications-mailings/mailings/costs-and-coverage/notice-of-creditable-coverage>
- 3 <https://www.medicare.gov/drug-coverage-part-d/what-medicare-part-d-drug-plans-cover>
- 4 <https://nastad.org/sites/default/files/2022-08/Resource-RWHAP-MedicareFactSheet-R4-081122.pdf>
- 5 <https://www.medicare.gov/publications/11109-Medicare-Drug-Coverage-Guide.pdf>
- 6 <https://ryanwhite.hrsa.gov/sites/default/files/ryanwhite/grants/18-01-use-rwhap-funds-premium-cost-sharing-assistance.pdf>
- 7 <https://www.kff.org/medicare/issue-brief/how-will-the-prescription-drug-provisions-in-the-inflation-reduction-act-affect-medicare-beneficiaries/>
- 8 <https://ryanwhite.hrsa.gov/sites/default/files/ryanwhite/resources/adap-manual.pdf>



The Access, Care, and Engagement (ACE) TA Center aims to help Ryan White HIV/AIDS Program recipients and subrecipients support their clients, especially people of color, to navigate the health care environment through enrollment in health coverage and improved health literacy. For more information, visit: www.targethiv.org/ACE



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