Storm Warning: MMA's Impact on ALFs

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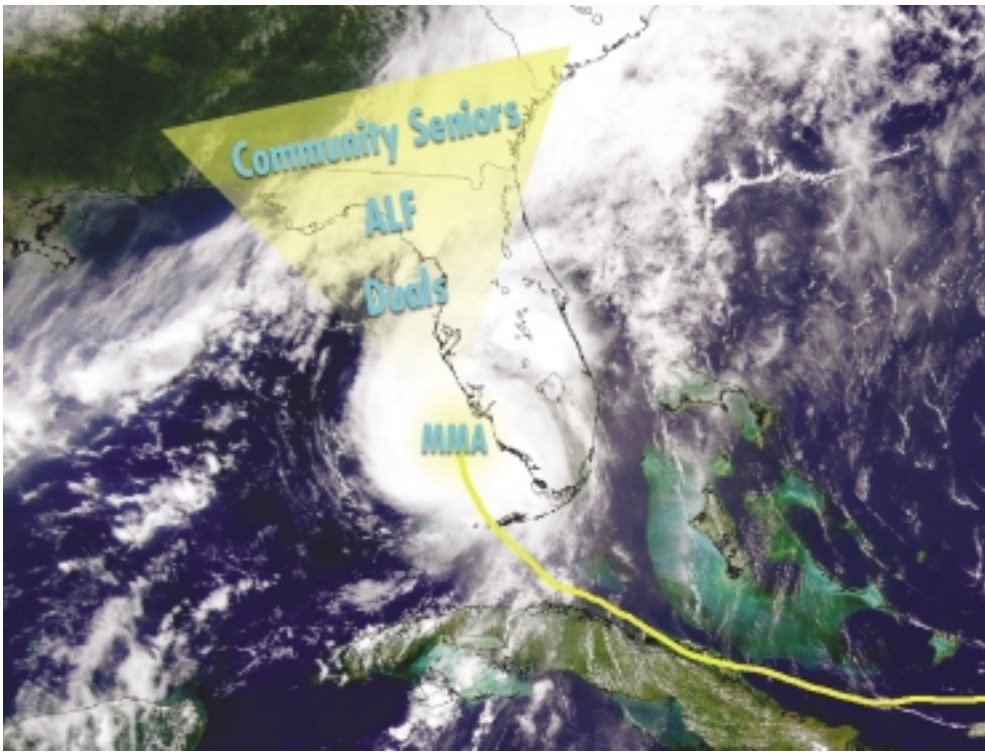
Picture the path of a hurricane. As the storm develops and moves further along its course, it becomes increasingly clear what impact the hurricane will have and what people and places it will affect. The same is true of the Medicare Modernization and Improvement Act (MMA) passed in 2003. As details of the law's implementation are drafted and finalized, the path it will take and its impact on providers and patients will become clearer. In the meantime, the question remains: What impact will this law have on assisted living facilities (ALFs)? While it is only possible to speculate on its exact effect at this point, it is clear that preparing for MMA will help ensure the best possible outcome.



Looking into the Eye of the Storm: Dually Eligibles

There is no doubt that dually eligible patients, those having both Medicare and Medicaid coverage, will be affected by the elimination of the Medicaid pharmacy benefit for these individuals. This group will be forced to join a new Medicare Prescription Drug Plan operated by a designated Prescription Drug Plan (PDP) provider. PDPs are private risk-bearing entities that are responsible for managing the Medicare Part D Benefit.

It is important to note here that all PDPs are not created equal. MA-PD, or Medicare Advantage, the new name for Medicare managed care plans, must offer a prescription drug benefit after January 1, 2006. These plans take on risk for prescription drugs, as well as hospital care and physician services. As a result, these plans are more likely to cover prescription drugs but less likely to cover hospitalizations or other non-drug services. This is in contrast to freestanding siloed PDPs that are solely at risk for medication costs, so they are

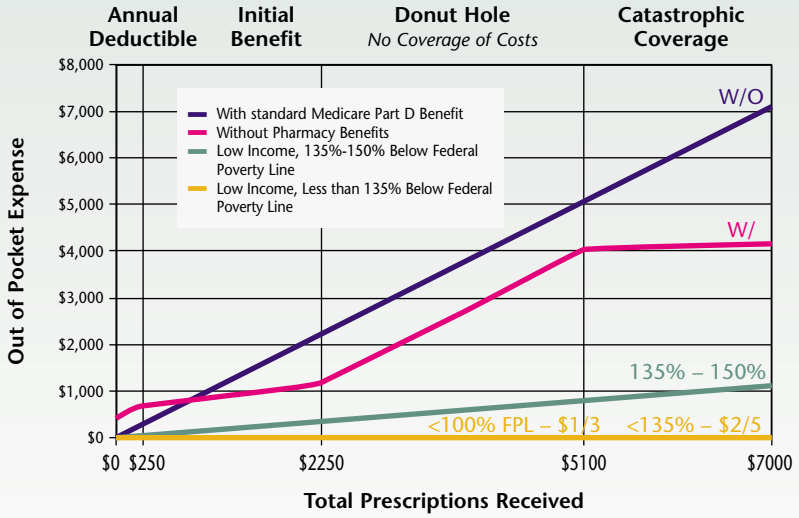
To ensure the success of efforts to educate residents and family members:

- Put the information in as simple a context as possible and use lay language
- Don't reinvent the wheel—use letters, booklets, fact sheets, questions and answers, and other materials available from CMS, AARP, and other organizations
- For questions you can't answer, refer to the Medicare hot line—800-MEDICARE—which is staffed 24 hours a day

more likely to shift expenses away from medications and toward non-medication (Medicare Part A & B) services and interventions. The type of program residents are enrolled in potentially will impact the covered care they receive; and, in turn, this has an impact on the facility in which they reside. For example, since a PDP covers hospital care over prescription medications, residents will have to be hospitalized to receive certain treatments. Hospitalization, in turn, puts these individuals at greater risk for infections, pressure ulcers, and other conditions that are potentially detrimental to their independence, functioning, and ability to age in place.

It is essential for ALFs to educate their residents about both the MA-PDs and PDPs and what services will be covered under each. If residents don't choose a plan prior to December of 2005, they automatically will be enrolled in a PDP.

Table 1.
Medicare Part D Benefit



AL: Not LTC in Eyes of CMS

While assisted living facilities are widely considered part of the long-term care continuum, the Centers for Medicare and Medicaid (CMS) don't necessarily share this view. In fact, they consider ALF residents the same as community-based seniors. Unfortunately, because CMS doesn't see ALFs as long-term care facilities, assisted living doesn't enjoy some of the benefits that LTCFs have. For example, CMS mandates that LTCF residents must be able to maintain their relationship with that facility's pharmacy provider. Despite the increasing acuity of ALF residents and their increasingly complex medication management needs, ALFs do not enjoy this same protected relationship. Unless ALFs aggressively implement a process to protect their relationship with their institutional pharmacy provider, they will be forced to use many different pharmacy providers.

One way to maintain a one-pharmacy one-facility relationship is to have residents agree to use a specific pharmacy provider when they enter the facility. ALFs then need to charge residents for medication therapy management services and turn over this payment to their pharmacy to enable provision of these services in a standardized manner.

ABCs of Discount Cards

Beginning in May of 2004, seniors began signing up for prescription drug discount cards, a temporary benefit of the MMA meant to be a stop-gap measure for relief until the Act goes into effect next year. The cards are meant to save 15%-25% on prescription drugs.

There are three components to the card program, which is voluntary:

- **Medicare-Approved Prescription Drug Discount Cards.** Seniors have the option of choosing one of several discount cards. While several companies offer cards, pharmacies will not accept all of them. The enrollment fee for cards varies but cannot exceed $30. The card sponsors negotiate discounts with drug manufacturers, using the power of their enrollees as leverage.
- **Low-income Transitional Assistance Cards.** These provide discounts on prescription drugs and $600 per year toward medications for beneficiaries whose income falls below 135% of the poverty level and who do not receive Medicaid or other prescription drug aid. There is no enrollment fee, but there is a small co-pay.
- **Transitional Assistance Card for Nursing Home Residents.** This card is exclusively for nursing facility residents with incomes below 135% of the provery level. This provides a flat $600 annual benefit and no discount.

Assisted living residents are eligible for the same discount cards as any community-dwelling senior. Accordingly, they can get their drugs at any community or mail-order pharmacy that accepts their chosen card. At the same time, some ALFs may encourage residents to relinquish the discount card benefit in favor of a facility-designated long-term care pharmacy.

Some patients are exempt from the discount card program, including those with full Medicaid benefits that cover prescription drug costs—such as those in a Medicaid "waiver" program. Those enrolled in a Medicare advantage plan that offers a prescription drug card for its members may only get a card through that plan. Eligible beneficiaries may enroll in only one Medicare-endorsed prescription drug discount card, but they may have several cards not endorsed by Medicare.

The Medicare Part D Benefit

Table 1 illustrates how the Medicare Part D benefit works. The vertical axis shows what beneficiairies pay out of their own pocket for medications, while the horizontal axis represents the amount of medications that they receive. Without the prescription drug benefit, what you pay is equal to what you get. With the Medicare Prescription Drug Benefit, there is a $35 per month premium for participation in this new Medicare benefit. After the premium is paid, there is an annual deductible whereby the resident is responsible for the first $250 in drug spending. This is followed by the initial benefit where the resident pays 25% and the plan pays 75%, then the donut hole where the resident is 100% responsible for expenditures. Finally, the catastrophic coverage kicks in after the resident's medication expenses exceed $5100, which is equal to spending a little over $4000 out of pocket.

ALFs should be prepared to answer a lot of questions...and provide education about the Medicare Modernization Improvement Act and the prescription drug benefit.

How Do You Batten Down for the Storm?

Given the complexity of this benefit, ALFs should be prepared to answer a lot of questions—from residents, family members, and staff alike—and to provide education about the MMA and the prescription drug benefit. It is important to realize that ALF residents will be attracted in large numbers to managed care plans because of their ability to eliminate the donut hole and utilize a simpler, easier to understand co-payment plan.

After the Storm: Clear Skies, Despite Clouds

Getting through the MMA "storm" will be challenging for most seniors and the care settings in which they reside. Many questions will arise as time goes on; but at the same time, many issues will be resolved. *ALC* will be watching and reporting on MMA progress and answering your questions in the coming months. ALC

Networking the Assisted Living Facility with the Community

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in her own home and have aides that help her get ready to attend the intergenerational day care center where she can be helpful reading to children. Mary Ortiz, after suffering a hip fracture, participated in rehabilitation in the subacute unit. She then moved to an assisted living facility where her rent is subsidized by waivers, instead of being forced into a LTC facility. Finally, Ron Fairsmith, despite his severe dementia, is still able to spend time each day playing with the community dog or responding to e-mails from his great-grandson.

The CCC organization has the potential to eliminate the "three plagues:" loneliness, helplessness and boredom, not only for these three seniors but for many more in the community. ALC

The CCC organization has the potential to eliminate the "three plagues:" loneliness, helplessness and boredom.

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