

TESTIMONY BEFORE THE BUDGET COMMITTEE ON HUMAN SERVICES

OCTOBER 4, 2005

Chairman Dever, members of the committee, I am Maggie Anderson, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding the Department's efforts to prepare for the implementation of the Medicare Prescription Drug Program.

2005 HOUSE BILL 1465 - MEDICARE PART D IMPLEMENTATION

During the 2005 Legislative Session, the Legislature passed House Bill 1465. This bill directed the Department to hire a consultant for the purpose of developing a Medicare Part D Implementation Plan relating to the transition of the nearly 11,000 North Dakotans who are eligible for both Medicare and Medicaid (dual eligibles). The bill contained a waiver of standard procurement processes and an emergency clause to allow the Department to hire a contractor immediately.

The Medical Services Division developed a scope of work and contacted Don Muse, President, Muse and Associates, to discuss the potential work to be completed. A contract was signed in May 2005 to fulfill the requirements of House Bill 1465.

The Department convened a team, made up of staff from the following Divisions: Executive Office, Medical Services, Developmental Disabilities, Legal Services, Public Information, Mental Health and Substance Abuse, Aging Services, and Information Technology. This group is committed to a successful transition of the "dual-eligibles" from Medicaid drug coverage to Medicare Part D and has met several times over the past 5 months for the purpose of developing an implementation plan and moving forward with completing the necessary tasks for

implementation. Don Muse, President, Muse and Associates, is here today and will provide testimony directly related to the development of the implementation plan. As part of Mr. Muse's testimony, you will be receiving a copy of the Implementation Plan and copies of two Fact Sheets developed by the Department. All of these items will be available on the Department's Web site.

House Bill 1465 gives the Department the authority to use state general funds to pay for prescription drugs for a dual eligible beneficiary, in emergency situations, if the client encountered difficulty in securing enrollment in a Medicare Prescription Drug Plan. The Department believes the use of this authority will be minimum because:

- Medicare will auto-enroll all Medicaid recipients if they do not choose their own plan by December 31, 2005.
- Medicare has developed a process where pharmacies can electronically request and receive information on which Prescription Drug Plan (PDP) must be billed.
- Medicare has told all Part D Prescription Drug Plans that they must provide transitional coverage of all medications (e.g. 30 days supply – even longer for nursing homes) for all patients to allow exception requests (prior authorizations) to be processed.

In the event that the authority would need to be used, the Department has prepared internal processes to manage the approval and payment of these emergency prescriptions.

2005 House Bill 1459 – Medicare Part D

House Bill 1459 also contained a directive related to Medicare Part D. This bill requires the Department to “Develop a plan to provide information to blind and disabled medical assistance recipients who may be eligible for part D benefits

under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003...The information must inform recipients of Part D benefits for which the recipient may be eligible.” Through collaboration with the State Library, the Department will be communicating with visually impaired patrons through two efforts. First, we have submitted an article on the transition of dual eligibles to Medicare Part D, to be included in the State Library Patron newsletter *Discovery*. This newsletter goes to all visually impaired patrons. It will also be recorded for distribution to patrons who are blind. Second, the State Library has agreed to allow the Department to provide Public Service Announcements (PSAs) that will be read on their Dakota Radio Information Service program for visually impaired persons. We will develop several different PSAs also relating to the transition of coverage from Medicaid to Medicare Part D, which will be aired, starting in October.

In addition to the collaborative efforts with the State Library, Medical Services and Vocational Rehabilitation are cross-referencing eligibility information to develop a list of visually impaired Medicaid/Medicare recipients. This list will be used for distribution of materials specifically developed for those “dual eligibles” who are visually impaired.

I would be happy to address any questions, after the completion of testimony, provided by Don Muse.