

CASE STUDIES IN PART D

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CUR_xED

Cornell University Resource Education for Medicare Part D

SECOND CHANCE

THE CASE

In 1997, at the age of 53, PG was in a serious skiing accident. She suffered severe head trauma and required emergency surgery to control brain hemorrhaging and remove a hematoma. After a long hospitalization, much of it in the Intensive Care Unit, PG went to a rehab facility and then lived at home with varying levels of nursing care. She is now independent but has never been able to return to work.

Prior to the accident, PG was a physical therapist, working in a very successful practice. Subsequent to the initial trauma, PG developed a seizure disorder. She takes three different medications to control the seizures.

She now battles with severe bouts of major depressive disorder, has difficulty sleeping at night, and complains of intermittent visual field disturbances. With age, she has developed high blood pressure and also must take thyroid medication. She takes multiple medications for all of these conditions.

PG qualified for disability and began receiving Medicare Parts A and B benefits many years ago. When Part D became available in 2006, she mistakenly did not think that she was eligible. At the time, PG was 61 years old and thought that Part D was only for people greater than age 65. She did not sign up immediately.

Later, PG learned that regardless of age, people with disabilities like herself, as well as the elderly and those with end-stage renal disease, are eligible for Part D coverage as long as they are either entitled to Part A or enrolled in Part B and living within the plan service area. She signed up for a Part D plan at the next available opportunity after she realized her misunderstanding. Unfortunately, this was not until the annual enrollment period of the following year.

PG is paying the late enrollment penalty, which in her case, amounts to an approximate 19% additional cost. This, she complains, has a significantly negative impact on her budget, especially considering her loss of income potential as a professional.

PG is now about to turn 65 years old. A friend of hers has suggested that PG might now be able to qualify for some type of a special consideration but does not know the exact details what this might be. The friend thinks that it might be related to a waiver of the late enrollment penalty, but is uncertain.

WHAT WOULD YOU DO?

Part D Trivia Question

For CMS, fiscal year 2008 ended on September 30th. Prior to the launch of the prescription drug program in 2006, the Congressional Budget Office had projected costs of about \$74 billion for Part D during this time period. The actual amount of spending by the government on Part D during fiscal year 2008 was:

- A. \$44 billion
- B. \$50 billion
- C. \$74 billion
- D. \$80 billion

THE STUDY

There are three types of enrollment periods for Medicare Part D: the Initial Enrollment Period (IEP), the Annual Coordinated Election Period or Annual Enrollment Period (AEP), and Special Enrollment Periods (SEP). The AEP is the only time of year when, under normal circumstances, a beneficiary may join or change to a new plan. SEP's are designated for use during certain special circumstances and allow a beneficiary to add or change coverage outside of general enrollment periods.

The IEP for Medicare Part D represents the first opportunity for eligible beneficiaries to enroll in the program. For most people, it is when they turn 65 years old. This IEP is for the 7 month period around the month of the 65th birthday – the 3 months before, the 3 months after, and the month of the 65th birthday. Coverage in a Part D plan starts the first of the month after enrollment.

To be eligible for, and enroll in a Part D plan, a person must be entitled to Part A or be enrolled in Part B. For persons with disabilities, they have the same eligibility to sign up for a Medicare Part D plan as those who are turning age 65. If PG had signed up for a Part D plan upon initiation of the program in 2006, she would not have encountered the late enrollment penalty.

Disabled people who miss their initial enrollment period are subject to the late enrollment penalty, just the same as those over age 65 must pay a late enrollment penalty if initial enrollment is delayed. This penalty is equal to 1% of the national base beneficiary premium for the coverage year, multiplied by the total number of uncovered months. The base beneficiary premium for 2009 is \$30.36.

Individuals eligible for Medicare prior to age 65, such as those with a disability, however, will have another, additional, IEP for Part D when attaining age 65. If the enrollee has been paying a late enrollment penalty, the late enrollment penalty will end on the day before the new initial enrollment period begins. The initial penalty which PG had been required to pay on her Part D plan premium, will no longer be required if she takes advantage of the IEP when she turns 65.

With the new initial enrollment period, the Part D plan sponsor must now report to CMS that the beneficiary has had zero uncovered months through the end of the new initial enrollment period. The Part D plan must also inform the beneficiary of the elimination of the late enrollment period based on attaining age 65.

Part D Trivia Answer

During fiscal year 2008, CMS spending for Part D amounted to about **\$44 billion**. This was about \$30 billion less than the initial projections of \$74 billion and about \$6 billion less than the \$50 billion spent in the previous year.

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