



# Information Partners Can Use on: COMPARISON OF OUTPATIENT PRESCRIPTION DRUG COVERAGE: MEDICARE, VA, VA-CHAMPVA, DOD-TRICARE PHARMACY

## New Medicare Prescription Drug Coverage

As of February 21, 2006

This chart compares Medicare, VA, and TRICARE drug coverage to help people who have multiple sources of prescription drug coverage (and those who assist such people) to understand how the sources of drug coverage vary. For more information such as web sites and 1-800 phone numbers, see the Medicare tip sheets on VA and TRICARE.

Topic	Medicare Prescription Drug Coverage	VA	VA—CHAMPVA	DOD—TRICARE Pharmacy
<b>Who is eligible</b>	<p>42 million people with Medicare are eligible to sign up for Medicare prescription drug coverage in 2005.</p> <p>Drug coverage will be available from private plans called Medicare prescription drug plans (PDPs). Some Medicare Health plans (e.g., Medicare Advantage or Medicare Cost plans) will also offer drug coverage.</p> <p>People must join in a Medicare drug plan to get coverage.</p>	<p>Most veterans must enroll to receive VA health care benefits.</p> <p>VA provides eligible veterans a standardized Medical Benefits Package. Other health care benefits may vary according to other statutory requirements.</p> <p>Joining a Medicare drug plan is voluntary for VA beneficiaries who want additional coverage.</p>	<p>CHAMPVA is a health benefits program in which VA shares the cost of health care services and supplies with the spouse or widow(er) and children of certain veterans.</p> <p>CHAMPVA requires beneficiaries who are eligible for Medicare Part A to also be enrolled in Medicare Part B (with rare exceptions).</p> <p>Joining a Medicare drug plan is voluntary for CHAMPVA beneficiaries who want additional coverage.</p>	<p>TRICARE provides a comprehensive pharmacy benefit to all eligible Uniformed Services beneficiaries.</p> <p>Beneficiaries who reach age 65 on or after April 1, 2001, must have Medicare Part B coverage to use the TRICARE Pharmacy program. Beneficiaries who reach age 65 before April 1, 2001, are not required to have Medicare Part B coverage to use TRICARE Pharmacy benefits, but must have Medicare Part B coverage for all other TRICARE health care benefits.</p> <p>Joining a Medicare drug plan is voluntary for TRICARE beneficiaries who want additional coverage.</p>

# Comparison of Outpatient Prescription Drug Coverage: Medicare, VA, VA-CHAMPVA, and DOD-TRICARE Pharmacy

Topic	Medicare Prescription Drug Coverage	VA	VA—CHAMPVA	DOD—TRICARE Pharmacy
<b>Enrollment numbers</b>	About 39 million are expected to join a Medicare drug plan or receive creditable coverage from another source such as a former employer, union, VA or TRICARE	VA estimates about 8 million veterans are enrolled with the VA and about 5 million use VA services. They estimate that 3.6 million of their enrolled veterans are also Medicare beneficiaries. (Source: 2003 Survey of Veterans).	CHAMPVA has 250,000 beneficiaries enrolled, of which 89,000 are also Medicare beneficiaries.	DOD estimates that about 1.7 million TRICARE beneficiaries who are eligible for the Pharmacy benefit, are also entitled to Medicare (those who live overseas are not eligible to join a Medicare drug plan). (Source: DOD estimate May 2005)
<b>Where prescriptions can be filled</b>	Generally, prescriptions can be filled at the plan's participating pharmacies. Plans may also offer a mail order option.	Generally, VA prescriptions are written by VA providers and filled by VA pharmacies/ Consolidated Mail Outpatient Pharmacy Program (CMOP) under the VA formulary.	CHAMPVA beneficiaries may fill their prescriptions at retail pharmacies.  CHAMPVA beneficiaries may also obtain maintenance prescriptions through the no-cost "Meds by Mail" program.	TRICARE beneficiaries may get prescriptions filled: <ul style="list-style-type: none"> <li>• At military treatment facilities,</li> <li>• Through the TRICARE Mail Order Pharmacy,</li> <li>• At TRICARE retail network pharmacies,</li> <li>• At Non-network pharmacies.</li> </ul>
<b>Premiums</b>	On average, \$32 monthly (varies by plan)	None	None	None

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Co-pays	<p>Standard coverage: \$250 deductible, then 25% co-pay until \$2,250 in drug spending, 100% bene co-pay until out-of-pocket spending reaches \$3,600, after \$3,600 in out-of-pocket spending there is 5% coinsurance or \$2/\$5 co-pays (coverage varies by plan).</p>	<p>Certain veterans are exempt from VA's medication co-pay based upon various eligibility factors including low income.</p> <p>Other veterans pay \$8 per 30 day supply of medication. There is also an annual cap of \$960 on co-payments for certain veterans.</p>	<p>There is an annual deductible of \$50 for outpatient care that includes retail pharmacy. There is no deductible applied to prescriptions obtained through the Meds by Mail program.</p> <p>Cost share for retail pharmacy is 25% of the allowable amount of the drug. There is no cost to the beneficiary for prescriptions obtained through "Meds by Mail."</p> <p>A CHAMPVA beneficiary will never pay more than \$3,000 in out-of-pocket medical expenses per year for ALL covered medical care.</p>	<p>Costs vary by location and the drug's formulary status:</p> <ul style="list-style-type: none"> <li>• Military Treatment Facilities: up to a 90 day supply (formulary drugs only) at no cost to the beneficiary</li> <li>• TRICARE Mail Order Pharmacy up to a 90 day supply: \$3 generic formulary cost share, \$9 for brand name formulary cost share and \$22 non-formulary cost share</li> <li>• TRICARE Retail network pharmacies, up to a 30 day supply; \$3 generic formulary cost share; \$9 brand name formulary cost share; and \$22 non-formulary cost share</li> <li>• Non-network pharmacies have higher cost shares and a deductible</li> </ul> <p>A TRICARE-Medicare dual-eligible beneficiary will never pay more than \$3,000 out-of-pocket per year for ALL covered health care, to include pharmacy costs.</p>

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<p><b>Protections for people with limited incomes</b></p>	<p>Those with incomes below 150% of poverty and resources below certain limits qualify for extra help. Out-of-pocket expenses for people with limited incomes are much lower.</p> <p>Co-pays range from \$0 for people with Medicare in institutions; \$1/\$3 for people with Medicaid below poverty; \$2/\$5 100–135% of poverty; 15% co-pay for 136–149% of poverty. Deductible waived for all but people who qualify for partial extra help, (135–150%) who pay a \$50 deductible.</p>	<p>VA does not charge the medication co-pays for limited income veterans.</p> <p>Definition of limited income for VA purposes is based on VA's pension amount. Current 2006 VA pension rate ranges from \$10,579 for single to \$13,855 for a couple.</p>	<p>No additional benefits for limited income.</p>	<p>TRICARE Pharmacy cost shares are the same for all TRICARE beneficiaries.</p> <p>Beneficiary prescription cost shares are well below the average of most US prescription drug plans.</p>
<p><b>Creditable coverage (coverage that is at least as good as Medicare prescription drug coverage)</b></p>	<p>People with Medicare who have coverage that is at least as good (i.e. "creditable") from another source, such as an employer or union, can join a Medicare drug plan after the initial enrollment period and not be subject to higher premiums.</p>	<p>VA is creditable coverage.</p>	<p>CHAMPVA is creditable coverage.</p>	<p>The TRICARE Pharmacy benefit is creditable coverage.</p>

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<p><b>List of Covered Drugs (“formulary”)</b></p>	<p>Medicare drug plans will each develop their own list of covered drugs within the parameters set by CMS. Lists of covered drugs can include preferred and non-preferred drugs with different co-pays.</p>	<p>VA has a national list (formulary) of covered drugs.</p>	<p>VA list of covered drugs is used for prescriptions through “Meds by Mail.”</p>	<p>TRICARE’s uniform formulary provides all therapeutic classes of TRICARE authorized drugs. TRICARE policy requires prescriptions to be filled with a generic if one is available.</p>
<p><b>Secondary payer provisions</b></p>	<p>A Medicare drug plan is secondary payer where a person has health coverage based on their own employment or the employment of a spouse (just as with Medicare A/B).</p>	<p>VA is primary if it is a benefit or service provided or directed by VA. VA does not bill CMS for services nor does VA cost share for any services.</p>	<p>Medicare is primary and CHAMPVA is secondary if it is a benefit payable by both Medicare and CHAMPVA. CHAMPVA will fill in Medicare’s co-pays up to 75% of the CHAMPVA allowable amount for covered prescriptions.</p> <p>Beneficiaries enrolled in both a Medicare drug plan and CHAMPVA, will not be eligible for continued enrollment in the CHAMPVA’s no-cost “Meds by Mail” program (because it is open only to those with no other drug coverage).</p>	<p>Medicare is primary when a TRICARE beneficiary is enrolled in Medicare drug plan and TRICARE Pharmacy is secondary if the prescription drug is both a Medicare and TRICARE covered drug.</p> <p>TRICARE Pharmacy wraps around Medicare with no beneficiary cost share/ coinsurance before the coverage limit (up to \$2,250 in total drug costs). After the coverage limit TRICARE cost-shares apply.</p> <p>Beneficiaries are responsible for the Medicare drug plan monthly premium (est. \$32 in 2006) if they join a Medicare drug plan.</p>