

Bulletin

*A community relations newsletter published by
the California Association of Health Facilities*

No cuts for Medi-Cal long-term care as governor signs state budget

Gov. Arnold Schwarzenegger and the Legislature reached agreement on a 2005-06 state budget on July 11 – and did so without making any cuts to Medi-Cal funding for long-term care residents and clients.

In fact, the new budget slightly increases funding for certain categories of Medi-Cal long-term care, including skilled-nursing facilities (or SNFs) and for some group homes for people with developmental disabilities.

Under the new budget, SNFs are scheduled to receive a Medi-Cal cost-of-living allowance averaging 5.7 percent. But not yet: Ironically, that boost in state funding depends on the actions of the federal government.

New Medicare prescription-drug plan will make changes in 2006

As many readers of the *Families & Friends Bulletin* know, the new Medicare Part D prescription-drug program is one of the biggest changes in years to the national health-care program for the elderly, and we here at CAHF are committed to helping consumers understand what Part D means to them and their family members.

For this installment, we've turned to the Medicare Rights Center for information. Organized in 1989 and based in New York and Washington, MRC is the largest independent source of health-care information and assistance for people with Medicare.

The answers to questions such as exactly how Medicare Part D will work, which drugs will be covered or how beneficiaries will pay for coverage are left

California has applied to the federal Centers for Medicare & Medicaid Services (CMS) – profiled in the last edition of the *Families & Friends Bulletin* – for a modification of the state's Medi-Cal plan that would improve the way nursing facilities are paid for the care they provide to Medi-Cal beneficiaries.

“We are confident that CMS will eventually approve the state plan, but these things take time,” said Darryl Nixon, director of reimbursement for CAHF, the California Association of Health Facilities.

The federal OK could come as early as September. The increase in Medi-Cal funding for the group homes for people with developmental disabilities requires no federal approval.

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up to the Centers for Medicare & Medicaid Services (CMS), the federal agency that oversees Medicare.



CMS is writing the guidelines governing the benefit, and private companies will work out the terms under which the drug benefit is provided. So your choice of drug benefit plan and the timing for making that decision are critical.

When it begins to take effect on Jan. 1, 2006, the new Part D benefit should save money for Medicare beneficiaries who do not currently have drug coverage and whose drug costs are more than \$810 a year.

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Under the new state budget, that increase ranges between 3.28 percent and 9.98 percent, depending on the type of facility.

However, six-bed facilities known in state terminology as “ICFs/DD-N” will not receive a rate increase.

“That’s unfortunate,” Nixon said, “because so many people with developmental disabilities are able to be part of the community by living in these small group homes.”

Nurse training

The new state budget also sets aside \$10 million for community colleges to expand training opportunities for nurses.

In addition, the budget includes \$4 million on a one-time basis for startup matching grants, encouraging both existing and new programs to make initial investments in high-cost equipment and infrastructure necessary to support or expand nursing programs.

Some state money is even earmarked to train nursing instructors.

Considering the chronic shortage of nurses both in California and across the nation, CAHF ranks funding for nurse training as a very high priority and works with the state government and other agencies to promote nursing courses.

Read *Families & Friends* online

It’s easy to view the CAHF *Families & Friends Bulletin* on the Internet. Go to www.cahf.org, click on “Families & Friends” near the top of the page, then scroll down and click on “*Families & Friends Bulletin*.” You’ll find easy-to-read online versions going back more than a year.

We want to hear from you

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However, whether you or your loved one as a specific Medicare beneficiary will save money will depend upon at least three factors:

- Whether insurance companies in your area offer coverage at a reasonable premium;
- Whether the drug benefit from an insurance company will cover the drugs you need;
- Whether you can get your drugs cheaper through a non-Medicare discount drug plan.

Also critical is whether your local pharmacy is contracting with the specific insurance plan (pharmacy drug plan, or PDP) you choose.

Voluntary program

Like Medicare Part B, which pays for doctors and other medical services, the Medicare Part D drug benefit is voluntary, unless your or your family member is eligible for both Medicare and Medi-Cal. Starting Jan. 1, 2006, Medi-Cal will no longer pay for drugs for Medicare beneficiaries.

The benefit first becomes available on Jan. 1, 2006, however, if you are a Medicare beneficiary and do not enroll during the six-month open enrollment period starting Nov. 15, 2005, you may have to pay a premium penalty if you choose to enroll at a later date. The premium penalty will be at least 1 percent for every month you delay enrollment.

Monthly premium

With or without the penalty, participants will have to pay a monthly premium for Part D in addition to the Part B premium. The money will be automatically taken out of the beneficiary’s Social Security check.

Beneficiaries who are eligible for both Medicare and Medi-Cal, however, will pay no premiums, co-pays, or deductibles. And for low income individuals, special help may be available through the Social Security Administration enrollment process.

Estimates are that premiums will be about \$37 a month, \$444 a year, in 2006. No one yet knows exactly what that monthly premium may be because no insurance company has ever offered a stand-alone

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drug plan before, and premiums will differ depending on the plan you choose.

CMS will announce the approved plans in each region in September. Those plans will be known as prescription-drugs plans (PDPs) or Medicare Advantage-prescription-drug plans (MA-PDs).

Despite the money-saving advantages of Medicare Part D, drug coverage will be limited and there will be expenses in the form of an annual deductible and varying amounts of co-insurance, in addition to the monthly premium.

Different companies may charge different premiums and cover different drugs. Each is developing its own drug formulary and has submitted those lists to the government for approval.

By law, each plan must offer at least two drugs in each class of drugs, and beneficiaries must have a choice of at least two companies in each region. Premiums can rise from one year to the next; however, CMS must approve all such changes.

Costs could drop

But after a beneficiary spends \$3,600 out of pocket for deductibles, co-pays and premiums for covered drugs, his or her costs will go down significantly.

Beneficiaries also may be able to purchase additional insurance to fill the gaps in Medicare drug coverage. But it will be possible to buy such coverage only from the company that provides the Medicare drug benefit.

Furthermore, beneficiaries with an annual income below 150 percent of the federal poverty level and whose assets are below specified limits can apply for programs which offer less costly Medicare prescription drug coverage.

Residents, clients automatically enrolled

Long-term care residents and clients who qualify for Medicare and Medi-Cal will be automatically enrolled, and they will not pay deductibles or co-pays.

Watch for more information about Medicare Part D in upcoming editions of *Families & Friends Bulletin* and from Medicare officials.

What is HIPAA?

Another example of the often confusing “alphabet soup” of health-care jargon, *HIPAA* stands for the federal Health Insurance Portability and Accountability Act of 1996.

One of the most important provisions of this law is new rules to protect the privacy of patient medical information.

The HIPAA law affects nursing facilities and other long-term care facilities, as well as most doctors, nurses, pharmacies, hospitals, clinics and many other providers. It also affects health-insurance companies, HMOs, most employer group health plans and government health programs such as Medicare and Medicaid (Medi-Cal in California).

What information is protected?

Here’s what information is protected:

- Information your doctors, nurses and other health-care providers put in your medical record.
- Conversations your doctor has about your care or treatment with nurses and others.
- Information about you in your health insurer’s computer system.
- Billing information about you at your clinic.

Providers and health insurers who are required to follow this law must comply with your right to:

- Ask to see and get a copy of your health records.
- Correction errors in your health information.
- Receive a notice that tells you how your health information may be used and shared.
- Decide whether you want to give your permission before your health information can be used or shared for marketing purposes.
- Get a report on when and why your health information was shared for certain purposes.

If you believe your health information isn’t being protected, you can file a complaint with your provider or health insurer or with the U.S. government.

Learn more about your rights, including how to file a complaint, on the Internet at www.hhs.gov/ocr/hipaa. Or phone (866) 627-7748 toll free.



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Special days and weeks coming up in August and September

Aug. 22 – Be an Angel Day – A day to do “one small act of service for someone.” Go online to www.drwnet.com/angel or phone (410) 833-6912.

Aug. 23 – Health Unit Coordinator Day – Go online to www.nahuc.org or phone (888) 226-2482.

Aug. 29-Sept. 4 – Hearing Aid Awareness Week – Go online to www.ihsinfo.org or phone (800) 521-5247.

August is Cataract Awareness Month – Go online to the Web site of the American Academy of Ophthalmology at www.aao.org or phone (415) 561-8500.

Sept. 11– National Grandparents Day – In 1978, President Jimmy Carter proclaimed that National Grandparents Day would be celebrated every year on the first Sunday after Labor

Day. Go online to www.grandparents-day.com or phone (619) 585-8259.

Sept. 12-18 – Prostate Cancer Awareness Week – Men can register for free or low-cost early detection screening tests being conducted nationally. Go online to www.pcaw.com or www.afud.org or phone (800) 242-2383.

Sept. 11-17 – National Healthcare House-keeping Week – Go online to the Web site of the American Society for Healthcare Environmental Services at www.ashes.org or phone (312) 422-3860.

Sept. 16-22 – National Rehabilitation Awareness Week – Go online to www.nraf-rehabnet.org or phone (800) 943-6723.

September is Healthy Aging® Month – Go online to www.healthyaging.net or phone (610) 793-0979.

