

MEMORANDUM

To: Interested Persons
From: Daniel Brzovic
Re: Medicare Advantage Plans and Medi-Cal Mental Health
Date: October 25, 2005

With all this talk about Medicare Prescription Drug Plans (Medicare Part D), there are a few things about Medicare managed care plans (Medicare Advantage plans, or Medicare Part C) that might get lost. Here are some important things to watch for in the next few months:

CalOPTIMA (Orange County Medi-Cal managed care) Health Plan of San Mateo (San Mateo County Medi-Cal managed care)

Both of these Medi-Cal managed care plans are County-Operated Health Systems (COHS) plans. That means that all Medi-Cal beneficiaries in the county are enrolled on a mandatory basis. Beneficiaries who have both Medi-Cal and Medicare (dual eligibles) can receive out-of-plan Medicare services, e.g., from private, fee-for-service providers.

However, both health plans have now set up Medicare Advantage Special Needs managed care plans for dual eligibles under Medicare Part C. Dual eligibles who are enrolled in this Medicare Advantage plan will now receive Medicare services, as well as Medi-Cal services, from CalOPTIMA in the case of Orange County and from Health Plan of San Mateo in the case of San Mateo County. People can opt out of the Medicare Advantage plan if they want to and continue to receive Medicare from fee-for-service providers. People may want to do this.

For example, the CalOPTIMA Medicare Advantage plan is contracting with Windstone Behavioral Health to provide all mental health services. This means

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that people who are enrolled in CalOPTIMA's Medicare Advantage plan will be limited in their ability to obtain mental health services from the county mental health department, or from the Medicare providers that the county mental health department contracts with. If people want to continue with their current mental health providers, they should consider opting out of the Medicare Advantage plan. The Medicare Advantage program starts January 1, but the opt out has to occur in October in order to avoid bureaucratic problems from happening. Individuals can then enroll in an appropriate Medicare Prescription Drug (Medicare Part D) plan in November or December so that coverage can begin on January 1 when comprehensive Medi-Cal drug coverage for dual eligibles ends.

I am trying to find out what the situation in San Mateo County is. When I do, I will let you know. In any event any opt out has to occur in October, and enrollment in a Medicare Prescription Drug Plan has to occur in November or December for coverage to begin January 1.

Dual eligibles currently enrolled in Medicare Advantage managed care plans

There are currently about 40,000 dual eligible people in California who are enrolled in Medicare Advantage plans, e.g., Secure Horizons, or Kaiser Senior Advantage. Most of these plans will provide Medicare Prescription Drug coverage as part of the plan. If individuals enrolled in these plans sign up for a Medicare Prescription Drug plan from another company they will be automatically disenrolled from their current Medicare Advantage plan. People should be careful to avoid this if they want to stay in their current Medicare Advantage plan.

Also Medi-Cal will no longer pay the premium for Medicare Advantage plans for dual eligibles. (Medi-Cal used to pay the premium in order to obtain the drug coverage offered by these plans. Since these plans will have their drug coverage paid for by the federal government under Medicare Part D, the state no longer sees an advantage in paying the premium--a short-sighted policy at best.) People should check what the premium will be as of January 1. It may be anywhere from zero to \$100 per month. People will need to decide whether to make any changes based on what the plans will cost as of next year.

Retirees with drug coverage under private insurance

Retirees with health insurance that provides drug coverage should also be careful about enrolling in a Medicare Prescription Drug plan. If individuals enroll in a drug plan offered by another insurance company, they will be automatically disenrolled from their current retiree insurance. CalPERS has notified its beneficiaries that individuals who enroll in a separate Medicare Part D plan will be disenrolled from insurance provided by CalPERS

However, people who are eligible for the low-income subsidy should apply for it. This will help pay for the cost of their current drug coverage.