

medicaid  
and the uninsured

**Dual Eligible Home and Community-Based  
Waiver Program Participants and the  
New Medicare Drug Benefit**

**Executive Summary**

*Prepared by*

Heidi Reester, Anne Tumlinson and Jonathan Blum  
Avalere Health

*for the*

Kaiser Commission on Medicaid and the Uninsured

**October 2005**

# kaiser commission medicaid and the uninsured

**The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bipartisan group of national leaders and experts in health care and public policy.**

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## Executive Summary

The new Medicare drug benefit grants a range of protections to those living in nursing homes, but does not grant similar protections to a group of patients who are medically similar but live outside the institutional setting. These beneficiaries, who are dually eligible for Medicare and Medicaid, are participating in Medicaid home and community-based service (HCBS) waiver programs which allow them to continue to live in the community in their home or home-like setting. The lack of protections may put these beneficiaries at risk for interruptions in access to needed drugs, increased financial hardship, and costly medical complications. Additionally, this inequality unintentionally creates a bias toward institutionalized living for this dually-eligible population.

In 2001, there were 229 waivers in 49 states and the District of Columbia and over 50 percent of these waivers provided services to Medicaid beneficiaries who are elderly or disabled.<sup>1</sup> HCBS waiver programs served 920,000 Medicaid beneficiaries in 2002; however, there are no data available regarding dual eligible participation.<sup>2</sup> Unlike institutionalized beneficiaries, HCBS waiver program participants usually do not have a centralized care provider to manage their health care benefits and services. No individual is designated to assist participants with their Medicare Part D prescription drug plan selection, comparison of formularies, and if necessary, management of their exceptions and appeals should a medication be denied by their plan. State and Federal policymakers should carefully monitor HCBS waiver participants to ensure that they maintain equal access to prescription drugs as their institutionalized peers, and can remain in HCBS programs without increased physical harm or financial hardship.

Initially states should monitor medication access for waiver program participants by asking:

- *Are Dual Eligible HCBS Waiver Program Participants Getting Needed Part D Excluded Drugs?* Medications such as benzodiazepines and barbiturates are excluded from Part D coverage. Without some stop-gap coverage, program participants may struggle to pay for these medications and choose not to take them as prescribed with potentially harmful consequences;
- *Are the New Medicare Part D Co-Payments Causing Dual Eligible HCBS Waiver Program Participants to Forgo Needed Medications?* Dual eligibles in nursing facilities will not pay co-payments for the prescription drugs they receive from their prescription drug plans, but HCBS waiver participants must personally absorb this new cost. Dual eligibles in HCBS waiver programs may elect to remain in or enter a nursing facility or other institution because they cannot afford the co-payments they will be charged when living in the community;
- *Are These Participants Having Difficulty Navigating the Prescription Drug Plan Formularies?* Part D formularies will be different from previous Medicaid drug coverage, and this change could be problematic for HCBS program participants who must navigate new formularies, manage their many medications, and switch plans if

their initial auto-enrolled assignment proves inadequate -- all without a centralized pharmacy provider or institution overseeing their care;

- *Are Coverage Determinations Delaying Access to Needed Medications?* HCBS waiver participants may not have care coordinators or other provider supports to obtain exceptions and appeals for some of their medications. If prescription drug plan exceptions and appeals processes are inadequate, onerous, or not timely for this population, access to necessary medications may be delayed; and
- *Is the Transition to Medicare Part D Going Smoothly for HCBS Waiver Program Participants?* Due to the sheer size and complexity of implementing Part D, unintended problems for dual eligibles participating in HCBS waiver programs may arise. These problems, such as enrollment delays or inadequate education for providers, might exacerbate medication access challenges.

States and CMS should actively work with their HCBS dual eligible populations to ensure the new Part D benefit supports ongoing efforts to keep dual eligible beneficiaries out of institutions such as nursing facilities, and does not block transitions for currently institutionalized beneficiaries out of nursing homes or other facilities. CMS and states can work closely with each other to prevent or avoid medication access problems for dual eligibles participating in HCBS waiver programs. Potential activities include:

- States ensuring that HCBS waiver program administrators have identified their dual eligible enrollees and have a transition plan in place for these participants;
- States providing co-payment coverage to dual eligibles living in the community;
- States establishing explicit medication management and other pharmacy services as a waiver service in HCBS waiver programs;
- State HCBS waiver programs, state medical, nursing, and pharmacy boards, and CMS establishing improved oversight of medication therapy standards for HCBS waiver program participants through improved state survey and certification processes and state board certification and licensing;
- CMS requiring all states to include a plan to coordinate HCBS dual eligibles' care with Medicare Part D in their HCBS waiver applications or HCBS waiver program renewals; and
- CMS encouraging prescription drug plans or state quality initiatives focused on improving medication and other care management for dual eligible HCBS waiver program participants enrolled in Part D.

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