



STATE OF MICHIGAN

DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

April 2006

Dear Nursing Facility Administrator:

Pharmacy Deductible, Coinsurance, Co-Pays, and Premiums

This letter is being mailed to nursing facilities to clarify Medicaid policy on beneficiary pharmacy insurance (e.g., Medicare Part D, commercial insurance) deductible, coinsurance, co-pays, and premiums.

Medicaid does not reimburse co-pays, deductibles, or coinsurance for prescription drugs if the beneficiary is:

- Enrolled in a Medicare Part D plan and the prescription drugs are considered Part D drugs.
- Eligible to join a Medicare Part D plan but chooses to retain his commercial insurance in place of the Medicare Part D plan, and the prescription drugs are considered Part D drugs.

If a beneficiary joins a Medicare Part D plan that has a premium more than the Medicare standard premium established for Michigan, the beneficiary must pay the difference in the cost that Medicare does not pay. Nursing facilities cannot offset the patient-pay amount for insurance premiums.

Medicaid does allow (per Social Security Act) nursing facilities to offset a beneficiary's patient-pay amount for a beneficiary's deductible, coinsurance, or co-pays.

Medicaid does allow nursing facilities to offset a beneficiary's patient-pay amount for drugs not covered by Medicaid, Medicare Part D, or commercial insurance. (Refer to the Michigan Medicaid Provider Manual, Nursing Facility Coverages Chapter, Section 8.5.)

Billing instructions for offsetting the patient-pay amount are contained in the Michigan Medicaid Provider Manual, Billing & Reimbursement for Institutional Providers Chapter, Section 8.2.C. Value Code 25 is used to offset pharmacy prescription drugs.

If you have any questions regarding this letter, please contact Provider Support at 1-800-292-2550 or e-mail providersupport@michigan.gov.

Sincerely,

A handwritten signature in black ink that reads "Paul Reinhart".

Paul Reinhart, Director
Medical Services Administration