CHAPTER 8
SECTION 26.1

PHARMACY BENEFIT FOR MEDICARE ELIGIBLES AGE 65 AND OVER - BRAC AREA

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I. DESCRIPTION

Prior to a Base Realignment and Closure (BRAC) action, MHS beneficiaries may have been dependent on the MTF pharmacy for their prescribed medications. The MHS beneficiaries include those individuals who are age 65 and over who are eligible for Medicare Part A. Such individuals are not eligible for TRICARE/CHAMPUS benefits. In most instances, Medicare does not provide for prescription drugs.

II. POLICY

DoD will continue to provide prescription drugs to Medicare eligible beneficiaries age 65 and over who are not eligible for TRICARE/CHAMPUS solely because of their eligibility for Part A of Medicare and who either reside in the BRAC area or who have demonstrated that they were dependent on a former MTF pharmacy for their prescription drugs.

III. POLICY CONSIDERATIONS

A. The contractors shall determine from either the residence of the beneficiary or from the Defense Enrollment Eligibility Reporting System (DEERS) Alternate Care Flag of "W" if the beneficiary is eligible to have his/her prescription drug claims reimbursed. If the beneficiary does not reside within the ZIP code area of the BRAC site, the beneficiary must have the DEERS Support Office (DSO) establish entitlement for the payment of the prescription drugs. DSO will then establish the Alternate Care Flag of "W" as part of the beneficiary's DEERS record. Effective March 24, 1996, DEERS will show the eligibility for the BRAC Pharmacy Benefit with a new field, BRAC Pharmacy. The BRAC Pharmacy field will indicate whether the Medicare eligible over age 65 is authorized for the BRAC Pharmacy benefit.

B. The contractor shall direct to DSO any beneficiary who does not reside in the BRAC site area and who is attempting to establish eligibility to the BRAC pharmacy benefit based on former dependence on the MTF pharmacy. DSO is the only recognized entity authorized by the Assistant Secretary of Defense, Health Affairs, to authenticate eligibility for the BRAC pharmacy benefit and enter the appropriate Alternate Care Flag of "W" for qualified Medicare eligible beneficiaries age 65 or over.

C. The prescription drugs must be purchased from a network pharmacy. Claims from non-network pharmacies shall be denied. Prescription drugs purchased from a network pharmacy on or after the effective date of the closure of the MTF pharmacy for beneficiaries residing in the area shall be processed by the contractor. For Medicare eligible beneficiaries age 65 and over who do not reside in the BRAC area but who can demonstrate a dependency on the former MTF pharmacy for prescription drugs, the prescription drug benefit shall be effective on October 1, 1995, or on the actual date of the closure of the MTF pharmacy, whichever is <u>later</u>.

D. The prescription drug claims for Medicare eligible beneficiaries age 65 and over will be reimbursed in accordance with the applicable reimbursement sections of the Policy Manual, and Operations Manual. the contractor shall use any rates or discounts negotiated with the network pharmacy for the reimbursement of these claims. The cost-share shall be twenty percent (20%) of the allowable charge, and there shall be no deductible applied or credit to a catastrophic cap.

E. The claims shall be processed without the application of any utilization edits. The claims shall be reported on separate and distinct vouchers. The Health Care Service Records (HCSRs) shall be reported using the Special Processing Flag of “U”, Medicare Pharmacy Claim.

F. The Medicare eligible beneficiaries age 65 and over will not be given formal appeal rights. However, the contractor shall conduct reasonable charge reviews upon request of either the beneficiary or the pharmacy.

G. For each claim processed, the Explanation of Benefits (EOB)/Summary Voucher shall have a message stating, “This claim is for a Medicare, not a TRICARE/CHAMPUS eligible beneficiary. No appeal rights are available. Please contact us if you have any questions”. For each claim denied based on eligibility, the EOB shall have a message stating, “Eligibility for Medicare pharmacy benefit not established. Contact DEERS Support Office (DSO) for assistance”.

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