

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT202685 MAY 28, 2026

IHCP announces pharmacy exclusion for Medicare-eligible members

The Indiana Family and Social Services Administration (FSSA) is sharing information on the Pharmacy Medicare Part D Exclusion. Per *United States Code 42 USC Section 1396u-5(d)(1)*, Medicaid is prohibited from paying for Medicare Part D-eligible prescription costs for those who are eligible for Medicare. Currently, the Indiana Health Coverage Programs (IHCP) has covered these costs under Medicaid for some members but will discontinue this practice.

Medicaid members who are age 65 and 4 months or older and currently not enrolled in, but eligible for Medicare Part D, will be receiving a one-time notice from the IHCP on or after June 1, 2026.

The notice explains the need to apply for Medicare benefits to ensure ongoing coverage for the cost of their Medicare Part D-eligible prescriptions. These notices are being sent to members who have had Medicaid paying for Part D-eligible prescriptions when Medicare should have covered the benefit.



What does this mean for members?

Members will have until Oct. 1, 2026, (approximately 120 days from the date of the notice) to apply for Medicare benefits and be enrolled in Medicare. Effective Oct. 1, 2026, Medicaid will no longer cover prescription costs that Medicare Part D would cover. The Office of Medicaid Policy and Planning (OMPP) will use an exception process for some members who apply for Medicare and are denied.

What does this mean for providers?

Effective Oct. 1, 2026, providers will no longer receive Medicaid reimbursement for members who are age 65 and 4 months or older and also qualify for Medicare but are not enrolled in Medicare, for their Part D eligible prescriptions. The IHCP will not recoup any past paid claims for these members. Providers will know when a member has an exception and Medicaid should be primary payer for prescription drugs.

The OMPP has implemented processes to comply with *42 USC Section 1396u-5(d)(1)* moving forward. On an ongoing basis, all members with a full-coverage Medicaid benefit package who are age 65 and 4 months and qualify for Medicare benefits but are not enrolled in Medicare, will no longer have their Part D-eligible prescriptions paid for by Medicaid.

What does this mean for members moving forward?

The IHCP will send notices to members near their 65th birthday explaining the requirement for enrollment in Medicare benefits, if eligible. Members need to act quickly when they receive this letter and apply for Medicare benefits. All members who are not enrolled in Medicare by age 65 and 4 months and who also qualify for Medicare benefits, will no longer have their Part D-eligible prescriptions paid for by Medicaid.

What does this mean for providers moving forward?

Providers need to ensure they are verifying the members' eligibility to have Medicaid pay for their Medicare Part D eligible prescriptions. The IHCP will recoup claims paid by Medicaid for Part D-eligible prescriptions for all members who are 65 and 4 months or older who also qualify for Medicare benefits, but who are not enrolled in Medicare. The OMPP will use an exception process for some members who apply for Medicare and are denied. Providers will know when a member has an exception and Medicaid should be primary payer for prescription drugs.



Some individuals applying for Medicare may not receive active coverage for several months due to processing timelines, so action is needed immediately.

Members denied Medicare coverage

Members who are denied Medicare coverage may send a copy of their denial notice by email to DSNP@fssa.in.gov or send a physical copy of the notice to Indiana Medicare-Medicaid Coordination, 402 W. Washington Street, Room W374, Indianapolis, Indiana 46204. Members determined to be ineligible for Medicare may receive an exception to these requirements. The OMPP reviews the Medicare denial reason and renders an exception decision based on the denial reason. Members who receive an exception will continue to have Medicaid pay their prescription costs.

Notices sent as informational only

The IHCP will also begin a monthly mailing to members who have a diagnosis of end-stage renal disease or amyotrophic lateral sclerosis (Lou Gehrig's disease). These letters will be informational only, notifying the members that they may be eligible to sign up for Medicare before they turn 65 and giving them information on how to do so.

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