

MARCH 8, 2004

**SCHAKOWSKY: BUSH ADMINISTRATION'S MISSTATEMENT OF THE DAY -
PRESCRIPTION DRUGS FOR SENIORS**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) issued today's "Bush Administration's Misstatement of the Day" on prescription drugs for seniors.

During his State of the Union address (1/20/2004), President Bush said about the Medicare drug law:

.seniors can choose to receive a drug discount card, saving them 10 to 25 percent off the retail price of most prescription drugs. But there is no guarantee that seniors would receive such discounts, according to a front page

Chicago Tribune

story (3/8/04) titled

"Drug Cards May Trigger Headaches."

For example, Gail Shearer of Consumers Union was quoted in the story as saying, "There are real questions about whether older people will get the discounts they are expecting."

Bush Administration officials do not contend with the claim that seniors may not receive those savings proclaimed by the President during his State of the Union address.

According to the *Tribune*:

Government officials are hoping the card-issuing companies won't change benefits frequently, but they cannot rule out the possibility. *"I suspect it may [happen] but I hope not often,"*

said Leslie Norwalk,

acting director of the Center for Medicare & Medicaid Services, who is the lead official overseeing the prescription drug program.

The

Tribune

added that ".the program is extremely complex. Benefits--including drugs covered, the extent of discounts and pharmacies accepting the card--will vary depending on the companies offering the cards. And every week, companies can raise or lower the discounts offered and change the drugs covered, government officials confirm."

Drug cards may trigger headaches

Medicare system will be complex

By Judith Graham

Tribune staff reporter

March 8, 2004

As the government prepares to roll out a vast new Medicare drug plan in June, consumer groups are warning that the program is so complicated that it promises to confuse many of the vulnerable older people who need it the most.

Seniors may also find that the first products available under the program--Medicare drug discount cards--fail to deliver the savings on prescriptions they are hoping for, consumer advocates and health care analysts caution.

Although the Medicare cards are intended to offer discounts of 10 percent to 25 percent, nobody knows what the savings will actually be. That's because private companies issuing the cards--insurance firms, HMOs and others--will be able to raise or lower discounts on a weekly basis.

Although the companies can make changes, seniors won't have that privilege: Once they sign up, they'll be required to stick with a single Medicare card for a full year.

"There are real questions about whether older people will get the discounts they are expecting," said Gail Shearer, director of health policy analysis for Consumers Union.

Government officials are hoping the card-issuing companies won't change benefits frequently, but they cannot rule out the possibility.

"I suspect it may [happen] but I hope not often," said Leslie Norwalk, acting director of the Center for Medicare & Medicaid Services, who is the lead official overseeing the prescription drug program. Competition between companies issuing the cards should serve as a deterrent, she said.

Beryl Clemens, 72, who lives in Chicago's Lincoln Park neighborhood, doesn't like the uncertainties associated with the new Medicare program.

"I don't think [these cards] are going to do most people any good," said Clemens, who belongs to Illinois' Circuit Breaker pharmaceutical assistance program.

Already, fraudulent marketing activities preying on seniors have begun. In some parts of the country, including Alabama, Georgia, Idaho, Nebraska, New York and Rhode Island, unscrupulous salespeople have been peddling unauthorized Medicare cards, according to government officials.

Cards are plan's 1st phase

When the real cards become available in June, they will mark the first phase of Medicare's new \$534 billion prescription drug program signed into law late last year. The cards will be available until 2006, when the second phase of the program--government payments for a portion of seniors' drug costs--gets under way and the discount programs end.

From consumers' perspective, the crucial measure of success for the new Medicare program is whether seniors get anticipated relief from escalating drug prices, which have led many to go without needed medication.

One-third of older people have trouble paying for medications, and three-quarters of those regularly cut back on doses to minimize expenses, according to a recent Associated Press poll.

In Chicago alone, experts anticipate that at least a dozen card companies will start barraging seniors with advertisements and sales pitches come May. Nationally, 106 organizations--including AARP, which already offers a separate drug discount card--have signed up to participate in the program. The list of final participants is to be announced by the end of March.

Letters to all 40 million Medicare beneficiaries informing them of the new cards and other program changes are expected to go out in several weeks, officials said.

"The thirst for information is incredible," said Norwalk, who has been attending town hall meetings across the country to explain the new drug benefits.

So is the need for public education. In a Kaiser Family Foundation poll released Feb. 26, 60 percent of seniors said they didn't understand the new drug program "too well" or "not well at all," according to the health care think tank.

The concept behind the Medicare cards is simple enough. Most seniors are expected to get discounts of 10 percent to 25 percent on prescriptions, which they will still pay for out of pocket. Enrollment fees should not exceed \$30, the government says. Insurance companies, HMOs and companies that manage drug benefits for employers will be among card sponsors.

In practice, however, the program is extremely complex. Benefits--including drugs covered, the extent of discounts and pharmacies accepting the card--will vary depending on the companies offering the cards. And every week, companies can raise or lower the discounts offered and change the drugs covered, government officials confirm.

'It's incredibly complicated.'

"Do we think people will be deeply confused? Absolutely," said Terri Gendel, advocacy director of Suburban Area Agency on Aging in Oak Park, which provides counseling services to seniors. "The hallmark of this entire program is that it's incredibly

complicated."

Hers is one of many organizations across the U.S. preparing written material and participating in community gatherings as the volume of queries about the Medicare program escalates.

In New York City, the Medicare Rights Center, an official Medicare help-line, is training as many as 60 additional volunteers to return phone calls to seniors. This month, it posted a new feature, "76 Things You Should Know About the New Medicare Drug Discount Cards," on its Web site.

One feature of the Medicare discount program is universally acclaimed. With \$600 in free drugs this year and next, low-income seniors who sign up for drug discount cards will get significant benefits.

A new coalition of more than 100 seniors organizations and grassroots groups, Access to Benefits Coalition, is mobilizing to sign up millions of seniors so they can receive this assistance.

Meanwhile, to help seniors understand their choices, the Medicare agency plans to put comparative benefits and pricing data for the discount cards on the Internet, updated weekly. Consumers will be able to plug in the prescriptions they use and get a list of Medicare cards that cover those drugs, along with anticipated discounts.

Because terms of each discount card can vary so significantly, however, "it'll be like comparing apples to oranges to avocados," said Robert Hayes, president of the Medicare Rights Center. He also said fewer than 20 percent of seniors have access to the Internet.

State cards in use too

Making matters even more complicated, the new Medicare cards will join a burgeoning number of state drug discount cards. Twenty states have approved programs; 11 are up and running, according to the National Conference of State Legislatures.

Illinois is among the newcomers. Its Illinois Rx Buying Club discount card was launched in January and has signed up 7,200 people. Another 57,500 seniors in Illinois' Circuit Breaker pharmaceutical assistance program have been automatically enrolled.

"The Medicare card will give seniors another option, but it shouldn't affect our program," said Abby Ottenhoff, spokeswoman for Gov. Rod Blagojevich. Consumers can use either card--but not both for the same purchase--to get the best price on drugs, she said.

That may be an optimistic assessment. If seniors flock to the Medicare cards instead of the Illinois card, Illinois' ability to negotiate favorable drug prices with pharmaceutical companies could be compromised.

Still unclear is one of the foremost questions in Illinois' seniors minds: how the federal Medicare drug program will interact with two other state drug assistance plans, the Circuit Breaker and Senior Care programs. Both are for low-income elderly.

Circuit Breaker is entirely funded by the state. Senior Care, with about 170,000 members, is jointly funded by the state and the federal government. Seniors who belong to either program get better benefits than the Medicare cards will offer and should stick with them, said Gendel of the Suburban Area Agency on Aging.

But both programs are vulnerable to the perception that the federal government is taking care of drug coverage for seniors, opening the potential for the state to pull back support, said state Sen. Steven Rauschenberger (R-Elgin).

Cecilia La Porta, 67, who lives in Harwood Heights on a pension of about \$18,000 a year, is among many older people who are anxious about the changes.

"All I know is, I'm frightened to death," said the retired chemical engineering company worker, who takes medications for severe osteoporosis and high cholesterol and is enrolled in Circuit Breaker.

"What if Illinois cuts back on its programs? What would I do? What Medicare says it plans to offer, I couldn't pay for that."

In addition to these state programs, scores of drug companies offer discount programs and cards, many with price breaks that exceed those available with Illinois' card or expected for the Medicare cards.

That enhances the potential for "a little old lady coming to a pharmacy with five different [discount drug] cards in her wallet, and asking the pharmacist 'Which one should I use?'" said Stephen Crystal, chair of the Institute for Health Care Policy at Rutgers University and author of a recent report on pharmaceutical aid programs.

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Medicare drug discount cards criticized

The federal government in May will offer Medicare drug discount cards through partnerships with private firms, including HMOs and drug companies. Health-care analysts say the inconsistency of the cards will create potential for fraud and confuse consumers.

A complex formula

Enrollees will be offered various card options but will have to select one. A list of cards will be available in April at www.Medicare.gov or 800-633-4227.

- Each card will offer discounts on a separate list of drugs.
- The drugs and prices on a list can change weekly.
- Each card only will work at certain pharmacies.

Programs at a glance

Consumers also can enroll in programs through the state or private drug companies but cannot use those cards with Medicare cards on a purchase.

MEDICARE

BEGINS: Enrollment begins in May; program runs from June to the end of 2005.

ELIGIBILITY: People older than 65 or disabled. Singles with an annual income less than \$12,569 (\$16,862 for married couples) may qualify for a \$600 allowance.

DISCOUNT: Estimated at 10 percent to 25 percent.

ENROLLMENT FEES: Annual fee of no more than \$30. Fee will be waived for low-income seniors.

ILLINOIS RX BUYING CLUB

BEGINS: Program began in January.

ELIGIBILITY: Illinois residents who are over age 65 or disabled. There are no income restrictions.

DISCOUNT: Average of 20 percent to 30 percent.

ENROLLMENT FEES: Annual fee of \$25. Members of the state's Circuit Breaker assistance program enroll automatically.

DRUG COMPANY PROGRAMS

BEGINS: Various firms already offer drug cards. Several others sponsor a card called Together Rx.

ELIGIBILITY: To qualify for Together Rx, a person must be a Medicare enrollee with no prescription drug coverage and an annual income less than \$28,000 (\$38,000 for married couples).

DISCOUNT: Together Rx savings are estimated at 20 percent to 40 percent.

ENROLLMENT FEES: There is no fee for the Together Rx card.

Sources: Medicare.gov, Illinois Department on Aging, National Conference of State Legislators, Merck