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## New Drug Card Called Passport To Confusion

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WASHINGTON -- Senior citizens who sign up for the new Medicare prescription drug discount card will find the program confusing and could face "bait-and-switch" tactics, analysts say.

Low-income seniors will be the clearest winners under the program, advocates for seniors and consumers agree, because they will receive a subsidy to help them purchase medicines.

But Judith A. Stein, executive director of the Willimantic-based Center for Medicare Advocacy, said seniors will face "way too much complexity" as they decide whether to sign up for a discount card and which of at least 17 options available nationwide will best meet their needs.

Stein and other analysts said all Medicare beneficiaries could find the selection process difficult because:

Companies offering discount cards do not have to stick with the savings they initially advertise.

The law establishing the cards does not specify any base price to which the discounts must apply.

Card sponsors also can change the list of covered drugs, but Medicare beneficiaries will be locked into the card they choose until the end of the year.

Concern that some card sponsors may change card benefits has added fuel to the controversy that continues to swirl around the legislation President Bush signed into law nearly five months ago overhauling Medicare, the huge federal health program for the elderly.

"The [card] regulations foster bait-and-switch schemes by sponsors," said Dee Mahan, deputy director of health policy at the consumer group Families USA.

Aimed primarily at seniors who have no prescription drug insurance, the cards are expected to have limited appeal after enrollment begins May 3. This year, officials expect 7.3 million people to enroll - fewer than 20 percent of Medicare's 41 million beneficiaries.

In Connecticut, seniors participating in ConnPACE, the state pharmaceutical assistance program, will be required to obtain a Medicare discount card if they fall under certain income thresholds.

U.S. Health and Human Services Secretary Tommy G. Thompson hails the arrival of the discount cards. "This is going to have a tremendous impact [on prices] across the board," said Thompson, who has widely touted estimates that the cards

will knock 10 percent to 25 percent off the prices seniors will pay for prescription drugs starting June 1.

### **A Boost For The Poor**

Despite other concerns, many analysts applaud a feature of the program that will provide low-income Medicare beneficiaries with a \$600 annual subsidy to help them pay for prescription drugs. Individuals with incomes up to \$12,569 a year and married couples with incomes up to \$16,862 a year will qualify for the subsidy - as long as they are not enrolled in Medicaid, the state-run health program for the poor. Medicare officials expect that 4.7 million seniors will qualify this year.

The subsidy will be available this year and in 2005. The card program will end Jan. 1, 2006, when a broader Medicare prescription drug benefit is scheduled to replace it.

Medicare also will waive the annual \$30 discount card enrollment fee for those who qualify for the subsidy.

"This is very significant help for those who need it most," Thompson said.

Patricia Newman, a Medicare expert at the nonpartisan Kaiser Family Foundation, agreed. "The \$600 subsidy is real dollars to help people," she said.

But Mahan, the Families USA analyst, cautioned that rising prescription drug prices will erode the subsidy and the discounts. A Families USA study shows that drug prices have increased at more than three times the rate of inflation since the president first proposed the discount card program in 2001, Mahan said.

### **Frequent Changes**

The discounts are one of several reasons that advocates for seniors and consumers say the Medicare cards are too complex. The law establishing the cards does not require card sponsors to pass along all the savings they negotiate with pharmaceutical manufacturers, Stein said. In addition, several analysts pointed out that card sponsors may change the discounts as often as once a week.

"The potential for confusion is enormous," said Gail Shearer, health policy analyst for Consumers Union, because seniors cannot be sure how much of a discount they will receive. Shearer said the discounts could end up being less than Medicare has projected. "Even 10 percent might be optimistic," she said.

A study by Juliette Cubanski, a Harvard University health policy doctoral candidate, and two colleagues estimated the savings will average slightly more than 17 percent for all drugs, with the discounts on generic drugs running nearly three times those on brand-name medicines. The study, published in the online version of the journal *Health Affairs*, said the discounts will be about 1 percentage point higher for low-income beneficiaries because they use a less costly mix of drugs.

A second potential problem is that card sponsors will be free to change the list of covered drugs, known as a formulary, as often as weekly. Card sponsors must promise to offer three drugs in each of 209 classes of drugs, but there is nothing to prevent the sponsors from changing the drugs they cover, said Michael McMullen, deputy director of Medicare's Center for Beneficiary Choices.

Thompson promises that Medicare officials will closely monitor card sponsors for signs of unnecessary changes in prices or covered drugs. Also, he said, card sponsors will have an incentive to maintain stability because they will want to keep subscribers next year and because changes will be posted on a public Internet site.

### **'It's Up To You'**

Some analysts said Medicare beneficiaries could have difficulty deciding whether to participate in the discount card program. "It's up to you to figure out where to find the best deal," Consumer Reports magazine told readers in its May issue. That could be with a Medicare discount card, one of numerous non-Medicare cards available from drug manufacturers, pharmacies and other sources, or private insurance.

AARP advised members: "If you already have adequate drug coverage or are getting better savings through other cards, an assistance program or mail order from abroad, this card may not be worthwhile. If you currently pay full retail price or your drug coverage doesn't meet all your costs, a card could help up to a point. If you're eligible for the low-income credit, a card will have real value."

Thompson says comparison shopping will be easy because Medicare beneficiaries will be able to log onto an Internet site - [www.Medicare.gov](http://www.Medicare.gov) - and get a list of up to 25 drug prices and pharmacies available in their neighborhoods.

For those without Internet access, Medicare has established a toll-free number - 1-800-Medicare - at which beneficiaries can get the same information 24 hours a day. Medicare has hired about 950 new service representatives to answer the 12.8 million calls it expects this year.

Stein, the Center for Medicare Advocacy official, questioned how much help either option will be. She estimated that 5 percent of low-income Connecticut Medicare beneficiaries have a home computer and said the phone-in service could be confusing. A recent study by the Institute of Medicine, an arm of the National Academy of Sciences, found that 90 million Americans -nearly half the nation's adult population - have difficulty understanding and using health information. Older adults were among those with the greatest problem, the study said.

In Connecticut, about 26,500 ConnPACE participants, 48 percent of total enrollment, will be required to obtain a free Medicare discount card. They are individuals with annual incomes up to \$12,569 and couples with annual incomes up to \$16,862. The current maximum co-payment of \$16.25 per prescription will be maintained, but ConnPACE participants who are below the income thresholds could pay less in some cases by using the Medicare discount card, state officials said.

Federal officials have authorized states to enroll low-income members of drug assistance programs such as ConnPACE for free in the Medicare discount card program if they do not sign up themselves. Connecticut will save about \$17.5 million by linking the Medicare discount card and ConnPACE programs, state officials said.

Some experts in Washington believe the Medicare discount cards will become so popular that Congress will come under pressure to maintain the program after 2005. "There is no good reason to shut down the entire operation and deprive seniors of a personal choice," said Robert E. Moffit, health policy analyst at the Heritage Foundation.

Sen. Edward M. Kennedy, D-Mass., disagreed. "The administration's discount cards are no substitute for a meaningful program to reduce the exorbitant prices Americans pay for prescription drugs," he said.

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