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FOCUS: HEALTH CARE

Medicare drug cards a good deal?

Financial advantages of complicated plan vary greatly among senior citizens

By HENRY L. DAVIS
News Staff Reporter
7/26/2004

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Derek Gee/Buffalo News
Joanne Danner of Cheektowaga says the small amount of money she saves with her Medicare drug discount card still makes a difference in her monthly budget.

Nearly two months after introduction of the new Medicare drug discount cards, one thing is clear: The program is very helpful, of little help and of no help at all.

Which one is it? That depends on whom you ask.

Confused yet?

So are the many senior citizens still trying to figure out what the drug cards are all about.

"I was going helter-skelter trying to make sense of this," said Marguerite Robertson, reflecting on the intimidating task of choosing a card.

A little advice: Don't be the umpteenth person to tell her the information is available on the Internet. At 90, the Williamsville railroad retiree is not interested in hooking up a computer.

Still, determined to know more, Robertson attended a seminar and sought the opinions of others. With a lot of guidance, she recently applied for a card that should shave about \$20 from her monthly medication costs.

To be sure, the discount doesn't seem like much - a common complaint about the program. But Robertson, who lives on a modest fixed income, doesn't scoff at it.

The card represents the first assistance with skyrocketing prescription costs ever offered under Medicare, the federal health plan for the elderly.

"I don't have any prescription coverage. For me, even a few dollars off is a help," she said.

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As of June 1, elderly Medicare recipients who pay up to \$30 for one of 73 drug cards offered by different organizations could start receiving discounts. Low-income seniors also can obtain \$600 to spend toward prescriptions if they have no other health insurance and their incomes don't exceed \$12,568 a year for an individual and \$16,862 for a couple.

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Drug list can change

Here's the tricky part: The discounts vary, depending on the drug, the card sponsor and the pharmacy where the medications are purchased. What's more, companies that offer the cards can change their drug list and the discounts, but enrollees can only get one card in a calendar year.

And, by the way, don't bother to store the details in long-term memory. The discount program is an interim step until the government puts in place a permanent drug benefit, which is supposed to begin Jan. 1, 2006.

So far, 3.9 million seniors, roughly half of them automatically enrolled under their own private health plans, have signed up to receive a card, according to the federal Centers for Medicare and Medicaid Services.

The government projected that 7.4 million of the nation's 41 million Medicare beneficiaries would apply for a card. Of those, it's estimated 4.7 million are eligible for the \$600.

The Bush administration has voiced reluctance to automatically enroll poor people in the program. In published reports, federal officials have said they don't want to limit people's choice of cards.

But others disagree, pointing out that seniors already in Medicare HMOs were automatically enrolled.

"We strongly support enrolling anyone who already is eligible for the \$600 subsidy," said Deane Beebe, spokeswoman for the Medicare Rights Center.

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Mixed reviews

How good a deal can you get with the cards?

Well, barely a week goes by without the release of a new study suggesting that the program is either saving people a bundle of cash or hardly anything at all.

A few examples:

- Dr. Mark McClellan, administrator of the Centers for Medicare and Medicaid Services, testified July 19 before the Senate Committee on Aging that seniors are enjoying discounts ranging from 11 percent to 18 percent for brand-name drugs and 35 percent to 65 percent for generic drugs.

He also said the agency had improved its Web site to make it easier to choose a card. Seniors without computer access can call (800) MEDICARE.

- A report by the conservative American Enterprise Institute found that prices could be cut as much as 75 percent for low-income seniors who use generics instead of brand-name medications.

- A Consumers Union study sponsored by the California HealthCare Foundation concluded

that some consumers, particularly those with existing coverage who don't spend much on drugs, are unlikely to achieve additional savings. Others, particularly people with traditional Medicare only and those who spend more than \$1,000 on prescriptions a year, should consider the cards.

- Democrats on the House Committee on Government Reform, looking at Nassau County, issued a report that said Medicare beneficiaries could save more on prescription drugs by purchasing them in Canada or through Veterans Affairs.

- Likewise, Rep. Benjamin Cardin, D-Md., examined prices in Maryland for 10 drugs commonly prescribed to seniors. He found negligible savings compared to prices in Canada and Internet pharmacies.

"Everyone can be right about this depending on what drugs they look at and where they were purchased. You can't make generalizations about this program except that it's way too complicated," said Vicki Gottlich, a lawyer with the Center for Medicare Advocacy, a national organization that has been critical of the design of the discount card program.

Drug prices keep rising

Amid the conflicting reports, drug prices continue their steep rise.

AARP, in a recent study, found that price increases for the 197 prescription drugs most frequently prescribed to people 50 and older averaged 7.2 percent in the 12 months ending March 31, more than triple the 2 percent rate of overall inflation.

Although low-income seniors clearly can benefit from the program, an informal survey among the elderly found mixed reaction to the cards.

"Whether and how much it helps is going to vary from person to person," said Lynette Walker, a social worker at the Amherst Senior Center.

A visitor at the busy Cheektowaga Senior Center on Broadway last week polled several dozen seniors during lunch hour about the program. Not one had bothered with the cards. They already had some insurance coverage for medications.

"I know of no one with a drug card, and I am in the business of knowing," said Darlene Senft, an outreach worker at the center. "They don't see the savings."

Elsewhere, Howard Garber of Getzville typified another group of seniors - those who don't have prescription coverage but find better deals in Canada or from Internet and mail-order pharmacies.

"For me, it's still cheaper to go to Canada," said Garber, who can buy generic Glucophage for diabetes at one-fourth the price in the United States.

"Not everything has that kind of spread, and not every drug is available across the border. But it's still a better deal," he said.

Others, like Joanne Danner of Cheektowaga, consider the new cards valuable.

Her monthly savings for five prescriptions is not big, around \$30 a month, but it makes a difference to her.

"When you live on a small, fixed income, that modest savings adds up," she said.

Danner was automatically enrolled along with the rest of the 24,300 members of Encompass

65, the Medicare HMO marketed by Independent Health.

The health maintenance organization, which waived the drug card fee for members, is the only local HMO that is sponsoring a Medicare drug card. The other health plans have their own medication programs.

Independent Health officials say that the federal program is allowing them to pass along discounts the HMO receives from pharmaceutical manufacturers at the point of service, which they couldn't do in the past.

Another option cited

On average, Encompass 65 members are receiving discounts of about 30 percent on brand-name drugs and 59 percent on generic drugs, said John Rodgers, director of pharmacy.

"Manufacturers have increased their wholesale prices, but prices go up every year. We have no control over that," he said.

Consumer advocates advise those who don't qualify for the low-income benefits of the new cards to check out other options, including drug manufacturers' discount cards.

Another good option is EPIC, the state's prescription drug program.

More than 100,000 low-income seniors enrolled in Elderly Pharmaceutical Insurance Coverage were automatically enrolled in a Medicare drug card sponsored by First Health Services Corp. Higher income individuals may also find deals.

Having EPIC can reduce prescription co-payments even further, although EPIC enrollees with deductibles can't apply their Medicare discount to pay the deductible.

"It's not easy to do. But to save the most money, you have to use as many programs as you can. Shop around for the best deals on each drug," said William Daniels, a health insurance expert in Erie County's Senior Services Department.

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