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In my clinic, the questions are starting to flow about the Medicare Prescription Drug Cards. The information in our community is confusing, at best. Michael Powe, AAPA Director of Health Systems & Reimbursement Policy published a review in the May 30, 2004 issue of the AAPA News. The article is reprinted with Mr. Powe's permission. I encourage everyone to review the information on the Medicare website. The price of prescription medication is a very important issue to our elderly patients. We owe it to them to have some up-to-date information available.

Prescription Drug Card to Offer Savings to Medicare Beneficiaries

By Michael L. Powe

Beginning June 1, Medicare beneficiaries will have access to a Medicare-sponsored prescription drug discount card that is expected to reduce the cost that beneficiaries pay for prescription drugs by up to 15 percent. Savings will vary based upon the specialty plan selected. Based on legislative provisions contained in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173), the prescription drug discount card is the first of a two-tiered process aimed at making prescription drugs more affordable and accessible for Medicare beneficiaries.

The prescription drug discount card, administered by the Centers for Medicare and Medicaid Services (CMS), the federal agency that administers the Medicare program, will be available to all Medicare beneficiaries, except those who already have prescription drug coverage under Medicaid. Coverage under the discount card program is not automatic. Medicare beneficiaries will have the option of enrolling in the Medicare Prescription Drug Card program. Beneficiaries in all 50 states and the District of Columbia will have at least two drug card programs from which to choose. The enrollment fee to obtain the drug card can be no more than \$30 annually. Enrollment in the program was scheduled to begin on May 3.

An additional feature of the discount drug card program is a \$600 credit or subsidy given to beneficiaries with incomes not more than 135 percent of the federal poverty level (\$12,123 for single beneficiaries and \$16,362 for married couples). Beneficiaries may use this credit to pay for their prescription drugs. Also, there is no enrollment fee for those who qualify for the \$600 credit.

Nearly all prescription drugs that are available at retail pharmacies will be eligible for discounts under the program. If the discount card program uses a formulary, at least one drug in each of 209 categories must be offered. Syringes and medical supplies for insulin

injections are also covered. Drug card programs may choose to offer generic pharmaceuticals and pass additional savings to cardholders.

On March 25, 28 private entities were approved by Medicare to offer prescription discount cards. These entities consist of insurance companies, pharmacy benefit management organizations, community pharmacies, and others. Some card sponsors will offer more than one program. In addition Medicare managed care plans currently are offering discount cards exclusively to beneficiaries enrolled in their health plans.

Entities offering discount drug cards will be required to post their prices on the Internet. This price comparison Web site will allow beneficiaries to compare drug costs and other plan features, creating competition among discount card plans.

The prescription drug discount card is a temporary program intended to provide beneficiaries with modest relief from the high cost of pharmaceuticals until the more comprehensive Medicare prescription drug benefit goes into effect in January 2006. The discount cards will be discontinued on December 31, 2005, but the final phase-out of the cards may not be complete until May 2006.

A number of pharmaceutical manufacturers also offer private drug discount cards. Beneficiaries are allowed to enroll in the Medicare-sponsored drug card program and keep their private discount cards to maximize their savings. At this time, it is unclear if the privately offered cards will be modified in light of the Medicare-approved card program.

Medicare will use multiple methods to provide additional information and a comparison between the different drug card programs. A publication entitled Guide to Choosing a Medicare-Approved Drug Discount Card is available from Medicare. Interested individuals may also call Medicare at 800-Medicare or go to the Medicare Web site, www.medicare.gov, for additional information about the program.