

MEDICARE PRESCRIPTION DRUG LAW

On December 8, 2003, President George W. Bush signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003. This act will immediately provide Medicare beneficiaries with discounts on their prescription drugs as well as provide comprehensive Medicare prescription drug coverage effective January 1, 2006. Starting in the Spring of 2004, as an important first step towards comprehensive Medicare prescription drug coverage, Medicare beneficiaries will be able to enroll in a Medicare-approved discount card program (The Discount Card) that will offer discounts on their prescription drugs. If your Medicare patients raise questions about the Discount Card, you should suggest they visit www.medicare.gov and select "Prescription Drug and Other Assistance Programs" or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-800-486-2048. For a summary of the Discount Card Program visit www.cms.gov/discountdrugs/overview.asp.

Quick Facts About The Discount Card

- The Discount Card is a new important first step toward a prescription drug benefit for Medicare beneficiaries. The Discount Card is not a comprehensive Medicare prescription drug benefit.
- The Discount Card is a voluntary program and is slated to begin six months after the Medicare Reform bill is signed into law.
- The Discount Card is intended as a temporary program to provide immediate assistance in lowering prescription drug costs for Medicare beneficiaries during 2004 and 2005 and will end when Medicare implements a new, comprehensive prescription drug benefit that will begin January 1, 2006.
- The Discount Card is designed to provide Medicare beneficiaries access to discounts on their prescription drugs through enrollment in card programs offered by sponsors approved by Medicare.
- All Medicare beneficiaries are eligible for The Discount Card, except for those who have Medicaid drug coverage. Certain enrollees may also qualify for as much as \$600 to help them pay for prescription drugs. Eligibility for this assistance will be based on a beneficiary's income and whether he or she already has any other prescription drug coverage. Individuals whose income is less than \$12,124 each year or married couples whose income is less than \$16,363 may qualify for this special help.
- The Discount Card is only one of a number of programs available to help Medicare beneficiaries receive discounts on the price of their prescription drugs.
- Discount cards that are approved by Medicare will display a Medicare-approved mark on the card.
- Seniors who choose to enroll in a prescription drug plan will have 75 percent of the cost of their drugs covered (after meeting a \$250 deductible), and be responsible for 25 percent coinsurance, up to \$2,250 in total spending. Once an enrollee's out-of-pocket spending reached \$3,600 in any year, the plan would pay for 95 percent of each prescription, and the enrollee would be responsible for 5 percent or a small co-payment.

- Seniors now paying the full retail price for prescription drugs will be able to cut their drug costs roughly in half in exchange for a monthly premium of about \$35. In many cases, they'll save a total of more than 50% on what they pay for prescriptions.


Concerns for African American Medicare Beneficiaries

According to a report from the Congressional Black Caucus Foundation entitled "Structured Inefficiency: The Impact of Medicare Reform On African Americans" written by Dr. Maya Rockeymoore and Laura Hawkison, the concerns for African American Medicare beneficiaries are:

- The loss of a federal match for selected Medicaid wrap-around coverage leads to reduced drug benefits for dual eligibles, individuals that qualify for coverage through both Medicare and Medicaid. African Americans make up about 10 percent of all Medicare beneficiaries, they comprise 20 percent of dual eligibles.
- Means testing weakens Medicare, by turning it into a social welfare program that is vulnerable to future attack.
- While the low-income benefit plan offers inexpensive coverage at present, costs to recipients are expected to rise steadily—a real threat to those on a fixed income.
- The Medicare bill contains cost-containment provisions that allow coinsurance costs to rise as the costs of pharmaceuticals increase.
- The non-negotiation clause prevents Medicare from securing deals with pharmaceutical companies to provide drugs at lower costs to beneficiaries.
- Pharmacy networks created by private plans may reduce access to convenient pharmacies.
- The doughnut hole or period of zero drug coverage, until total drug spending reaches \$5,100; leaving many African American beneficiaries above 150% of poverty with a large coverage gap that cannot be filled with Medigap.
- A minute provision of the new law prohibits Medigap insurers (who offer supplemental plans to Medicare recipients) from offering coverage for the doughnut hole or any other cost-sharing measures. As a result, beneficiaries without employer-based supplemental insurance will face a substantial coverage gap.
- Drug formularies are subject to change and may not cover drugs important to African Americans. Health outcomes and the quality of care for African Americans could be severely compromised by formulary restrictions.

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