



The Medicare Prescription Drug Program

It's off to a confusing and expensive start.

Medicare started covering prescription drugs through the new Part D program in January, when low-income “dual eligibles” (Medicare beneficiaries who also qualify for Medicaid) were transferred from Medicaid to Medicare drug coverage. By all accounts, this transition was not smooth. Many beneficiaries lost access to necessary drugs, and states were compelled to set up emergency programs that paid for these medications out of state budgets. This was only the beginning of the problems associated with this new benefit.

Enrollment deadlines. On May 10, ANA representatives participated in a press conference highlighting ongoing problems with the Part D prescription drug benefit. This press conference, organized by House Minority Leader Nancy Pelosi (D-CA) and Senate Minority Leader Harry Reid (D-NV), was designed to pressure the Centers for Medicare and Medicaid Services (CMS) into extending the May 15 deadline for Medicare beneficiaries to register for Part D.

The ANA expressed concern that many Medicare beneficiaries have been confused by the maze of choices involved in the new outpatient drug benefit, and that this confusion is causing financial and health care problems. Concerns were heightened by the fact that the CMS manual *Medicare and You* contained critical flaws in the description of the drug plans. In addition, the Government Accountability Office has reported that the CMS documents describing the program are overly complex and that the Medicare call center

provided incorrect answers to questions on the cost of the drug plans 59% of the time.

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The CMS ultimately opted to extend the enrollment deadline for a select group of beneficiaries. The following Medicare beneficiaries are eligible for this special enrollment period, which ends on December 21, 2006:

- low-income beneficiaries who are eligible for extra help from Social Security to pay for Part D deductibles, premiums, and copays (individuals with incomes below \$14,355 per year, or \$19,245 per year for a couple)
 - those who move permanently outside their Part D plan's service area
 - those who resided in certain zip codes affected by Hurricane Katrina
 - those whose Part D coverage is terminated or whose plan goes out of business
 - those who lose their prescription coverage from an employer or union
 - those whose decision not to enroll was the result of an error of a federal employee or federal contractor
- Beneficiaries who are newly eligible for Medicare will be able to enroll in a drug plan without penalty until three months after their eligibility date. All other Medicare beneficiaries who failed to enroll in a drug plan before May 15 will be able to enroll for 2007 coverage between

November 15 and December 31, 2006. These beneficiaries will pay higher premiums for the rest of their lives. With some exceptions, the penalty for signing up late is an extra 1% of the national average premium for drug coverage for each month delayed.

“Doughnut hole.” The CMS is now bracing for a significant public relations hurdle when millions of Medicare beneficiaries reach the so-called doughnut hole in Part D coverage. The vast majority of beneficiaries (more than 11.8 million) have plans that contain this gap. Under these plans, individuals will be responsible for all of their prescription drug expenses once their annual drug expenditures reach \$2,250. At that point, the plan stops paying for any medications and requires members to pay another \$3,600 before coverage resumes. Even while the Part D plans aren't paying for their drugs, beneficiaries must continue to pay their monthly premiums. Experts estimate that 5.3 to 6.9 million beneficiaries will fall into this hole.

Born of budget pressures and politics, this coverage gap was one of the main reasons that the ANA opposed the legislation for the Medicare Part D benefit. The ANA maintains that the Medicare prescription drug benefit should be improved to ensure that all Medicare beneficiaries have affordable access to needed medications. Gaps in coverage create barriers to access and run contrary to the mission of the Medicare program. You can follow the ANA's activities to improve the Medicare Part D Program at www.ana.org.

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