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Columnists



Saul Friedman

FAMILY & RELATIONSHIPS

Here we go, down the hole, chasing a Part D drug plan

January 14, 2006

Welcome to 2006, when millions of older Americans will be falling down the doughnut hole, searching for new adventures in Medicareland, where things are "curiouser and curiouser."

Despite the pleas of 43 million Medicare beneficiaries for a prescription drug benefit, the federal Centers for Medicare and Medicaid Services says less than

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5 percent (1 million) of the 21 million eligible Medicare beneficiaries with little or no drug coverage had enrolled in a Part D prescription drug plan as of Jan. 1.

In a misleading announcement that was close to a lie, CMS said that 21 million Medicare beneficiaries now have drug coverage. But 20 million already had coverage from former employers, the VA, their HMOs and other sources. That means 95 percent of Medicare beneficiaries who need coverage have yet to decide whether and how to enroll. During the first 1 months after passage of original Medicare in 1965,

93 percent of those eligible had enrolled.

No one knows yet how many of the 6.4 million "dual eligibles," poor or disabled Medicaid beneficiaries also eligit Medicare, were automatically switched from Medicaid to Part D on New Year's Day, as the law required, without missing their vital medicines. My guess is that thousands of the sickest and most vulnerable people were not successfully switched and will be desperate for their medications. But CMS, at the Department of Health and Hu Services, has not figured out what to do to tide over such people. After the dual eligibles are switched, they can't get their own drug coverage. Although Part D is supposed to be voluntary, if a dual eligible does not enroll in Part D, she would lose Medicaid coverage for other health services.

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If you have health insurance from a former employer and you signed up for Part D drug coverage, be careful; your dependents could lose all your health coverage. Companies and unions that took subsidies to continue retiree coverage will not receive the subsidies for retirees who join Part D. Therefore, they will end all retiree health beneficiaries and their covered spouses and dependents if the retiree signs up for Part D - and they might not tell you. So check with your former employer and, if necessary,

disenroll from Part D.

To make matters worse, a dual eligible's family could lose all their retiree coverage without knowing it if he or she automatically signed up for Part D. Many of those beneficiaries are in nursing homes. Again, if your family is getting retiree health coverage, check with your former employer and, if necessary, quit Part D.

Vicki Gottlich, a Washington attorney for the Center for Medicare Advocacy, along with the National Senior Citizens Law Center and the Medicare Rights Center, has asked Congress and CMS to delay the May 15 deadline for enrollment through the end of 2006, and to delay or abandon penalties for signing up after the deadline, to give the program time to work out the worst kinks.

They told Medicare: "This situation has a particularly severe impact on dual eligibles who are auto enrolled in Part D and whose spouses count on their retiree benefits for all health coverage.... Employers have no obligation to inform their retirees and current employees about the loss of health benefits."

Gottlich said there may be an effort when Congress reconvenes to relax restrictions on getting extra help for about 10 million poor, non-Medicaid beneficiaries whose income is below the limits (\$12,920 for a single person and \$17,340 for a couple) needed to qualify for low-cost benefits but whose savings are too high. The savings limits are \$11,500 individual and \$23,000 for a couple.

But Gottlich doubts this Congress or President George W. Bush will deal with the fundamental reason for these problems. As correspondent Margaret Warner said recently on PBS' "NewsHour," "There's no standard government-designed plan" administered by Medicare. "Instead, enrollees have to choose from dozens of plans offered by private insurers, with different deductibles, co-pays and lists of authorized drugs."

Some Democrats want to modify the privatization aspects of the law by having at least one standard plan run by Medicare. But that would mean competition for private companies from the more efficient Medicare system, which could use its purchasing power to drive prices down. The Republicans and the drug companies who bought them don't want to hear of it.

So, as reader Edwin Berlin, formerly of Huntington, writes from San Diego, Part D is filled with "Alice in Wonderland" absurdities: "It aims to help seniors lower their medical costs, but it's run by private insurers whose primary goal is profit.... Some insurers advertise low monthly fees and no deductibles. But their co-pay drug charges are excessive. Some insurers increase their profit margin by placing normally preferred brand drugs in a nonpreferred category with higher co-pays."

The most popular plan is AARP's MedicareRx Plan, offered here by United HealthCare Insurance Co. of New York. It carries no deductible and charges a relatively low monthly premium (\$28.61). But a 30-day supply of most brand-name maintenance drugs (such as Celebrex, Paxil, Lipitor, Cardizem and Pravachol) for which there are no generics, cost \$28 to \$55. A 90-day supply, which costs three times as much, is no bargain, even through the mail. Generics cost \$5, but for some special and expensive drugs, beneficiaries must pay 25 percent of the cost. And AARP's formulary lists more than 100 drugs the insurance will cover only in limited amounts.

Reader Chet G. e-mails that Part D "has a hidden feature that permits insurance plans to restrict drug coverage with 'step therapy.'" That means the insurance company may arbitrarily substitute for a doctor's prescription a drug that costs the insurance company less. If it doesn't work or if the doctor or beneficiary protests, the insurer is supposed to cancel the change. In AARP's plan, several popular drugs are subject to step therapy.

"This could be dangerous to one's health," said Berlin. "The physician prescribed the original drug for a medical reason, not a profit-based one."

Finally, a Long Island physician friend suggests a way to enroll in Part D to escape the late-enrollment penalty, a 10% surcharge on premium for each year after age 65 that you didn't enroll. Enroll in a cheap drugs-only Part D plan (PDP) like one in New York (Humana) with a \$4.10 premium. Then look for an inexpensive source, like Canada, for mail-order drugs. Patricia Barry, writing in the January AARP Bulletin, says many drugs from these PDPs are cheaper than in Canada. But Canada could be useful in filling the doughnut hole.

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