

## Medicare Prescription Drug Act: Understanding the drug discount program

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*This article is the first of a series designed to help explain the intricacies of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was signed into law on Dec. 8, 2003. This article examines the prescription drug discount card program that will take effect in June 2004.*

Patients will soon have help paying for the drugs their physicians prescribe for them, but the aid comes in a form that may require a bit of explanation. The main purpose of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was the creation of a prescription drug benefit allowing seniors and other Medicare beneficiaries to enroll in plans that cover a portion of their drug costs. This benefit will start on Jan. 1, 2006. In the interim, the act includes provisions for a prescription drug discount card that beneficiaries may begin using in June of this year.

Like the benefit that goes into effect in 2006, the discount card program will be provided through qualified competing private companies on a state-by-state basis rather than through a federal government agency. These companies are allowed to charge up to \$30 for a discount card, which the government estimates will save enrollees between 10 and 15 percent on their prescription drug costs in 2004 and 2005 – and up to 25 percent on specific drugs. Any Medicare beneficiary who does not already have Medicaid drug coverage can enroll in a discount card program and will be able to choose between at least two programs in their state. The discount cards are targeted at seniors who do not currently have outpatient prescription drug insurance.

During the transition period before the new benefit takes effect in 2006, seniors whose income is less than 135 percent of the poverty line (which stood at \$12,123 for individuals and \$16,362 for married couples in 2003) will qualify for a \$600 per year stipend, to be used for prescription drugs, if they do not have certain other drug coverage. Starting in

June, this stipend will be supplied through the companies that will provide the discount card, and seniors who qualify will make only 5 or 10 percent co-payments on their drug purchases until they have used the full stipend. Persons who qualify for the \$600 stipend will also have their discount card enrollment fee (of up to \$30) paid by Medicare.

Different discount card programs may use different formularies, but all formularies are required to include the types of drugs most commonly needed by Medicare beneficiaries. Some discount programs may also offer discounts on over-the-counter (OTC) drugs, but are not required to do so. The \$600 stipend cannot be used for OTC drugs.

In the beginning of February, the Centers for Medicare & Medicaid Services (CMS) announced that 106 applications have been received from companies wishing to offer the discount drug cards. Medicare is currently reviewing the applications and expects to announce the programs that they will endorse in early spring. Beneficiaries will be able to begin enrolling in programs in early May, according to recent CMS statements. To enroll, eligible beneficiaries should choose the discount card program that they feel best meets their needs and submit an enrollment form. Urologists may wish to compare the plans offered in their state to determine which ones offer the best coverage of drugs they commonly prescribe and recommend these plans to patients.

Beneficiaries and physicians can compare drug prices under different discount card programs and learn more at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE. This is a particularly controversial aspect of the plan and the insurance industry has been lobbying to scrap the on-line pricing. Groups such as Blue Cross Blue Shield believe that the pricing will confuse beneficiaries because the price they see on line may not be the price that is actually charged because of dosage or length of treatment discrepancies. On

the other hand, the American Association of Retired Persons is applauding the on-line information and has called for CMS to add information about manufacturers discounts and rebates.

The final drug benefit that takes effect in 2006 will require enrolled Medicare patients to pay only 25 percent of their drug costs up to \$2,250. They will also pay a premium of about \$35 each month and will be required to fulfill a \$250 deductible before coverage begins. It should be noted that the new benefit will not cover any drug costs between \$2,250 and \$3,600, but will provide coverage for 95 percent of all costs beyond that amount.

### Discounted urological drugs

Discount card programs under the new Medicare law must provide a discount for at least one drug in each of the following urology categories:

- Urinary Anti-infectives
- Urinary Antibacterials
  - \* Urinary Antibacterial - Quinolones
  - \* Urinary Antibacterial - Nitrofurantoin Derivatives
- Urinary Antispasmodics
  - \* Urinary Antispasmodic - Anticholinergics
  - \* Urinary Antispasmodic - Smooth Muscle Relaxants
  - \* Urinary Antispasmodic Combinations
- Urinary Ph Modifiers
  - \* Urinary Ph Modifier - Alkalinizers
  - \* Urinary Analgesics
- Prostatic Hypertrophy Agents
  - \* 5-Alpha Reductase Inhibitors (Two drugs: (Proscar; and Avodart)

**Note:** The more common "alpha blockers" used to treat BPH, such as tamsulosin, doxazosin, and terazosin, are not currently listed under the urological category, and the AUA is looking into why they would have been omitted.

Antineoplastic - Hormone/Hormone Antagonist Agents (luteinizing hormone-releasing agonists)