



# **Medicare Prescription Drug Cards: What Are They? What Are They Worth?**

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# Medicare Prescription Drug Discount Card

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“The drug discount plan is the first necessary step to provide immediate help to seniors . . . It is the first step, but it is not a substitute for a drug benefit.”

–President George W. Bush  
July 2001

“The pharmacy discount card for Medicare is a positive step toward such a *[prescription drug]* benefit, but it is not a substitute.”

–AARP July 2001

# Harnessing Seniors' Buying Power

- The Medicare Prescription Drug Discount Card would assist millions of Americans by pooling their buying power.
  - ▶ 10 million beneficiaries have no prescription drug coverage at all.
  - ▶ Approximately 7 million have prescription drug coverage for only part of the year.

# **New Help for Seniors and Progress Toward a Drug Benefit**

- All major bills (Thomas, Graham, etc) use competitive approaches to get lower drug prices and better services for seniors.
- Drug card program gives seniors and CMS much-needed experience with prescription drug services.
- Permits more rapid and effective implementation of a prescription drug benefit.
- And makes new discounts from manufacturers available to help seniors who need relief now.

# Who Benefits Most?

- 10 million beneficiaries with no drug insurance.
- Rural beneficiaries (they are less likely to have drug insurance).
- Beneficiaries with Medigap (they have limited or no drug coverage).
- 676,000 beneficiaries in M+C plans not offering drug coverage.

# How Would It Work?

- Ability to get manufacturer rebates passed through to consumers.
- Senior-friendly comparative final drug price information.
- Seniors would enroll in one Medicare-endorsed card to gain greater negotiating power.
- Guarantee access to community pharmacies.
- Better access to quality pharmacy services (e.g., drug / drug interactions, counseling) common in private plans.
- No mail-order only.

# Linking Endorsement with High Quality

- CMS would endorse card sponsors who meet qualifying criteria:
  - ▶ Rebates pass through to seniors – promised under terms of each card program's legal agreement with CMS.
  - ▶ Comparative information on final drug prices.
  - ▶ Discounts on commonly used drugs.
  - ▶ Access and adequacy of pharmacy networks.
  - ▶ Customer service (e.g., call center, printed materials, privacy protections).

# Oversight

- Medicare would require each endorsed card to:
  - ▶ Meet marketing material guidelines.
  - ▶ Publicly disclose drug prices.
  - ▶ Conduct beneficiary education.
  - ▶ Have grievance procedures (*HHS operates complaint tracking system*).
  - ▶ Provide bi-annual reporting of enrollment and disenrollment.
- Medicare will conduct annual qualification process and terminate endorsements for programs not complying with terms of legal agreement.

# Current Drug Pricing Reality

	Tom Scully (Insured)	My Mom (cash)
Lipitor	\$69	\$102
Plaquenil	\$74	\$98

If this plan were approved today, the 45,000 daily calls to 1-800-Medicare would result in seniors receiving information regarding a Medicare Discount Drug Card and benefiting from lower drug prices.

# Status

- CMS will move forward with plans for notice and comment shortly.
- The final rule will respond to comments received.
- We are committed to providing discounts to seniors as soon as possible.

# YOUR PHARMACIST IS CONCERNED...

## R<sub>x</sub> WARNING

### Medicare Discount Card Plan

The so-called discount card plan, hatched in secret meetings between prescription processing companies and Washington bureaucrats, is **BAD FOR SENIORS** because it could:

- ▶ Fail to deliver real savings — that's why fourteen states have cracked down on similar schemes.
- ▶ Require you to take a different medicine — no matter what your doctor prescribes.
- ▶ Eliminate face-to-face consultations with your pharmacist — forcing you to use mail order.

**Call 1-800-211-0916 now!**

Tell Congress you want what's *good* for Seniors:

**A REAL Medicare pharmacy benefit**  
that delivers **REAL relief** from high drug costs.

**VOICE YOUR CONCERN.  
MAKE A DIFFERENCE!**