

Maplewood

Wednesday, May 19, 2004

New drug discount cards do not guarantee savings

Senior citizens and people with disabilities are facing the complicated and confusing challenge of navigating the new Republican Medicare prescription drug law passed by Congress and signed into law by the president last year. While the drug benefit does not take effect until 2006, a transitional program starting June 1 allows Medicare beneficiaries to purchase a temporary private "drug discount" card for a maximum fee of \$30. Choosing a card requires careful research, and does not guarantee savings.

In Minnesota, beneficiaries will choose from 48 different cards. After Medicare beneficiaries choose their card, they will be locked in to that choice for the year. Drug and insurance companies, however, are free to change the price of drugs and the drugs covered on a

weekly basis. If the card sponsor suddenly changes the discount or drops a medication prescribed by a doctor, a beneficiary will be left with no recourse and will be forced to pay the full price for the prescription.

The new drug cards are promoted as offering significant price discounts on prescription drugs. However, the law does not require a specific level of savings. The Department of Health and Human Services offers only the suggestion of 10 percent to 25 percent savings. The size of actual discounts is unclear. Reports indicate that drug companies have already begun increasing their prices prior to the implementation of the law so that discounts offered do not cut into their profits.

Finally, the amount of the discount will vary pharmacy

by pharmacy. Not all pharmacies will agree to provide discounts for every card. Even when they do, the amount of the discounts offered may not be the same at every pharmacy.

The card can provide relief for some very low-income Medicare beneficiaries: seniors and people with disabilities whose incomes are below \$12,569 a year for individuals or \$16,862 for couples, for a \$600 credit toward the purchase of prescription drugs in 2004 and again in 2005. Those who are not enrolled in Medicaid, a retiree drug plan or Tricare will NOT be eligible for the low-income assistance.

Beneficiaries can get more information on drug card options by calling 1-800-MEDICARE, or by accessing information at www.medicare.gov. Some other useful sites are: www.mn seniors.org, www.medicarerights.org, www.familiesusa.org, and www.aarp.org.

Seniors and people with disabilities should be aware that there have already been reports of fraud involving the Medicare-approved cards. All cards must carry the Medicare-approved logo and use approved application forms. Individuals should be wary of unsolicited phone calls or door-to-door salesmen. Any questionable activities can be reported to 1-800-MEDICARE.

Unfortunately, the Medicare drug discount card will not provide significant relief for most Medicare beneficiaries. This complicated program may provide some help for low-income beneficiaries, but finding the best card among a sea of options will be difficult. I encourage Minnesota Medicare beneficiaries to use the resources above and to do the research before locking themselves into a card.



Betty McCollum
U.S. Representative
Fourth District