

POLICY POSITION
PENNSYLVANIA ASSOCIATION OF AREA AGENCIES
ON AGING, INC.

AAA's *on* Prescription Drugs:

The Pennsylvania Association of Area Agencies recognizes the important role prescription drugs play in disease prevention and maintenance of good health for Pennsylvania seniors. Prescription drug costs and coverage have evolved to be the primary public policy issues impacting older persons.

- Spending on prescription drugs has been rising faster than other components of health care.
- New prescription drugs have allowed patients to avoid more expensive hospitalization and surgery as well as to receive treatments not previously available.
- Prescription drugs encompass approximately one-sixth of all health spending by seniors. Out-of-pocket spending for prescription drugs is a larger proportion of health expenses for seniors than for younger people.
- Approximately two-thirds of older people have some type of prescription drug coverage with the most frequent coverage through employers.

However, trends indicate that employer prescription coverage as a retirement benefit is declining and /or more costs are being transferred to the individual. Medicare Health Maintenance prescription coverage is either being eliminated or decreased with more costs transferred to the individual; the cost of Medigap policies providing prescription coverage continues to increase.

- Most Medicare beneficiaries spend relatively modest amounts on prescription drugs; a minority spends a great deal. Poverty level and low-income elderly spend a higher out of pocket percentage of their income on prescriptions.

The issue of prescription costs and coverage remains a major problem for Pennsylvania seniors as well as seniors throughout the country. There has been little federal action to address the problem in a meaningful way; the problem continues to escalate rather than diminish.

Therefore, the Pennsylvania Association of Area Agencies strongly encourages the development of comprehensive, compatible federal and state prescription programs for Pennsylvania seniors, which encompass the following:

A Medicare program must be compatible with PACE/PACENET to easily allow for the transfer of eligibles currently served through PACE/PACENET to the Medicare program. Such a transfer will free State funds (Lottery) to serve additional people, provide for future financial program security, or allow for financing of other programs supported by the Lottery. The only bill passed by either house of Congress (HR 4954) has eligibility criteria of income and assets. PACE/PACENET have only income eligibility, not assets. Any Medicare program also should not penalize states such as Pennsylvania that have mature programs by requiring punitive maintenance of effort clauses.

- a) Any Medicare benefit bill should focus on protecting low-income seniors. (Most discussions in Congress acknowledge this).
- b) Any Medicare benefit bill should include as its second priority a realistic catastrophic benefit. The annual out-of-pocket catastrophic cap must be set at a level that will include a reasonable percentage of enrollees.
- c) Any Medicare benefit bill must be consumer friendly. The only bill passed by either House is a complicated multiple plan option program. It is a consumer nightmare, which would confuse and frustrate rather than increase consumer understanding.
- d) Voluntary prescription manufacturer cards offering discounts may be short-range interventions, but are no substitute for the creation of a sensible Medicare prescription benefit.
- e) In the absence of a Medicare prescription benefit, the Pennsylvania Department of Aging and the Department of Public Welfare should continue their joint efforts to pursue federal Pharmacy Plus which would extend Medical Assistance prescription coverage up to 200% of the federal poverty level. While the preliminary report is not optimistic that Pennsylvania would benefit from the waiver as now designed, Aging and Welfare should seek waiver flexibility from the Federal government in concert with New Jersey and New York which, when combined with Pennsylvania, expend more than 70% of the total dollars of state prescription assistance programs in the country.

Any Pennsylvania solution must protect the future of PACE/PACENET before any new initiatives or expansion occurs. (This is especially important, as any Medicare program now under review in Congress does not project a starting date before January 1, 2005). The options should include but not be limited to:

1. New avenues of support need to be explored and supported in light of pessimistic Lottery financial projections. A review of administrative and marketing efforts should be included. The strong possibility of additional gaming options (slot machines) should be examined for its impact on the Lottery. It is imperative that any proposal would hold-harmless current lottery fund revenues to enable continuation and support of the numerous other programs, supported by Lottery dollars, addressing a broader base of older Pennsylvanians than those eligible for PACE/PACENET.

2. While a catastrophic benefit appears more easily done through a Medicare program, PACE/PACENET should review the possibility of a catastrophic benefit for those not currently eligible for PACE/ PACENET.
3. Cost containment measures must be thoroughly analyzed and implemented.
 - a) Best price (allowing for PACE/PACENET to receive a higher manufacturer rebate than now allowed by statute) has been recommended by a variety of sources and is long overdue.
 - b) There are a number of group buying approaches, which have been introduced in the State Legislature. These include initiatives specific to Pennsylvania and multi-state coalitions, which include Pennsylvania. They are complicated and although no consensus has been reached on the value for Pennsylvania, the various approaches should be fully explored and publicly debated.
 - c) Ninety-day supply of drugs and mail order access should be explored.
 - d) Seniors are becoming increasingly vocal in asking pharmaceutical manufacturers to share their profits by lowering prices. Manufacturers should be a key part of the cost containment issue. There is concern that manufacturer rebates/discounts are artificial and temporary and will not offer true relief from rising costs.
 - e) Reasonable consumer cost-sharing is a legitimate part of any prescription benefit. Preferred drug lists, multi-level co-incentive pays (lowest co-pay for generics, highest for non-preferred drugs), step therapy and other cost containment options are being examined. (Note: co-pay and/or deductible changes can be a barrier to seeking services; careful analysis on impact of cost sharing proposals on access/service use is a key component before changes are recommended).
 - f) Consumer counseling and education in support of more efficient and effective medical management are essential. Health prevention activities should be incorporated to encourage responsible behavior that will minimize unnecessary medication use.

The Association, on behalf of our Member Agencies and the thousands of seniors they serve throughout Pennsylvania, will continue to be an active participant in the state and national search for effective solutions to the ever-growing problem of prescription drug costs and coverage.

P4A

Representing Pennsylvania Network of 52 AAAs & the Older Pennsylvanians They Serve

525 South 29th Street

Harrisburg, PA 17104

Telephone: (717) 541-4214; Fax: (717) 541-4217

Website: www.p4a.org

