July 30, 2000

MEDICARE AND PRESCRIPTION DRUG EVENT

DATE:	July 31, 2000
LOCATION:	Barksdale Senior Center Tampa, Florida
EVENT TIME:	11:40 am – 12:40 pm
FROM:	Bruce Reed Chris Jennings Mary Beth Cahill

I. PURPOSE

To promote the need for a Medicare prescription drug benefit and release a report documenting the unique need for prescription drugs of Medicare beneficiaries with disabilities.

II. BACKGROUND

Today, in an event at the David Barksdale Senior Center in Tampa, you will release a new report documenting the unique need for prescription drugs of Medicare beneficiaries with disabilities. Lack of coverage for medications can have grave health consequences for people with chronic conditions and diseases, limiting their ability to live independently and return to work. This report documents the unique need of disabled Medicare beneficiaries for prescription drugs and illustrates how the private insurance market has not been responsive to the needs of this population. It validates the importance of a voluntary, affordable, and meaningful Medicare prescription drug benefit in assisting eligible beneficiaries with disabilities in improving their level of daily functioning and helping them return to work.

MILLIONS OF PEOPLE WITH DISABILITIES DEPEND ON MEDICARE. About one in eight Medicare beneficiaries – over 5 million -- are people with disabilities under age 65. Over the next 10 years and the number of beneficiaries with disabilities is projected to increase by 38 percent (from 5.5 to 7.6 million) – an increase that is almost 3 times the rate of growth projected for the elderly. These beneficiaries are disproportionately likely to live in rural areas – 29 percent of disabled Medicare beneficiaries live in these areas as compared to nearly 25 percent of the general Medicare population.

PEOPLE WITH DISABILITIES HAVE POOR HEALTH AND HIGH HEALTH CARE NEEDS. Most disabled beneficiaries – 60 percent of disabled beneficiaries – report fair to poor health, compared to 22 percent of aged beneficiaries. Nearly 30 percent have functional limitations due to health problems, compared to 18 percent of elderly. People under age 65 with disabilities tend to have conditions like multiple sclerosis, spinal cord injuries or mental health problems that are primarily managed through medications. As a result:

- **Beneficiaries with disabilities use more prescription medication than other Medicare beneficiaries and are three times more likely to have high total drug spending.** The average beneficiary with disabilities fills 40 percent more prescriptions per year than other Medicare beneficiaries – 28 as compared to the overall Medicare average of 20 prescriptions. About 10 percent of beneficiaries with disabilities had total drug costs in excess of $2,500 in 1996, compared to 3 percent of beneficiaries who are elderly. The proportion of beneficiaries with disabilities with costs greater than $1,000 is twice as high as elderly beneficiaries.

- **Beneficiaries with disabilities spend more on prescription medication than other Medicare beneficiaries.** The average total spending on prescription drugs for a Medicare beneficiary with disabilities is 50 percent higher than that of all Medicare beneficiaries. This reflects not only the higher use of prescription drugs among these beneficiaries but the higher prices of the drugs that they need.

PEOPLE WITH DISABILITIES FACE DIFFERENT COVERAGE CHALLENGES. Medicare beneficiaries with disabilities are much less likely to have, be able to access, or be able to afford private insurance coverage. Because of the special access problems they face, about two million Medicare beneficiaries with disabilities lack dependable coverage for prescription drugs.

- **Beneficiaries with disabilities are half as likely to have private coverage**. Among those with prescription drug coverage, the proportion of disabled Medicare beneficiaries getting that coverage through private employer-based insurance or Medigap is half that of elderly Medicare beneficiaries (35 percent versus 67 percent). In addition, the proportion of beneficiaries with disabilities getting prescription drugs through Medigap and Medicare managed care is much lower (5 percent versus 18 percent through Medigap and 6 percent versus 16 percent through managed care in 1996).

- **Beneficiaries with disabilities have no access to Medigap plans with prescription drugs in 39 states.** A recent study found that only 10 states guarantee people with disabilities access to a Medigap plan with prescription drugs. Only 7 of those states have full or partial community rating that improves the affordability of this coverage. Without protections, premiums range from 10 to 72 percent higher for Medicare beneficiaries with disabilities than those who are elderly. When looking at a plan with prescription drugs, the monthly premium in 1997 was $179 per month for a person with disabilities compared to $113 per month for a senior – 36 percent higher.

- **Medicare beneficiaries with disabilities who lack prescription drug coverage pay 50 percent more out-of-pocket for 50 percent fewer prescriptions.** Disabled beneficiaries without coverage pay 50 percent more for prescription drugs compared to beneficiaries with coverage. Although they pay more, uncovered Medicare beneficiaries get less. Medicare's disabled beneficiaries without coverage take on average only 16 prescriptions per year compared to 33 prescriptions for those with prescription drug coverage.

- **Middle-class Medicare beneficiaries with disabilities are affected by lack of coverage as well**. Some Congressional proposals would limit prescription drug coverage to Medicare beneficiaries with income below 150 percent of poverty. However, this would perpetuate the access problems that middle-class people with disabilities currently experience. Beneficiaries with disabilities with income above this level pay about 70 percent more out-of-pocket but fill 30 percent fewer prescriptions.

BENEFICIARIES WITH DISABILITIES NEED A REAL MEDICARE PRESCRIPTPION DRUG BENEFIT. To ensure access for people with disabilities, a drug benefit must:

- **Ensure a Medicare option rather than rely on private insurers that have failed to extend prescription drug coverage to people with disabilities.** Only a small number of beneficiaries with disabilities have access to drug coverage through private insurers, and when they do, it is often not affordable. As such, any proposal must provide a Medicare prescription drug option.

- **Be affordable and meaningful**. A greater proportion of people with disabilities have low income and thus may not participate in a voluntary option if its premiums are too high. They also are more likely to have high drug costs given their greater use. Thus, meaningful protection against catastrophic costs is essential. Because Medicare beneficiaries with disabilities often have multiple, complex health problems, it is important that proposals allow doctors to prescribe drugs off formulary if they are medically necessary. And, finally, people with disabilities often face physical challenges in getting to pharmacies. Proposals should ensure that qualified community pharmacies can participate in any option.

- **Be adequately financed and part of a plan to improve Medicare**. For beneficiaries with disabilities as well as the elderly, keeping Medicare strong is the best way to assure that it will be there when future retirees and people with disabilities need it. Extending program solvency, improving efficiency and provider payments should be included in any reform plan. Additionally, enough must be set aside for the budget surplus to take Medicare off-budget and fund a meaningful prescription drug benefit.

III. PARTICIPANTS

Greeters:
Sandy Fiallo, Supervisor, Special Programs, Tampa Recreation Department
Julie Harris, Director, Communications, City of Tampa

Meet &Greet Participants:
See attached list

Stage Participants:
12 seniors and people with disabilities from the Tampa, Florida community.
Bill Nelson, Insurance Commissioner for the State of Florida
Paul Herrera, President, Barksdale Center Golden Age Club
Sylvia Kessler, Senior
Patricia Fell, Medicare Beneficiary and Person with a Disability

Patricia Fell is a 60 year old woman from Clearwater, Florida. She is a mother of five and has been a foster mother to a total of 87 kids. She has had four hip replacements, which have resulted in significant bone loss, and needs the assistance of a wheelchair or crutches to move around. Her disability makes her eligible for SSDI payments and Medicare for her health insurance. She works part time and her salary from her job and SSDI payments provide her with an annual salary of $18,000. Pat would like to work full time, but she fears losing her SSDI benefit, which allows her to pay $4,300 a year for the prescription medications that make it possible for her to work. Pat feels that working provides her with dignity and she does not want to stop.

Program Participants:
YOU
Commissioner Bill Nelson
Paul Herrera, President, Barksdale Center Golden Age Club
Sylvia Kessler, Senior

Sylvia is an 81-year-old widow from Tamarac, Florida. She is a mother of three and grandmother of eight. She is a Medicare beneficiary and has supplemental health insurance, but no prescription drug coverage. She spends approximately $2300 a year on medications to treat high blood pressure, high cholesterol, a heart condition, and depression. Her annual income is a little over $20,000, and while she is already 81 years old and wishes she could stop working, she must take part time jobs to earn enough money to pay for her medications. The financial strain sometimes forces Sylvia to cut back on her medications, although she tries not to and her doctor tells her she must take them. She believes that it would be enormously helpful to have a drug benefit in the Medicare program, and worries about whether Medicare and Social Security will around for her children and grandchildren.

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- Paul Herrera, President, Barksdale Center Golden Age Club, makes opening remarks and introduces Commissioner Bill Nelson.
- Commissioner Bill Nelson makes remarks and introduces Sylvia Kessler.
- Sylvia Kessler makes remarks and introduces **YOU**.
- **YOU** make remarks, work a ropeline and depart.

VI. REMARKS

To be provided by speechwriting.

VII. ATTACHMENTS

Meet and Greet participants.

Tampa, FL
Prescription Drug Event
July 31, 2000

Meet and Greet Participants
Edward Buckenshaw, Executive Director, AARP Tampa, Tampa
Norman Bungard, Florida Regional Representative, National Committee to Preserve Social Security and Medicare, Tampa
Susan Crowley, District Vice President, National Association of Retired Federal Employees, Palm Harbor
Marjorie Joiner, Chapter Chairperson, Older Women's League, Tampa
Jimmie Keel, County Administrator, Hillsborough County, Hillsborough
Maureen Kelly, Director, Tampa Area Agency on Aging, Tampa
Daniel Kleman, County Administrator, Hillsborough County, Hillsborough
Bentley Lipscomb, Aging Director for former Governor Childs, AARR, Tampa
Myra Price, Director Hillsborough County Department of Aging Services, Hillsborough
Frederick Stevens, Tampa Regional Representative, National Caucus and Center on Black Aged, Inc., Tampa

PRESIDENT CLINTON CITES FLORIDA AS CASE EXAMPLE FOR NEED FOR MEDICARE PRESCRIPTION DRUG BENEFIT

Releases New Report on the Need For Drug Benefit for Medicare Beneficiaries With Disabilities

July 31, 2000

Today, in an event at the David Barksdale Senior Center in Tampa, Florida, President Clinton will critique the shortcomings of the House Republican prescription drug proposal and release a new Domestic Policy Council / National Economic Council report highlighting the necessity of prescription drug coverage for Medicare beneficiaries with disabilities. The President will cite Florida as a case example of why a private insurance model, such as the one proposed by the House Republicans, will not work. He will point out that most Medicare beneficiaries in Florida who need affordable prescription drug coverage must turn to the expensive and limited-value private Medigap options or the unreliable Medicare managed care market. The new White House report documents how Medicare beneficiaries with disabilities are in poorer health and require more prescriptions. The President will highlight the finding that Medicare beneficiaries with disabilities who lack prescription drug coverage pay fully 50 percent more out of pocket for 50 percent fewer prescription drugs than those with coverage. This report strongly validates the need for a voluntary Medicare prescription drug benefit that rejects the private insurance model and instead offers an affordable and meaningful Medicare benefit for all eligible people with disabilities as well as all seniors.

PRESIDENT CITES FLORIDA AS CASE EXAMPLE OF NEED FOR MEDICARE PRESCRIPTION DRUG BENEFIT. The President will point to the barriers 2.7 million Floridian Medicare beneficiaries face in accessing affordable prescription drugs. He will cite the private Medigap insurance market in Florida and throughout the nation, which provides for an expensive but extremely limited benefit with no protections against catastrophic expenses. The President will also highlight the serious shortcomings of Medicare managed care plans, which all too frequently move in and out of participation in the program and recently announced decisions that would effectively drop 87,000 Floridians. He will underscore that while the Medicare managed care program needs to be strengthened through the provision of direct subsidies for prescription drug coverage, neither it – nor a Medigap drug-only plan – can be relied on as workable options to provide a much-needed prescription drug benefit for seniors and people with disabilities.

PRESIDENT CLINTON RELEASES A NEW STUDY ON THE IMPORTANCE OF MEDICARE TO PEOPLE WITH DISABILITIES. About one in eight Medicare beneficiaries – over 5 million (284,000 in Florida) – are people with disabilities under age 65. Over the next 10 years and the number of beneficiaries with disabilities is projected to increase by 38 percent (from 5.5 to 7.6 million). Key findings of the report include:

Medicare Beneficiaries with Disabilities Have Poor Health and Significant Health Care Needs. Most disabled beneficiaries – 60 percent of disabled beneficiaries – report fair to poor health, compared to 22 percent of aged beneficiaries. Nearly 30 percent have functional limitations due to health problems, compared to 18 percent of elderly beneficiaries.

People with Disabilities Face Unique Coverage Challenges. Medicare beneficiaries with disabilities are much less likely to have, be able to access, or be able to afford private insurance coverage. The report indicates:

- **People with disabilities are 35 percent less likely to have employer-based coverage.** While some elderly get coverage through retiree health plans, the non-elderly disabled have typically lost access to employer-based insurance before qualifying for Medicare (22 percent for disabled versus 34 percent for aged).

- **Restricted access to individual Medigap insurance with drugs.** Less than one in 20 Medicare beneficiaries with disabilities have drug coverage through private Medigap insurance (versus 12 percent of elderly beneficiaries). A recent study found that only 10 states guarantee people with disabilities access to a Medigap plan with prescription drugs.

- **Unaffordable premiums for private Medigap plans.** Only 7 of the 10 states that guarantee access to Medigap for people with disabilities have full or partial community rating that improves the affordability of this coverage. Without protections, premiums range from 10 to 72 percent higher for beneficiaries with disabilities than for those who are elderly.

- **Unlikely to get prescription drug insurance through Medicare managed care.** While about 12 percent of Medicare beneficiaries are disabled, only 5 percent of Medicare managed care enrollees are beneficiaries with disabilities. In contrast, in 1996, 16 percent of elderly beneficiaries got drug coverage through managed care.

Beneficiaries With Disabilities Need a Voluntary Medicare Prescription Drug Benefit. The report concludes that to ensure access for people with disabilities, a prescription drug benefit must:

- **Ensure a Medicare option rather than rely on private insurers that have failed to extend prescription drug coverage to people with disabilities.** Only a small number of beneficiaries with disabilities have access to drug coverage through private insurers, and when they do, it is often unaffordable. As such, any proposal must provide a Medicare prescription drug option.

- **Have an affordable premium and a meaningful benefit**. Any proposal must have sufficient financing to ensure that premiums are affordable to all Medicare beneficiaries. And to ensure that its benefit is meaningful, it must protect against catastrophic prescription drug expenses. Medicare beneficiaries with disabilities are more likely to have high drug costs given their greater use.

- **Have access to the prescriptions that they need and pharmacies that they trust**. Because Medicare beneficiaries with disabilities often have multiple, complex health problems, it is also important that proposals allow doctors to prescribe any drug that is medically necessary. Also, people with disabilities often face physical challenges in getting to pharmacies. Proposals should ensure that qualified community pharmacies can participate.

- **Be adequately financed and part of a plan to improve Medicare**. Strengthening Medicare is the best way to assure that it will be available when future retirees and people with disabilities need it. Extending program solvency, improving efficiency, and restoring provider payments should be included in any Medicare reform plan. Additionally, enough budget surplus must be set aside to finance a meaningful prescription drug benefit and take its trust fund off budget.

THE HOUSE REPUBLICAN PRIVATE INSURANCE PLAN IS FLAWED. The plan:

- **Does not provide a Medicare benefit.** Outpatient prescription drugs would not be part of the Medicare benefits package like doctor or hospital care. Beneficiaries would pay expensive premiums to private Medigap plans rather than to Medicare for an affordable option. The private insurance industry itself confirms that a private insurance model such as the House Republican proposal will not work. In fact, it has stated that "to pass legislation to provide access to such coverage would constitute an empty promise to Medicare beneficiaries." [Blue Cross / Blue Shield Association Letter to Senator Roth, 4/24/00]

- **Is seriously underfunded and provides for an inadequate benefit.** The House Republican plan dedicates less than half of the resources the President and the Democratic leadership allocates to a Medicare prescription drug benefit ($40 billion versus over $80 billion). As a result, the premiums are approximately 30 percent higher ($25 versus $37), and its benefits are significantly less meaningful ($0 deductible versus $250 deductible; catastrophic stop-loss protection beginning at $4,000 versus $6,000).

- **Would leave millions of Medicare beneficiaries without prescription drug coverage.** The Congress' own budget office has projected that the House Republican plan would leave out over half of the Medicare beneficiaries who currently have no prescription drug coverage. This finding validates that the House plan is underfunded and does not provide sufficient benefits to be able to make the prescription drug option attractive or affordable enough to some of the nation's most vulnerable seniors and people with disabilities.

- **Limits choice of drugs and pharmacies.** The so-called "choice" model offered by the Republicans breaks up the pooled purchasing power of seniors and people with disabilities, forcing insurers to reduce prices through restrictive formularies and limited choice of pharmacies. Not all prescription drugs that a doctor determines are medically necessary would be available – only after an inappropriate drug has been taken can a beneficiary can appeal for a needed drug. Additionally, insurers could restrict access to local pharmacies.