

Protecting Our Most Vulnerable

from the New Medicare Drug Law

- U.S. Senator Patty Murray -

Washingtonians have always come together to protect our most vulnerable residents. We provided health insurance to poor children long before the federal government stepped in. We've pioneered community health programs, outreach efforts, and other innovative programs.

But now, a new federal law threatens to make life worse for Washington's most vulnerable. Our entire community needs to rally together to sound the alarm, protect the poor, and force a legislative fix.

The new Medicare Prescription Drug law will force major changes on some of our state's most vulnerable residents, including the poor, the disabled, seniors, those in nursing homes with limited mobility, and those with terminal diseases. These vulnerable individuals are about to lose their current prescription drug coverage, and be forced into a complicated new program that will cost them more and offer less drug coverage.

In Washington state, more than 118,000 people have incomes so low they qualify for assistance from both the federal Medicare program and state Medicaid programs. These individuals are sometimes called "dual eligibles" because their low income makes them eligible for assistance from both Medicare and Medicaid. About 95,000 are "fully" eligible and another 22,800 are "partially" eligible for assistance from both programs. Nationwide, 6.4 million vulnerable people will be affected.

Today, through both Medicare and Medicaid, vulnerable residents get the help they need. The federal government provides basic healthcare coverage and then states provide additional "wrap-around" coverage. This state assistance ensures low-income families have no (or reduced) monthly premiums, co-payments and deductibles.

The New Law Hurts Our Most Vulnerable in Four Ways

The new drug program will hurt our most vulnerable by:

1. Imposing higher costs (premiums, co-pays and deductibles)
2. Covering fewer drugs
3. Blocking states from providing extra help,
4. and providing no transition period to ensure low-income residents don't face gaps in coverage.

In Addition, the New Law Hurts All Seniors and the Disabled with a "Late Enrollment Penalty"

For everyone on Medicare, the program penalizes those who need more time to pick the right plan from a confusing array of choices.

Get Updates

Senator Murray sends out updates on her work on Medicare and healthcare, to sign up, visit:

<http://murray.senate.gov>

<http://murray.senate.gov/rx>

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THE PROBLEM: How the New Medicare Drug Law Hurts Our Most Vulnerable

1. It forces the poor to pay more for their medicine.

Today, the most vulnerable patients do not have to pay co-payments, premiums or deductibles. Under the new program, they will have to pay all three. The amount depends on the specific plan they join (or the plan that is selected for them if they don't enroll by May 2006). Forcing low-income families to pay more healthcare will result in people not getting the prescription drugs they need.

Needed Fix: Allow states to provide extra assistance This is included in the Murray bill.

2. It provides access to fewer drugs – so the drug a patient needs might not be covered – forcing patients to pay more or go without.

The new law allows private plans to develop their own drug formularies (lists of the drugs they cover). Some patients need to take a specific drug because other drugs in that class are ineffective or cause dangerous side effects. If their plan does not cover the specific drug they need, they'll be forced to pay more or go with out.

Needed Fix: Allow states to provide coverage for medically necessary drugs.

3. It takes away the extra help that states traditionally provide.

The new law prohibits states like Washington from protecting the poor and it penalizes states financially if they provide extra help. That means higher deductibles and co-payments for people who are already living on the financial brink. It could mean many vulnerable residents end up going without the medicine they need.

Needed Fix: States should be allowed to provide additional help to vulnerable residents and should not be penalized financially for doing the right thing. This fix is included in Senator Murray's "Medicare HEALS Act" (S.1822).

4. It provides no transition period to ensure the poor don't face gaps in coverage as they are moved from Medicaid to Medicare.

Vulnerable residents will automatically be signed up for plans that may not meet their needs. This could be a confusing time. Many people will be told at a pharmacist's counter that their drugs are no longer covered, or now require a co-payment or deductible. Most patients can pay \$25 at the counter and sort out the problem later, but low-income families have no margin and could be denied the medicine they need. Plus, states will need more than six weeks to sign up tens of thousands of people.

Needed Fix: A transition period is needed to help vulnerable patients understand the new system and to ensure they aren't penalized by paperwork mistakes or new, unexpected restrictions. This fix is included in the Rockefeller bill (S.566).

5. It forces people to make a quick decision – and penalizes them if they don't enroll now.

This problem affects everyone on Medicare – not just those with low incomes. The new law requires people to select a plan by May 15, 2006 or face penalties when they later sign up. If you sign up later, your monthly premium will be at least one percent higher for every month after May 2006 that you sign up. This is unfair because many people need extra time to evaluate all the plans and figure out which one is best for them.

Needed Fix: Everyone on Medicare should have more time – without penalty – to select the right plan. Senator Murray's bill gives people until January 2008 (one full benefit year) to evaluate plans and select the right one without penalty.

SOLUTION: Senator Murray is Working to Protect Washington's Most Vulnerable

Senator Murray has introduced legislation to protect our most vulnerable residents. Murray's bill is the "Medicare HEALS Act" (S.1822). Senator Murray is holding meetings throughout Washington state to educate the public about the changes and to gather stories she can use in the United States Senate to pass legislation. Here is what Senator Murray proposes:

1. Allow States to Help Their Most Vulnerable Residents

For years, states have been able to provide extra help to vulnerable residents. A low-income patient typically gets some coverage through Medicare and then receives additional help through the state Medicaid program.

Under the new law, however, states are penalized in two ways if they provide extra help to vulnerable patients. First, a state is prohibited from using its federal Medicaid dollars to help residents with co-payments or premiums. In addition, states suffer a financial penalty for any help they provide. The law requires states to give back to the federal government any Medicaid savings they realize. (This give-back is called a "claw back"). If states spend money to help vulnerable patients, they still have to give that money back to the feds.

Senator Murray's bill removes both the prohibition and the penalty. It allows states to use state and federal dollars to provide extra help for dual eligible beneficiaries. States do not have to give back to the federal government money they have spent to provide additional coverage. This fix is contained in Senator Murray's "Medicare HEALS Act" (S.1822)

How This Helps People: Washington state could lower the monthly premiums and co-payments for our most vulnerable residents, which could mean the difference between getting prescription drugs and going without.

2. Give People More Time To Pick the Right Plan [Freeze the Late-Enrollment Penalty]

Under the new law, low-income families, seniors and the disabled must sign up for a plan by May 15, 2006, or they will be penalized financially when they eventually sign up. The law calls for a penalty of at least 1 percent of the monthly premium for every month after May 2006 they do not sign up. Given the complexity of choices, Senator Murray believes people deserve more time to select the right plan. Her bill gives people until January 2008 – one full benefit year – to pick a plan without any penalty. This fix is contained in Senator Murray's "Medicare HEALS Act" (S.1822)

3. Give Vulnerable Individuals Six Months to Transition into Medicare

Vulnerable residents need more time to transition into a new and complicated Medicare program. In January 2006, many could find themselves at a drug store counter – learning for the first time that their drugs are not covered and that they must pay new copays, premiums or deductibles. If they have not selected a plan, they may first learn the details of the plan that was randomly selected for them at a pharmacy counter. Low income residents need more time to transition into the system. Senator Murray is a cosponsor of the Rockefeller bill, which gives dual eligibles a 6 month transition period to move from Medicaid to Medicare. Rockefeller's bill is S.566.

Where Do Our Most Vulnerable Live?

This list shows Washington's 95,787 full dual eligibles by county, but it does not count the 22,800 residents who are partially eligible.

Adams 213	Douglas 367	King 25,475	Pacific 598	Stevens 912
Asotin 566	Ferry 204	Kitsap 3,418	Pend Oreille 331	Thurston 3,168
Benton 1,734	Franklin 818	Kittitas 483	Pierce 11,474	Wahkiakum 7
Chelan 1,309	Garfield 20	Klickitat 325	San Juan 52	Walla Walla 1,163
Clallam 1,288	Grant 1,614	Lewis 1,703	Skagit 1,749	Whatcom 2,877
Clark 4,835	Grays Harbor 1,660	Lincoln 176	Skamania 132	Whitman 416
Columbia 84	Island 574	Mason 880	Snohomish 8,126	Yakima 4,971
Cowlitz 1,834	Jefferson 323	Okanogan 1165	Spokane 8,576	Unidentified County: 167

Source: Washington State Department of Health as of July 2005.

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AT A GLANCE: What Happens to Our Most Vulnerable?

Group	Annual Income	What Happens	How Murray's Bill Helps
Dual Eligibles (full) 95,000 Washingtonians	Individual Below \$9,576 Couple Below \$12,840 Below the 100% federal poverty level	Will face new and higher costs in the form of premiums, deductibles and copays. Will have access to fewer drugs (only the drugs that their plan covers). Must select a plan by January 2006, or they will be randomly assigned a plan that may not meet their needs.	Allows states to provide additional coverage, like assistance with premiums, deductibles and copays. Allows states to cover all medically necessary drugs. Provides a 6-month transition period (in the Rockefeller bill).
Partial Eligibles 22,800 Washingtonians	Individual \$9,576-\$14,364 Couple \$12,840-\$19,248 100-150% of federal poverty level	Could face new and higher costs in the form of premiums, deductibles and copays. Must select a plan by May 15, 2006 or will not be enrolled/covered. Will be penalized with higher premiums for every month after May 2006.	Allows states to provide additional coverage, like assistance with premiums, deductibles and copays Pushes back the "late enrollment penalty" until January 2008. Gives everyone on Medicare 1 full benefit year to select the right plan without penalty.
Everyone on Medicare 775,358 Washingtonians (in 2003) (includes seniors and the disabled)	n/a	Must select a plan by May 15, 2006 or will not be enrolled. Will be penalized with higher premiums for every month after May 2006.	Pushes back the "late enrollment penalty" until January 2008. Gives everyone on Medicare 1 full benefit year to select the right plan without penalty.