Pay Now or Pay a Lot More Later

The old adage “pay now or pay later” could be said to apply when it comes to cutting the State Prescription Assistance Programs (SPAPs). State governments, faced with unprecedented budget crises, are facing difficult decisions about where to reduce spending to balance their budgets. But advocates and medical experts argue that cutting off access to prescription drug coverage, particularly for those who may need them the most, should not be part of the discussion.

“Limiting drug coverage can be ‘penny-wise and pound foolish,’” said Stephen Soumerai, professor of Ambulatory Care and Prevention and director of the Drug Policy Research Group at Harvard Medical School and Harvard Pilgrim Health Care. “One of our studies found that denying access to medications for mental illness increased emergency care costs 17 times more than the drug savings, and that is not even counting pain, suffering and other costs such as in the criminal justice system. In another study, we found among the chronically ill elderly, caps on drug benefits increased institutionalization in nursing homes by almost 200%,” said Soumerai.

Many studies demonstrate that when prescription drug coverage is capped, or cost sharing is too high, there is a marked increase in nonadherence. Either people skip doses, cut pills in half, or don't take their essential medications at all. This, in turn, leads to an increased risk of declining health, increased visits to the emergency rooms, and increased admissions to nursing homes. In fact, nonadherence is estimated to directly cost the U.S. health care system $100 billion per year.”

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Several SPAPs provide drug coverage that “wrap around” the Medicare Part D drug benefit. Among the benefits that the wrap around may provide are financial assistance to enrollees with much lower had these people had some financial assistance in paying for their prescriptions.

New York, Massachusetts and Connecticut SPAPs Also Are Threatened

New York, Massachusetts, and Connecticut, at the time of this printing, are considering cuts or have made cuts to their SPAPs. New York’s governor has proposed cutting out the piece of their SPAP—Elderly Pharmaceutical Insurance Coverage Program (EPIC)—that pays for the drugs the Part D insurance plan will not initially cover. Currently, EPIC covers all the drugs and then processes an appeal on behalf of the beneficiary and tries to recoup the money.

“Many Prescription Advantage enrollees are now facing serious sticker shock at the pharmacy, seeing co-payments skyrocket from $18 to $900 a month in some cases,” said Deborah Banda, senior state director of AARP Massachusetts. “These older residents live on fixed incomes and do not have the ability to adjust their budget upwards by thousands of dollars. They have no option continued on page 2

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and Mrs. Veins suffer from diabetes and other chronic illness that include hematomacrosis, high blood pressure, degenerative arthritis, thyroid conditions, and heart disease. They take 15 prescriptions between the two of them. Their total cost right now, for both of them, is $100 a month.

“Armand and I worked hard all our lives. He worked heavy equipment, and I retired as an accountant for Vermont Community Colleges. All we have is our $2,000 a month in Social Security to pay our mortgage, utilities, health insurance, and food bill. We just needed a new furnace too. But we never asked for assistance before,” Veins said.

“When I retired, we both had Medicare, and chose a Part D plan that covered many of our drugs and then our doctor gave us free samples for almost a year and that helped get us through 2007. But then in 2008 our doctor moved, we couldn’t get samples anymore, and then the price of drugs went up, and so we hit that donut hole in less than 5 months. We turned to VPharm because it works. We get the medicines we need to maintain our health,” Veins said.

VPharm wrap around benefits cover all costs of Part D premiums, co-pays, coinsurance, and coverage in the donut hole with eligibility going up to 225% of the federal poverty level. VPharm currently serves 15,000 beneficiaries.

but to give up other necessities like food and heating oil, or stop taking life-saving medications that keep them healthy and out of more expensive care,” Banda added.

Connecticut’s governor proposed to cut their SPAP, ConnPACE, by imposing the same asset test that is used for the federal low-income subsidy (LIS) participants in Part D ($12,510 for an individual; $25,010 for a couple); discontinuing payments for non-formulary drugs that are not covered by Medicare Part D for ConnPACE beneficiaries and people who are beneficiaries of both Medicare and Medicaid; and adding co-payments of up to $20 per month for people who are both beneficiaries of Medicare and Medicaid—the sickest and the poorest of this beneficiary population.

One of the benefits of the SPAPs is that there is usually no asset test, like there is for the LIS population. The SPAP beneficiaries are usually those that cannot meet the LIS asset test requirements, so to impose an asset test upon ConnPACE beneficiaries will be so restrictive many will find they are not eligible to enroll.

AARP thinks a more balanced approach is needed to resolve state budget crises, and it begins with providing access to affordable prescription drugs and treatments that can prevent much more costly care in the near future. Denying or restricting access by increasing co-payments or imposing asset tests upon low- and fixed-income populations; eliminating entire wrap-around programs that are the only lifelines for older adults and people with disabilities to get their medications; and discontinuing programs that help beneficiaries continue their drug regimes without interruption are all counterproductive. It is not in the states’ best economic interest or the residents’ health status and quality of life.

SPAPs: The Gap-Filler

While the Medicare Part D benefit has helped millions gain access to needed prescription drugs, there are significant gaps advocates and policy makers are continuing to try to improve upon. But in the meantime, SPAPs have filled many of those gaps.

Twenty states, the Virgin Islands, and three other states with special SPAPs currently offer varying wrap-around benefits to Medicare Part D. For a complete listing of SPAPs and their benefits, please visit the National Conference of State Legislature’s website at www.ncsl.org/PROGRMS/HEALTH/drugaid.htm.