Preserve the Medicare Part D Co-Pay Program

What is this Program?
The Medicare Part D Co-Pay Program covers prescription drug co-pays for 85,000 very low-income seniors and people with disabilities who are eligible for both Medicaid and Medicare. Without this program, this population would face co-payments of between $1.10 and $2.40 for a generic drug and $3.10 and $5.60 for a brand name drug. Many individuals in this population take 8-10 or more prescriptions at one time. An additional $25 - $50 expense per month for prescription drugs will force them to make difficult trade-offs between filling a prescription or buying other necessities like food or gas.

Why is it Important?
- Spiraling drug costs are especially hard for older adults, who are disproportionately affected by chronic disease1 and more likely to need a multiple medications.2
- When faced with higher drug costs low-income individuals on Part D often skip doses, reduce doses, and let prescriptions go unfilled.3
- The result is preventable and expensive hospitalizations and adverse health outcomes.4

Proposed Elimination of Co-Pay Assistance
- The Governor’s initial supplemental budget called for complete elimination of the co-pay assistance for an estimated savings of $10.5 million – but actual savings are likely to be far less or non-existent.5 The program is not included in “restoration list” issued with the Governor’s “Book 2” budget.

AARP urges lawmakers to preserve the Medicare Part-D Co-Pay Program.
Cutting prescription co-pay assistance for this very poor and vulnerable population is penny wise and pound foolish. For a relatively small investment by the state, this program is keeping people from skipping doses, cutting pills in half, or failing to take essential medications altogether. Cutting this assistance will lead to a decline in the overall health status of this population, increased visits to hospital emergency rooms, and more admissions to nursing homes6- and a cost of millions of dollars to the state.

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5 The budget estimate does not account for downstream medical costs to the state due to individuals going without stabilizing medications or additional administrative costs for Adult Family homes.
6 According to a study by Stephen Soumerai, professor of Ambulatory Care and Prevention and director of the Drug Policy Research Group at Harvard Medical School, among the chronically ill elderly, caps on drug benefits increased institutionalization in nursing homes by almost 200%.
Responses to Common Misconceptions

“It’s OK to cut this program because national health care reform will fix this problem.”
Federal health reform, if it passes Congress, will not eliminate the co-payments for these individuals. It will address other prescription drug costs issues that do not affect this group of people – such as closing the Part D Coverage Gap or so-called “Doughnut Hole.” The low-income individuals who benefit from the Part D Co-Pay Program would still be responsible for covering the cost of co-pays.

“Other states don’t have this type of program and people there seem to do OK.”
Twenty states, the Virgin Islands, and three other states with special State Premium Assistance Programs (SPAPs) currently offer varying wrap-around benefits to Medicare Part D. Washington stands with these other states in innovations to protect the most vulnerable. For a complete listing of state co-pay assistance program and their benefits, please visit the National Conference of State Legislature’s website at www.ncsl.org/PROGRAMS/HEALTH/drugaid.htm.

“The co-pays are a minor cost – asking people to pay will encourage them to use generics and be sure not to waste the prescriptions they fill.”
A typical person in this population is on SSI receiving less than $700 per month; or is in an adult family home or assisted living facility receiving less than $60 per month. Co-pays in the range of $25 to $50 will be an unmanageable expense that will force them to choose between prescriptions, food or other life essentials.

“People in Adult Family Homes and Boarding Homes will not be affected.”
People who live in Adult Family Homes or other community residential settings will be able to deduct this expense from their patient participation rates. However, they will not get an additional amount of cash in advance so they will have difficulty paying their co-pays with their small personal needs allowance. Providers will be faced with an administrative nightmare as patient participation rates will need constant adjustment. Because the cost of the co-pays for this population will eventually be passed back to the state, the total estimated savings will be less than the predicted $10.5 million in savings.

“The pharmacists will absorb these costs and let people have their drugs without paying the co-pay”
Pharmacists and pharmacies have experienced a lot of cost expansions in recent years and their margins are decreasing. Counting on them to absorb these extra costs is a foolish gamble.

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