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For seniors: Entering the Medicare D 'doughnut hole' isn't so sweet

By Kristan Zimmer, Editor

There's one doughnut out there right now that isn't so sweet.

Six months into the first year of the new federal prescription drug program, Medicare Part D is again leaving seniors perplexed.

Many seniors said signing up for the program that offers discounts for medication was complex, with 44 plans in Connecticut to choose from and a confusing Web site to navigate. Now senior services offices in town say they are seeing an influx of residents coming to them with more questions about gaps in coverage.

"They are sitting there with all the insurances in the world and they don't know what's going on and neither do we," said Carol Cherry of the Department of Social Services' senior casework unit.

She said she hasn't been counting the number of clients who have come to her office with questions but she is seeing quite a few.

Medicare Part D is a piece of the puzzle long missing from federal relief in medical coverage. It offers benefits for prescription drugs. Medicare Part A covers hospital expenses like bed and medicine costs. Medicare Part B covers doctors' bills, including surgeons' fees. Those who have Medicare Part A or B are qualified to sign up for Medicare Part D, which opened for signups from January to May of this year.

Once signed up, the plan has three phases. The first phase is the deductible phase, where beneficiaries pay full price for all drugs. Once they've spent \$250 on drugs their chosen insurance plan covers, the beneficiary enters Phase II (the "Initial Coverage" period). At that time, beneficiaries pay 25% of the total cost of the drugs they are prescribed if they are on the company's formulary (list of covered drugs). Medicare pays 75% of the cost of those drugs. Once seniors have purchased \$2,250 in prescriptions (this amount includes the total retail cost of the drugs, not the 25% the beneficiary pays) they then enter the "doughnut hole" phase.

In this phase there is a gap in coverage. For the next \$2,850 in drug costs, seniors pay 100% of the bills and Medicare pays nothing. Once seniors have purchased \$5,100 in drugs for the year, Medicare pays 95% of the bill and seniors pay 5% for the rest of the year. Once the year is over, the cycle begins again.

"It's not being done the way the traditional parts A and B are being done," said Sam Deibler, director of the Commission on Aging, in a recent interview with the Post.

He said depending on how many drugs one takes and what plan they have, seniors are entering the doughnut phase with different expenses and at different times, but for many seniors in Greenwich, that time is now.

"People who are falling into the doughnut hole now won't get out of it at the end of the year," Mr. Deibler said. "They are only getting discounts at the beginning of the year, but their costs weren't high to begin with."

He said when registering people for the program it was difficult to explain the doughnut hole to people.

"They were budgeting based on what their current expenses were at that point," he said. "They might have been budgeting based on paying a quarter of what they had been paying. From now on they are

finding they have to pay as much as three or four times what they were paying at the beginning of the year.”

Other seniors are finding their problem isn't budgeting but finding the right coverage for them.

One woman, Ms. Cherry said, found she was allergic to everything on her insurance agency's formulary. She could only take the brand name drug, which she was denied because it wasn't covered.

“You really need to have somebody who can fight from your corner to try to solve that problem,” Ms. Cherry said. “We try to do that. We try to help people as they go along and meet these kind of crises. Just about all of our clients have issues because they all have to be signed up.”

Mr. Deibler said earlier this year that he recommended all seniors, regardless if they take any drugs, to sign up for Medicare Part D. The program charges a fee for those 65 years and older who sign up after May 15 of this year.

Both the Commission on Aging and the senior services offices have met with many seniors who find the program confusing or don't understand why they aren't covered or why they need coverage, or why they can't get their medication. Mr. Deibler said he has seen about two to three dozen seniors with questions about Part D.

Ms. Cherry said she met with one senior who said, “If I don't take medication and I'm 85, what do I need this for?”

Solutions

Mr. Deibler said there are a few things seniors can do to help: They may review their choices and change plans; others may want to purchase drugs from somewhere outside the pharmacy on their coverage plan during the doughnut hole period.

“It's not against the law to buy outside the plan,” Mr. Deibler said.

But beyond that, there isn't much seniors can do until Congress changes how Medicare D works.

“People will be hitting the doughnut hole now and will be increasingly through Nov. 2 (congressional elections),” Mr. Deibler said. “I wouldn't be surprised if people called Congress.”

He also said he wouldn't be surprised if congressional stances on Medicare Part D had a great impact on this year's elections.

“There are already advocacy groups working on fixes that might be appropriate for the Medicare Part D program,” Mr. Deibler said.

Recently, the Center for Medicare Advocacy released a progress report and recommended solutions for problems with Medicare Part D. The report stated that the program “promotes enormous variation” among types of plans, enrollment experiences, covered drugs, costs and other elements.

The advocacy group recommends:

- Medicare develop a required formulary and specify standardized, limited restrictions that plans can place on each drug to provide uniform coverage.
- Congress should eliminate the doughnut hole, or the amount beneficiaries actually pay for drugs during Phase II of coverage should count toward reaching the doughnut hole rather than the retail price of the drug. This would delay the arrival of the doughnut hole for many seniors. Also, the group recommends that expenses incurred for drugs off the plan should count toward the \$5,100 in drugs seniors need to spend before 95% coverage kicks in.

- Congress should remove restrictions on Medicare negotiating with drug companies, and require Medicare to negotiate prices on behalf of all its beneficiaries.
- Congress should authorize sufficient funding to correct system problems, and require and pay for trained customer service representatives, accurate data transfers among The Centers for Medicare & Medicaid Services, Part D plans, the Social Security Administration and state government.
- Medicare should provide coverage for those enrolled in both Medicare and Medicaid, and should pay beneficiaries when premiums are improperly deducted from their Social Security checks. Co-payments should be eliminated for dual eligibles.
- The Centers for Medicare & Medicaid Services should create a system for those enrolled in both programs (Medicare and Medicaid) to resolve issues at the pharmacy.
- There should be one standard process for coverage appeals all Part D plans must follow.
- The Centers for Medicare & Medicaid Services should monitor plans and sanction those that do not comply with mandated coverage rules and appeals processes. Instead of recommendations, regulations should be binding for all plans.

Mr. Deibler said despite problems and the need for reform, Medicare Part D is providing more than what seniors had before, and his office will continue to help them save money as best it can.

“Seniors are happy to be saving money,” Mr. Deibler said. “Overall, looking at the program over the year, the cost for seniors is roughly half to two-thirds what it would have been without it.”

However, for many seniors, they have already seen the savings they may expect to see this year as the doughnut hole for many seniors is still a gaping one.

“Without Sam [Deibler], this would have been an absolute nightmare,” Ms. Cherry said. “Getting his counseling on choices in the program, he’s really saved a tremendous amount of effort from all of us. He really has been a lifesaver.”