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As New Drug Plan Begins, Stores Predict Bumps

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WASHINGTON, Dec. 31 - Millions of older Americans will gain access to government-subsidized prescription drugs on Sunday with the long-awaited expansion of Medicare. But pharmacists say beneficiaries may initially experience delays and frustration as the promise of the new program is translated into practice.

Tens of thousands of people who signed up for the benefit have yet to receive the plastic identification cards that will enable them to fill prescriptions promptly at retail drugstores.

More than five million poor people have been assigned to Medicare drug plans selected at random by the federal government. In an unknown but small number of cases, people were inadvertently assigned to plans far from their homes, because the government used addresses for relatives or guardians.

Bush administration officials have made exhaustive efforts to identify low-income people entitled to the drug benefit. But they say it is possible that some will show up at pharmacies before they have been enrolled in any plan.

Leslie V. Norwalk, deputy administrator of the federal Centers for Medicare and Medicaid Services, said her agency had "an extra safety net" for these beneficiaries. They can "leave the pharmacy with a prescription in hand," she said, if pharmacists follow a contingency plan devised by the government.

In addition, insurers said that some people happily receiving care in health maintenance organizations, under contract to Medicare, had signed up for free-standing prescription drug plans, not realizing that they would be automatically ejected from their H.M.O.'s. They now face higher costs for hospital care and doctor's visits in the traditional Medicare program.

Medicare drug coverage, the biggest expansion of the program in its 40-year history, will be offered through private insurance plans subsidized by the government, at a federal cost estimated at \$724 billion in the first 10 years. In traditional Medicare, the government offers a uniform package of benefits, with only minor variations.

But under the new program, dozens of different plans will be available, with different premiums, co-payments and lists of covered drugs, known as formularies.

William P. Scheer, president of the Pharmacists Society of the State of New York, who owns a drugstore in the Bronx, said he was nervous.

"I would be thrilled if it goes smoothly," Mr. Scheer said, "but it may not. There's a plethora of potential problems that could delay service for customers. In my testing of Medicare's computer

system, to verify eligibility, it appears that 30 percent of my low-income patients have fallen through the cracks. Some of those patients are at risk of not getting medications."

Garrison C. Moreland, a co-owner of the Moreland & Devitt Pharmacy in rural Rushville, Ill., said, "The first few weeks will be chaotic." His store, he said, will have to change its billing procedures for many customers, and doctors will have to rewrite prescriptions to comply with Medicare drug plan formularies.

The new drug coverage is available to all 42 million Medicare beneficiaries, regardless of their incomes. The government reported on Dec. 22 that more than 1 million people had voluntarily signed up, while 10.6 million had been automatically enrolled by federal officials or by Medicare managed care plans.

People have until May 15 to sign up. After that, they may face penalties in the form of higher premiums.

Opinion polls provide a mixed picture of public sentiment. In a survey conducted in late October by the Kaiser Family Foundation, only 35 percent of people 65 and older said they understood the new drug benefit. Those who did understand it were much more likely to view it favorably. A Wall Street Journal/NBC News poll in early December found that 40 percent of older voters had unfavorable views of the new benefit.

The new program depends heavily on a vast network of electronic communications linking Medicare, pharmacies, insurers and other government contractors.

To enroll a person in the new Medicare program, an insurer must submit an electronic file with the person's name, date of birth, sex and other identifying information. If any of the information is inaccurate or missing, or if the format is not exactly right, the file may be rejected.

In most cases, the government tells insurers to correct the errors and resubmit the applications. But in recent weeks, Medicare has often sent back a message saying simply "processing delayed" because of unspecified problems in a computer system. In a bulletin to insurers, the government said it was "researching the cause of this situation."

In some cases, insurers have received two contradictory messages for the same beneficiary, saying "enrollment accepted" and "enrollment rejected" at the same time.

S. Lawrence Kocot, a senior policy adviser at the Medicare agency, said the Bush administration had taken many steps to ensure a smooth transition. On Thursday, the administration disseminated "quick tips" for Medicare beneficiaries. On Friday, it offered guidance to pharmacists, telling them how to deal with two dozen questions and problems that could arise at the pharmacy counter.

Mr. Kocot said, "We know that many beneficiaries may not have their plan identification card on Jan. 1."

To ease this burden, Mr. Kocot said in an e-mail message to pharmacists, "we have implored all plans" to send acknowledgment letters to people who apply for Medicare drug coverage. Druggists, he said, should fill prescriptions for anyone with such a letter.

A typical letter used by AARP, the lobby for older Americans, thanks the recipient for enrolling in AARP's drug plan, insured by UnitedHealth Group. But it says that the recipient's application has yet to be approved by the federal government. In the meantime, it says: "This letter is proof of your AARP MedicareRx plan coverage. You should show this letter at the pharmacy until you get your member ID card from us."

The letter then cautions that if the government rejects the application, the "AARP MedicareRx plan will bill you for any prescriptions you received through us."

Such letters can be helpful. But Steven A. Hitov, a lawyer at the National Health Law Program, a nonprofit law firm for low-income people, said mail delivery was notoriously spotty in some poor neighborhoods. "Mailboxes are more likely to be broken," Mr. Hitov said, "and mail is more likely to be lost or stolen."

Insurance companies are eager to smooth the way for applicants while they wait for Medicare approvals. Aetna, for example, has arranged temporary drug plan ID cards that can be downloaded and printed from a Web site. Cigna is offering to tell members by telephone how to identify themselves at the pharmacy. WellPoint is keeping its call-in centers open around the clock.

Under the 2003 Medicare law, beneficiaries with low incomes qualify for extra help that can sharply reduce their premiums, deductibles and co-payments. But until Medicare approves an application, the insurer does not know the amount of the subsidy for any particular beneficiary.

The drug benefit may increase business for some pharmacies by making medications available to people who could not afford them in the past. But John M. Rector, a senior vice president of the National Community Pharmacists Association, said, "It won't be a moneymaker for the typical pharmacy, because insurers have set extremely low reimbursement levels."

Anxiety about the new drug benefit is remarkably similar to concerns expressed around the beginning of Medicare, on July 1, 1966.

"Social Security offices around the country are being swamped with questions" about Medicare, said an article on the front page of The New York Times on that day. Some people who enrolled "are worried because they have not yet received their Medicare cards," the article said. A top Medicare official said that "many doctors and hospital administrators, as well as patients, do not understand the program."

Then, as now, Medicare was a huge political issue. President [Lyndon B. Johnson](#) predicted a smooth beginning for the program, a cornerstone of his Great Society. But a committee of top Republicans from the federal government and the states said he had "failed tragically" to prepare for the start of Medicare.

The first major test of the new drug benefit involves low-income people entitled to both Medicare and Medicaid. They will lose Medicaid coverage of their prescription drugs on Sunday. The Bush administration has made elaborate plans to ensure that Medicare will immediately start paying for their medicines.

Kathryn J. Cole, 36, of Seattle is on Medicare because of disabilities related to a pituitary [tumor](#) and has been receiving drug coverage through Medicaid. She said she lived on Social Security checks of \$757 a month. "Currently," she said, "Medicaid pays 100 percent of my drug costs." Under Medicare, she will have co-payments up to \$3 a month for each of her 15 prescriptions.

"That's a large chunk of money for me," Ms. Cole said. "But it's not just the money. The new program is overwhelming because it's so complicated and stressful."

Despite the complexity, insurers report keen interest in the new drug coverage. Karen Wintringham, vice president of Excellus Blue Cross Blue Shield in Rochester, N. Y., said beneficiaries would inevitably experience some problems in the first weeks or months.

"It won't run smoothly anywhere in the country for a little while," Ms. Wintringham said, "but it's still better than what many people had before."