

Making It Work: State Leadership on Medicare Rx Implementation and Coordinating with State Pharmacy Assistance Programs

***Presentation to the
National Conference for State Legislatures***

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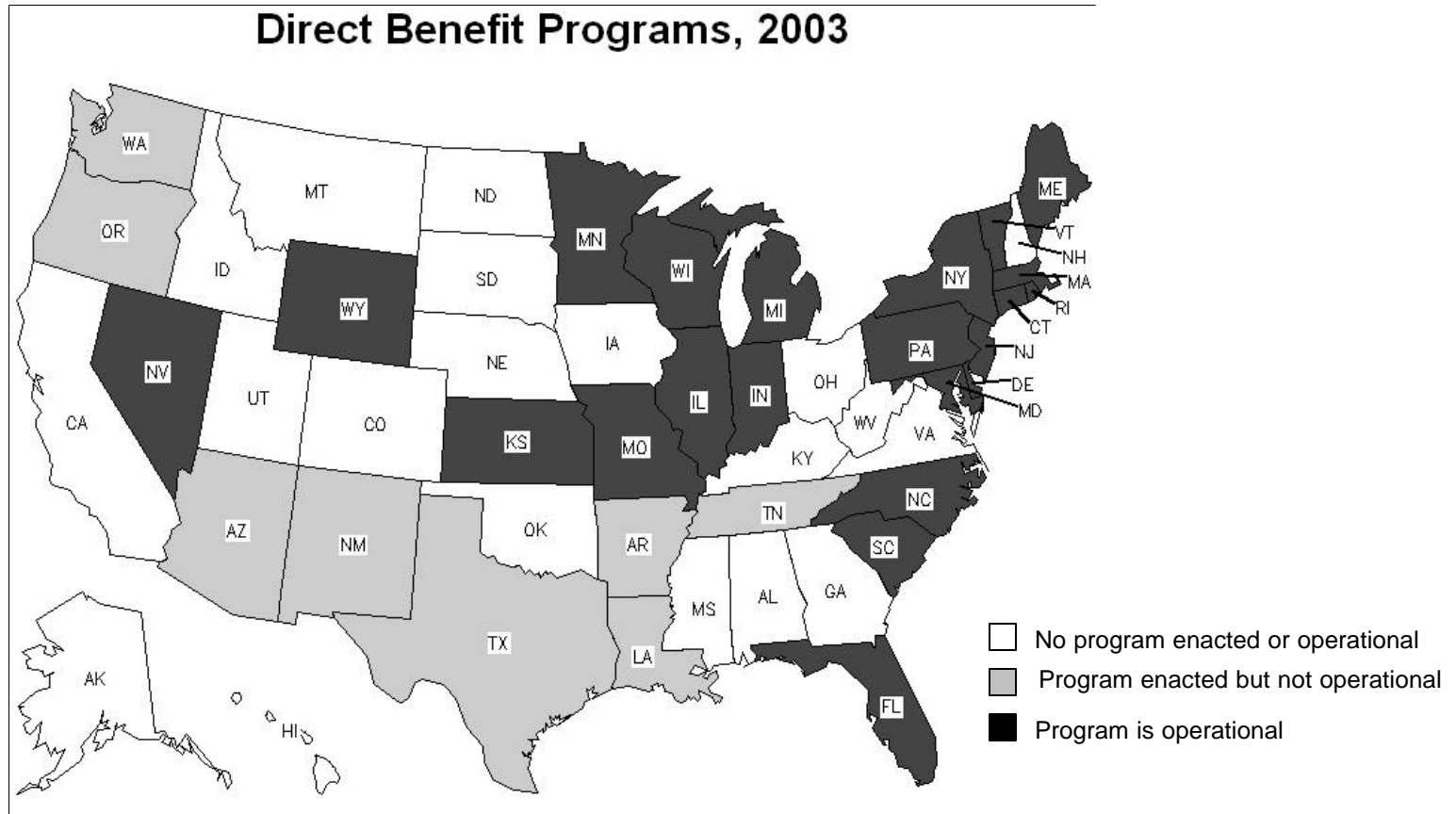
Goals of Presentation

- Briefly describe how State Pharmacy Assistance Programs (SPAPs) compare and contrast with Medicare Part D benefit and low-income subsidies.
- Discuss supplemental Part D options being considered by states and lessons learned from coordination with Medicare discount cards that might inform Part D implementation.
- Identify and discuss challenges ahead and policy changes that may be required of states going forward.

Acknowledgement

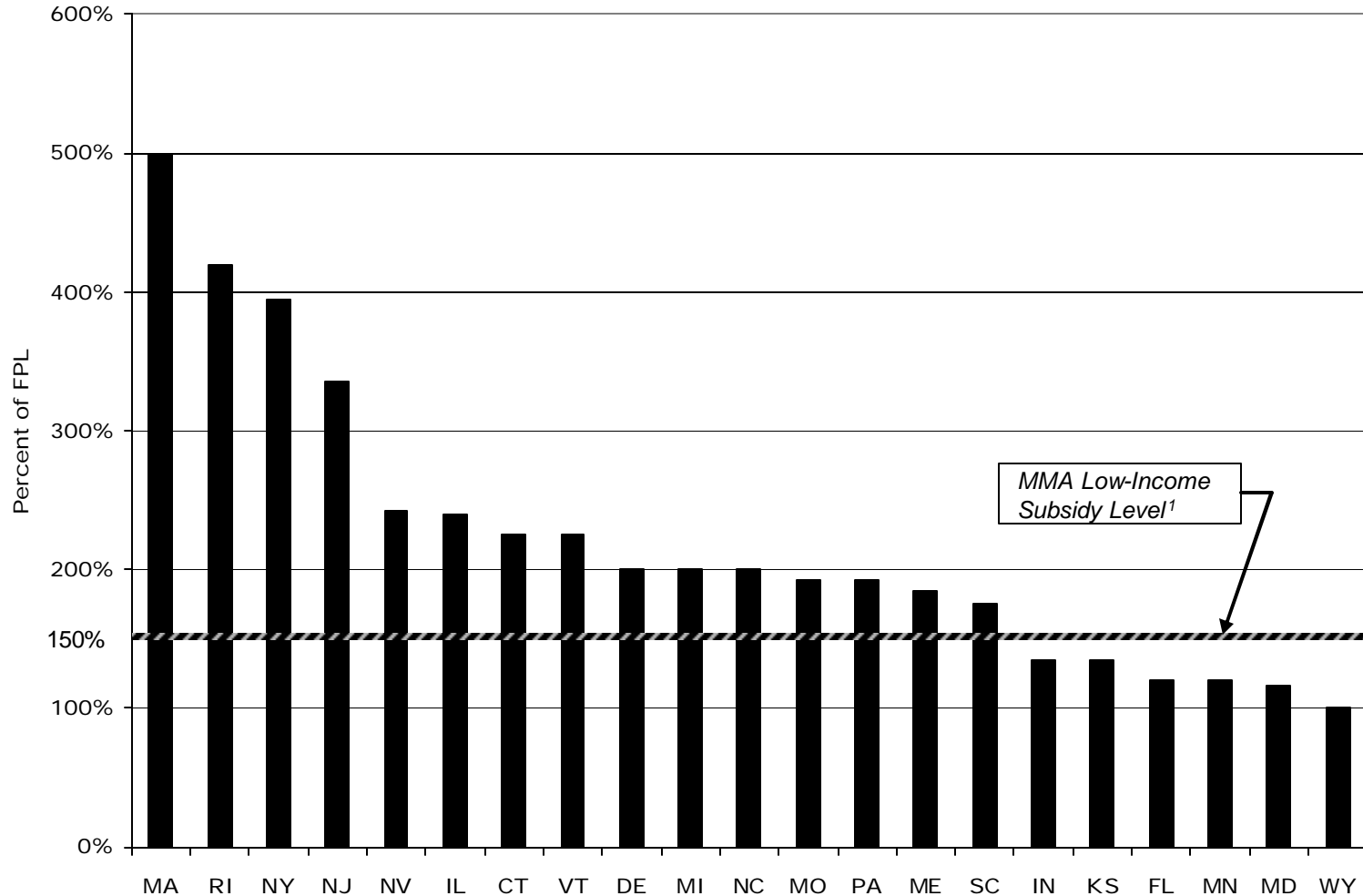
- Presentation based on study of state pharmacy assistance programs funded by The Commonwealth Fund.
- Study design
 - Longitudinal survey of SPAPs, 2000-2003.
 - In-depth case studies of eight subsidy programs and six state discount cards in 2002/2003.
 - Telephone interviews in Spring 2004 with 17 states re: Medicare coordination of benefit issues and discount card experience.
 - Website with more detailed reports:
<http://www.cshp.rutgers.edu/>

How Many States Have SPAPs?



Source: Trail T, Fox, K, Cantor, J, Silberberg, M, Crystal, S. State Pharmacy Assistance Programs: A Chartbook. Commonwealth Fund, New York, NY, publication forthcoming. Data from National Conference of State Legislatures' web site: *State Pharmaceutical Assistance Programs, 2003 Edition*, <http://www.ncsl.org/programs/health/drugaid.htm>. August 27, 2003.

How SPAP Income Eligibility Compares with Medicare Part D and Low-Income Subsidies?



Source: Trail, T., Fox, K., Cantor, J, Silberberg, M., Crystal, S. State Pharmacy Assistance Programs: A Chartbook. The Commonwealth Fund, New York, NY, Publication forthcoming.

How SPAPs Compare with Part D and Low-Income Subsidies?

- Only 2 states have asset tests (MD,MN).
- Cost-sharing varies by state*, but is generally lower than cost-sharing required for non-catastrophic Basic Part D coverage.
- Medicare Part D low-income subsidies generally provide coverage equivalent or better than that provided by SPAPs.
- Medicare drug formularies likely to be more limited than most SPAPs, with the exception of a few states that limit coverage to drugs for certain conditions (6) or that have PDLs (6).
- Medicare private pharmacy networks are likely to be more limited than SPAPs.

* For more details see: http://www.cmwf.org/programs/child/trail_spap_chtbk_758.pdf

Part D Impact on State Pharmacy Assistance Programs and Enrollees

- Significant short-term savings from the \$600 discount card credit if people enroll.
- Huge federal \$ offset under Part D particularly for enrollees eligible for low-income subsidies to the degree that people enroll.
 - Savings need to offset potential loss of SPAP-level rebates and administrative costs related to coordination of benefits.
- The provision that allows SPAP contributions to count toward enrollees out-of-pocket costs will help enrollees get to the more generous catastrophic benefit sooner. Excludes 1115 waiver states (FL, SC, IL, WI, VT, MD).
- In states that limit drug coverage to certain conditions, expanded benefits for enrollees because more drugs are covered.

SPAP Future Plans Coordinating with Medicare Rx Benefit

- Most SPAPs plan to continue some low-income drug coverage in 2006.
- Still considering Part D options; most states focusing on coordinating with Medicare discount cards in 2004.
- Options for 2006 being considered include:
 - Paying all or portion of premiums.
 - Wrapping around cost-sharing to current state cost-sharing.
 - Providing coverage during the 'donut-hole' (e.g. Missouri).
 - Wrapping around formularies.
 - Covering out-of-network pharmacies
- Few states had considered lump sum payment option.

Anticipated Challenges for SPAPs in Coordinating with Part D

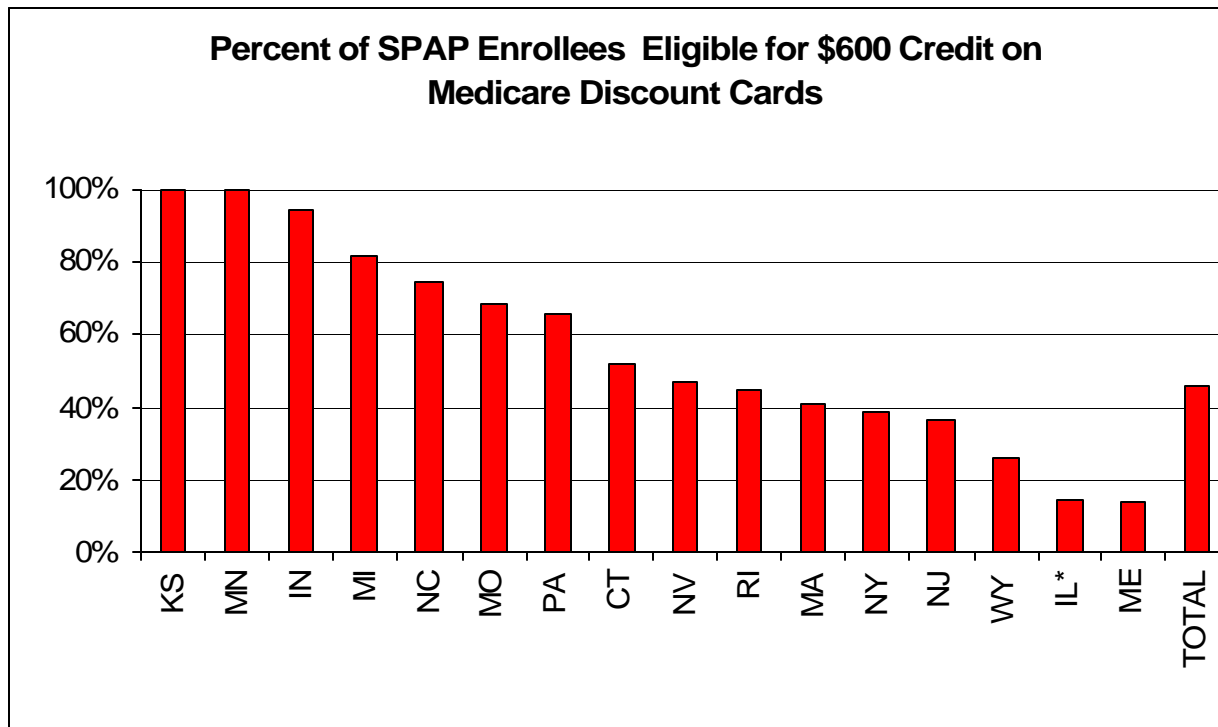
Enrollment Challenges

- Getting SPAP enrollees to voluntarily enroll.
- Gathering asset information to determine eligibility for low-income subsidies.
- For SPAPs that are managed by departments other than the Medicaid agency, conducting eligibility determination through Medicaid may be further deterrent for SPAP enrollees.

Coordination of Benefit Challenges

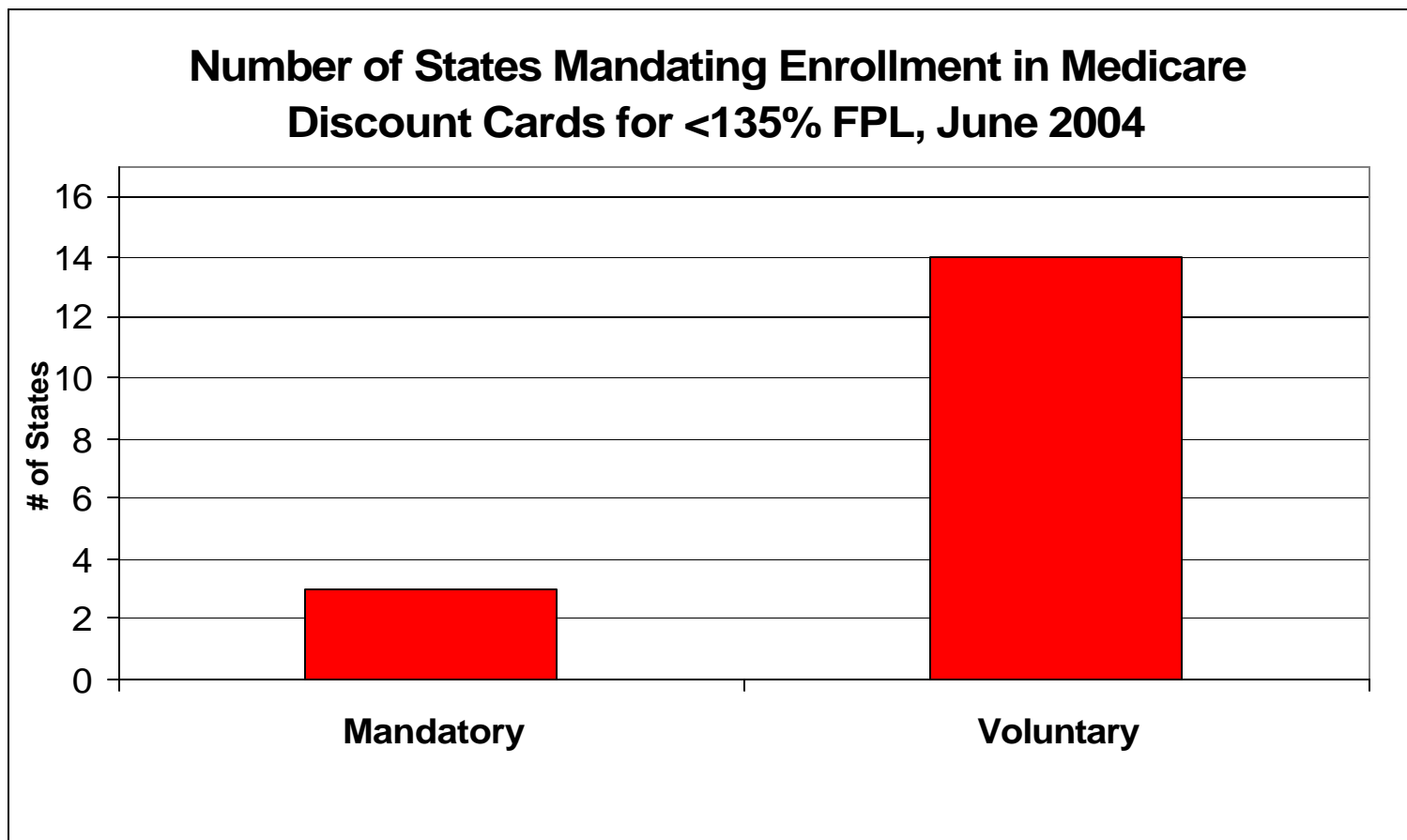
- Developing different coordination plans for enrollees in basic Part D, in the sliding scale subsidy program, and in the lowest-income subsidy program
- Real-time information sharing on who is enrolled in each benefit, tracking deductibles, out-of-pocket costs, etc. Number of plans increases complexity and administrative costs.
- Point-of-sale duplicate billing and enforcement.
- Coordinating sliding scale premium and cost-sharing payments with CMS.

SPAP Experience Coordinating with Medicare Drug Discount Cards



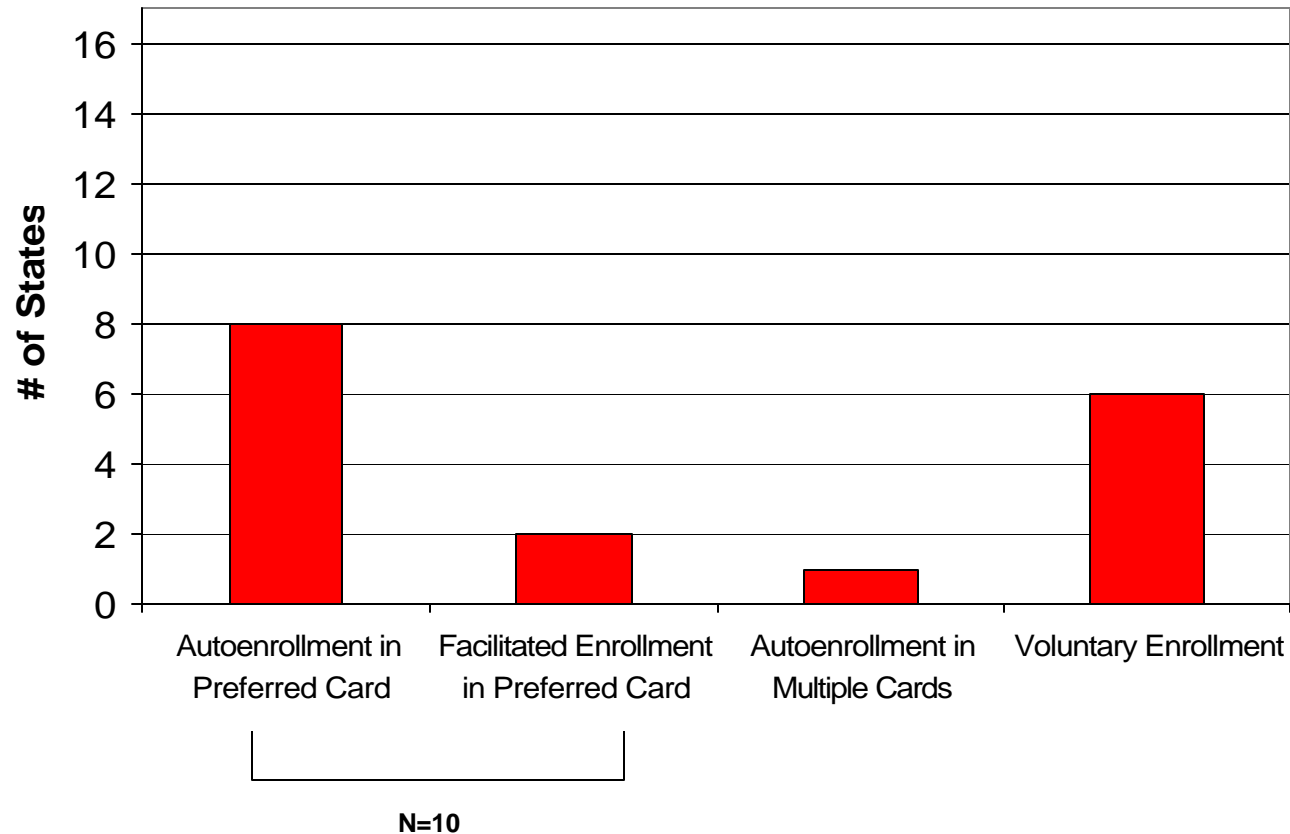
Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Few States Mandating Enrollment in Discount Cards



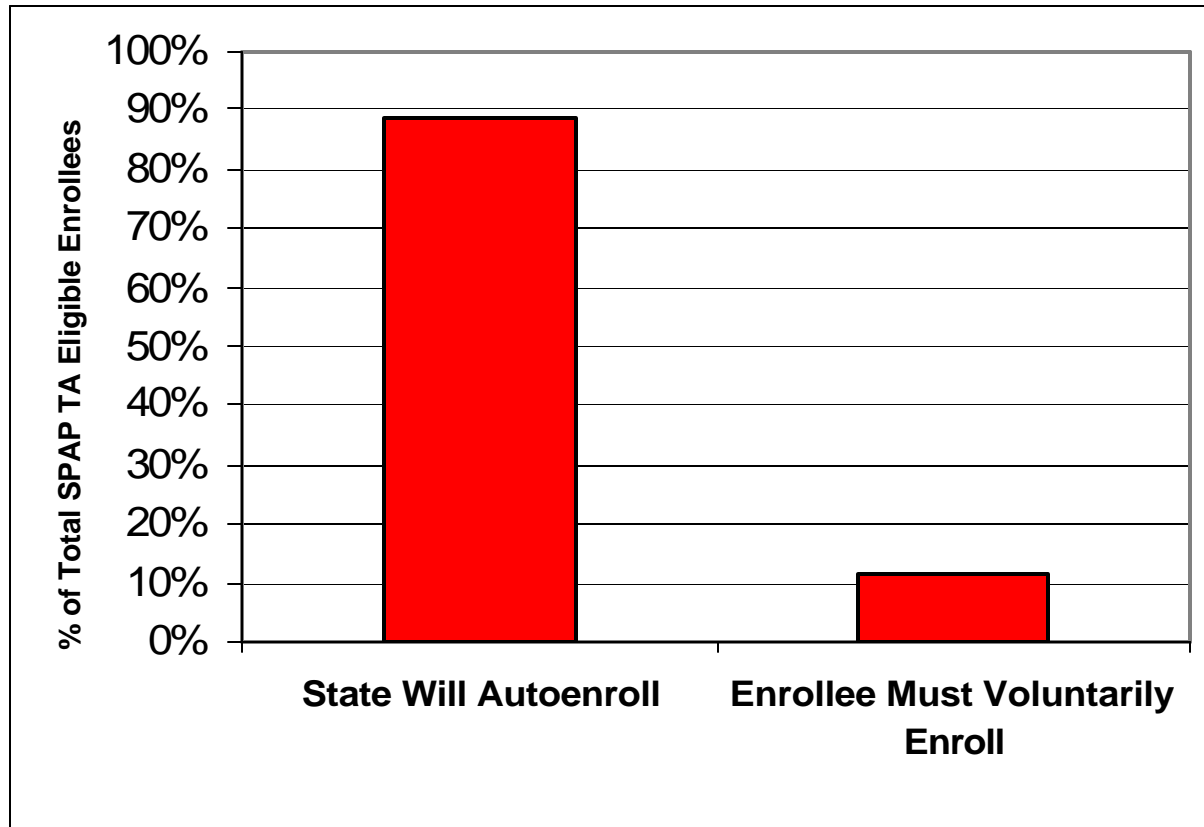
Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

More than Half of SPAPs Working with a Preferred Discount Card and/or Autoenrolling



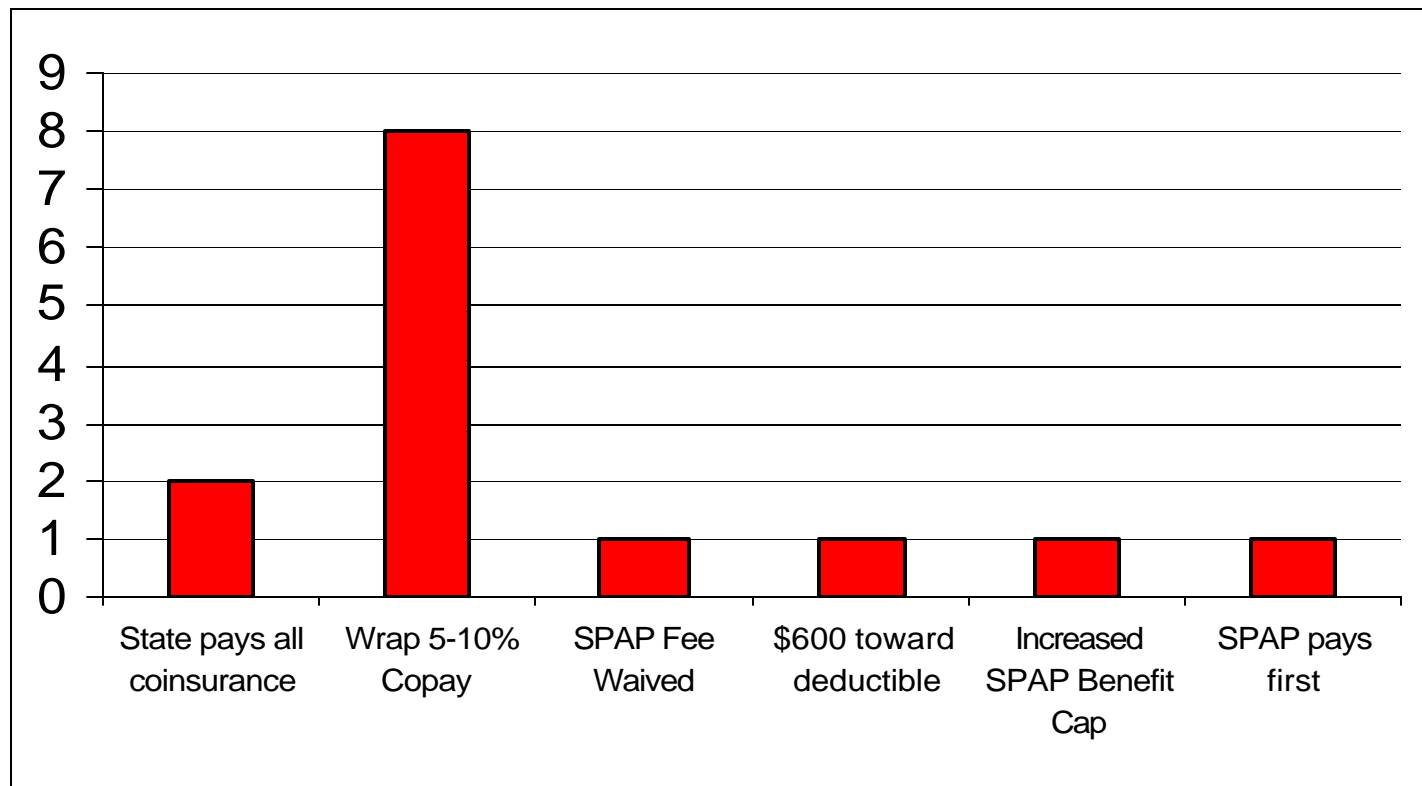
Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Vast Majority of TA Eligible SPAP Enrollees Will be Autoenrolled



Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Other Incentives Employed by SPAPs to Encourage TA Enrollment



Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Coordination Lessons from Discount Card and Other State COB Efforts

- The more plans, the more difficult to coordinate benefits.
 - States achieve greatest savings from working with a preferred card.
 - Administrative hassles could deter states from providing gap-filling coverage. Coordination of benefits should be designed to minimize crowd-out of current state contributions.
- Autoenrollment efficient mode for getting people enrolled.
 - Transparent to enrollees.
 - Nearly 80% of enrollment in transitional assistance is due to SPAP and M+C autoenrollment

Coordination Lessons from Discount Card and Other State COB Efforts

- For states that wrap-around the 5-10% in the discount card, or that currently allow wrap of less generous rx benefits, requires considerable cooperation from pharmacists.
 - Duplicate billing by pharmacies.
 - May require additional audits/oversight by states to enforce.
 - Need to identify alternative approaches (SPATC Commission?).
- Coordination requires accurate, timely information sharing that is best centralized by CMS rather than obtained from individual card sponsors.
 - States that pursue third party recoveries have found that even with strict statutes, not easy to get information from private insurers and have had to pay brokers to collect information.

State Policy Decisions in 2005

- Mandatory versus voluntary
- Whether to autoenroll (if allowed) and passing authorized representative legislation.
- Working with multiple plans or preferred (if allowed)
- Capitation or Wrap-around
- What to wrap-around?
 - Premiums and cost-sharing
 - Formularies and networks (comparability issues for duals)
 - Concerns re: whether wrapping around formularies and networks may result in PDPs further limiting their plans.

Commenting on Part D Regulations: Some Issues of Concern for SPAPs

- Comments on Part D regulations due October 4, 2004.
- Non-discrimination clause and ability to work with a preferred plan.
- Specifying states as authorized representatives and allowing them to autoenroll.
- Minimizing documentation requirements of asset tests.
- Allowing SPAPs to determine low-income subsidy eligibility
- Rebate collections during donut hole period if SPAP chooses to wrap-around benefit.
- Defining PDP Information requirements with SPAPs explicitly in regulations, e.g. notifying SPAPs of formulary changes.
- Defining CMS Information-sharing requirements with SPAPs.