

MEDICARE PRESCRIPTION CO-PAYMENTS: AN UNAFFORDABLE OPTION

THE EFFECT OF CO-PAYMENTS ON DUAL ELIGIBLES

As of January 1, 2006 beneficiaries who receive both Medi-Cal and Medicare (called “dual eligibles”) are required to do something that no other Medi-Cal beneficiaries in California are asked to do: pay co-payments in order to receive medically necessary drugs. Dual eligibles are by definition low-income seniors and individuals with disabilities who are among the most vulnerable populations in our state and have the least disposable income. Yet, these individuals must now pay a substantial percentage of their fixed income for life saving medications. Even minimal co-payments of \$1, \$3 and \$5 are unaffordable for most of these beneficiaries and operate as a barrier to obtaining medically necessary medication.

Health Consumer Centers across the state are reporting a steady call volume of clients who are dual

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THE CHOICE FOR DUAL ELIGIBLES: FOOD OR MEDICATION?

Ron Todd is a 66 -year- old paraplegic veteran with numerous complicating medical issues. He receives only \$800 a month in disability and lives in a rented room. Ron takes 35 different medications each month and cannot afford the new Medicare Part D co-payments. His delivery man has helped him with the co-payments for the last two months but will not be able to continue to do so. Ron has looked into all of the agencies that might have been able to assist him, and none of them provide help with co-payments. He says that he will have to choose between rent, food, and medications.

Murrel Saint Clair is a 62 -year - old with both physical and mental disabilities. She takes 21 medications a month, due in large part to an injury she received at work. Even with medications, she is in regular pain but without the medications the pain is unbearable. She receives \$1230 a month in Social Security and Child Support which she uses to support her teenage granddaughter whom she is raising. Her co-payments are now \$80 a month which is more than she can afford on her fixed income.

In order to survive last month, she lived for weeks on cereal and Ramen noodles. After co-payments, she will not have enough to pay rent, purchase groceries and raise her teenage daughter.

Linda Dewater is a 61 - year - old woman with heart and lung disease, osteoporosis, fibromyalgia and symptoms that she describes as pre-cancer. Her monthly income is only \$842 a month. She sees 5 different doctors regularly and is prescribed 31 medications but has only been able to purchase 17 of them since the implementation of co-payments under Medicare Part D. Co-payments for the 17 medications caused her to run out of money before the end of last month. Her social worker had to give her gift certificates so that she could afford to buy toilet paper. She is not able to afford the co-payments and does not know what she will do.



An Advocate's Perspective

As an advocate at the Consumer Center for Health Education and Advocacy of the Legal Aid Society of San Diego, I have been able to educate clients, pharmacists and my colleagues about the resources available under Medicare Part D, including the emergency legislation, the transition period, and how to choose a plan.

However, there are no resources that I can tell my clients about to help them pay for the \$1, \$3 and \$5 co-payments. When I hear a client say, "\$3 may not seem like a lot to someone else, but it's like \$100 to me," I have no resource to give them. All I can say is "I'm sorry, there is not a program that exists at this time to help you pay for them."

While I hear the desperate voices of my clients, I cannot believe that \$1 is standing in their way of getting prescription drugs. What is \$1? Its 100 pennies. It's nothing.

Yet, to my clients who live on such limited income and resources, these \$1, \$3 and \$5 co-payments are forcing them to choose between food, rent, their electricity bill, money for transportation and medicine. As a human being first and an advocate second, I exclaim "that's not right!"

Colleen Cook, MSW
Consumer Center for Health Education and Advocacy

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eligible and who are unable to afford the co-payments now required under Medicare Part D. Most of these clients were not aware that a co-payment would be required starting in January and many have left the pharmacy without their prescriptions, angry and confused.

Since January, dual eligible clients have reported going without medically necessary medications, having to use rent money to pay for prescriptions and having no money left for food after paying co-payments. Many clients can only afford a few of their medications and are making their own determinations as to what medications are most important for their health. Because of the limited income of dual eligibles, co-payments absorb a substantial monthly portion of their income. Advocates have reported that these new co-payments operate as a barrier to clients receiving necessary medications and that less than \$16 in monthly co-payments have brought clients to the Health Consumer Centers seeking assistance.

The Health Consumer Alliance has collected information on over 900 Medicare Part D problems in the last six months, from predominately dual eligible beneficiaries. Medicare Part D calls have averaged over 30% of all incoming calls to the Health Consumer Centers. Beneficiaries are increasing reporting that co-payments make prescription drugs under Medicare Part D unaffordable. Most of these individuals received the same medication three months ago under Medi-Cal without paying a co-payment.

Individuals with private insurance often pay co-payments. Although a burden, these individuals generally have higher incomes and are working, leaving them with more disposable income. Dual eligibles, however, have fixed incomes which is spent entirely on necessities. The addition of co-payments forces them to have to choose between necessities, a choice not required when co-payments are imposed on those with higher incomes.

In "Charging the Poor More for Health Care: Cost-Sharing in Medicaid" The Center on Budget and Policy Priorities reported that cost-sharing policies that cause only modest reductions in health care among

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middle-class individuals can result in more substantial reductions in health care use and lead to significant, adverse health consequences among poorer individuals, especially those with chronic health conditions. This same study found that the potential risks of higher cost-sharing are most acute for seniors and people with disabilities, exactly the individuals who are being affected by the Medicare Part D co-payments.

Since these individuals use the most health services and medications, their out-of-pocket costs for co-payments are the highest and they are the people most likely to avoid or delay needed health care because of cost problems. The report notes that in many cases, cost sharing and co-payments are counter productive as they could cause beneficiaries health to worsen leading to increases in other health costs such as emergency room visits.

CO-PAYMENTS KEEP PEOPLE FROM GETTING THE CARE THEY NEED

- A RAND health insurance experiment found that low-income adults and children reduced their use of effective medical care services by as much as 44% when they were required to make co-payments.
- In a January 2000 report, the Office of Inspector General of the US Department of Health and Human Services noted that “any fee can be a strong barrier to care for Medicaid beneficiaries.”
- A study of TennCare enrollees with incomes above 100% of poverty found that 22% reported that they were unable to pay the co-payment for a medication, and 62% went without the prescribed drug.
- A 2002 study of adult Medicaid enrollees found that 41% of those under 65 with two or more chronic conditions have not filled a prescription because of cost.
- Nationally, seniors on Medicaid use 26 prescriptions per year on average, compared to 14 for non-elderly individuals.
- A large study in Quebec found that after co-payments for prescription drugs were imposed, poor adults had 88% more emergency room visits and experienced a 78% increase in medical events like hospitalization or institutionalization as a result of the medical problems experienced when these low income people went without essential medications.

The View From Los Angeles

On a daily basis I speak to clients who are confused, overwhelmed, angry and frightened to discover that they can now only receive their prescription medications if they pay a co-payment. I've even met clients who think that Medicare Part D was implemented to get rid of the elderly and the sick more quickly. Yesterday, I had a client who is on SSI. His total monthly income is \$812. He pays \$700 in rent and utilities. That leaves him with \$112 for the month for everything else, including food. He takes 13 medications that he now has to pay co-payments for. Where can he possibly come up with the money for that? What can I possibly tell him to do?

As an advocate, I'm helpless when clients cannot afford the new Part D co-payments as there are no available resources to assist these individuals. I can only watch as the sickest and poorest members of our state are asked to pay a substantial portion of their income for medications that save their lives. I can't imagine that forcing these individuals to go without medications or without food was truly the intent of Medicare Part D. Unfortunately, it is having that effect.

Toni Vargas, Staff Attorney
Health Consumer Center of Los Angeles Neighborhood Legal Services

Help Bonnie Solve the Dual Eligible Budget Puzzle:

Bonnie is a 67 year old widow who lives in Oakland. She lives in a small studio apartment and her only source of income is the \$812 she receives in monthly SSI benefits. Bonnie has both Medicare and Medi-Cal coverage. Bonnie takes medication for a heart problem and for anxiety. As a result, Bonnie takes 12 medications a month. Under the new Medicare Part D program she will have to pay either \$1 or \$3 co-payment for each medication. Her monthly co-payment will now be \$24 a month. Bonnie cannot go without any of the medications or else she will be hospitalized. Based on Bonnie’s monthly budget below, how would you help her squeeze out the extra \$24 a month for medications?

- \$812** SSI Monthly Income (the California state average)
- \$610** Rent for Studio Apartment . (City average for a studio in Oakland is \$849)
- \$139** Monthly food cost (U.S. average low cost monthly food plan according to the USDA Center for Nutrition Policy and Promotion.)
- \$25** Monthly Electric Bill
- \$20** Monthly Telephone Bill
- \$15** Transportation costs to get to and from the doctor and grocery.
- \$3** Remaining which Bonnie will use for toiletries and any other necessities for the month.
- \$24** Monthly co-payments now required under Medicare Part D.
- \$24**



Health Consumer Alliance Partners

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