

Senior drug benefit gets "mixed picture" review

By Will Dunhame Apr 22, 2008

The U.S. program to help elderly people pay for medicines has made them less likely to trim spending on things like food and housing to buy drugs, but the sickest still skip medications due to cost.

The first broad assessment of whether Medicare's so-called Part D drug benefit has eased financial hardship for elderly people shows not all problems have been erased, researchers report in the *Journal of the American Medical Association*.

"It's definitely a mixed picture," said Jeanne Madden of Harvard Medical School, one of the researchers. "We saw some positive effects that we attribute to Part D."

Medicare is the state-federal health insurance program for people age 65 and older and the disabled. It helps pay costs for things like doctor visits and hospitalization.

Medicare beneficiaries since January 2006 have been able to purchase the Part D prescription drug benefit subsidized by the program and available through private plans.

Madden and colleagues found that while 14.1 percent of beneficiaries in 2005 reported skipping pills and prescriptions because of their cost in 2005, before the benefit existed, the figure dropped to 11.5 percent in 2006 after Part D was introduced.

In 2006, 7.6 percent of beneficiaries reported cutting back on spending on basic needs such as food, housing and utilities to afford prescription drugs, down from 11.1 percent who reported doing so in 2005 before Part D.

However, patients classified as the sickest reported no improvement in skipping medications because they could not afford to pay for them even after the Part D benefit began.

SKIPPING PILLS

These people, accounting for about 27 percent of the overall group, skipped their pills at about twice the rate of healthier patients in 2004 and 2005, Madden's team found.

Skipping pills can cause health problems such as heart attack, stroke and preventable hospitalization, the researchers noted.

The findings were based on responses to a government survey by 24,234 people enrolled in Medicare in 2004, 2005 and 2006.

In another study in the same journal, researchers led by Dr. John Hsu of Kaiser Permanente's Center for Health Policy Studies in Oakland, California found that 36 percent of beneficiaries reported after the benefit went into effect that they still changed their behavior in some way because of drug costs.

This included switching to a cheaper drug, not refilling a prescription or having overall financial burdens.

Interviews with 1,040 Medicare prescription drug plan beneficiaries in 2007 showed that many -- about 60 percent -- were not aware their drug plans had coverage gaps.

During 2006, once drug expenses amounted to \$2,250, they had to pay the full cost until their drug expenses reached \$5,100, at which point Medicare covered 95 percent of the expenses. As of this year, the coverage gap -- sometimes called the "doughnut hole" -- is between \$2,510 and \$5,726.

"The new Medicare Part D program provides billions of dollars in new benefits for seniors, but also imposes complex and high levels of cost-sharing. The study shows that many seniors have trouble understanding these benefits, and that this poor knowledge limits their ability to manage their medication needs and costs," Hsu said in a statement.

The researchers said the Congressional Budget Office projected Part D will cost the government \$850 billion in its first 10 years.