**Testimony of Robert T. Maruca, Medicaid Director, District of Columbia**
**Committee on Government Reform Briefing on the Medicare Drug Plan**
**January 20, 2006**

The District of Columbia has joined more than 22 states across the country in providing payment for prescription drugs for dual eligibles who cannot access their needed drugs through the current Medicare Part D program.

**BACKGROUND:**

This action was taken due to the fact that a great number of dual eligibles seniors are having such difficulty getting their needed medications under the new Medicare Part D program. In the District of Columbia we have approximately 16,000 dual eligibles, and have had calls from over 1,500 of them since the initiation of the program on January 1, 2006. That represents almost 10% of our District population who have had problems in the first 2 weeks of the Medicare Part D Drug program. These individuals are the most vulnerable in our Medicaid population, the poorest, the sickest, frequently disabled and the least educated.

Prior to initiation of the Medicare Part D program, Medicaid provided all their drugs with a $1 co-pay. They received both their healthcare and their prescription drugs from Medicaid. Now, when the Part D program is fully operational and functioning, they will receive their prescription drugs from one of 15 Prescription Drug Plans (PDP's) operating as contractors of Medicare in the District.

The roll out of the Medicare drug plan has not gone smoothly. Although you hear about the millions of seniors who are getting their drugs without a problem, you seldom hear, like we do in the Medicaid program and other local government social service agencies, of the millions of dual eligibles throughout the country who are not getting their drugs. Medicaid programs, health insurance counseling programs, senior programs and other advocacy groups are all working together to help these seniors with their drug problems.

**WHAT ARE THE MAIN PROBLEMS:**

The Medicare database was incomplete and inaccurate. Files and information of the dual eligibles were apparently not transferred correctly from Medicare to the PDP's. Files with information of the dual eligibles' status were flawed. Many clients were left off the database or were not listed as dual eligibles when they in fact were; and they had been previously carried as dual eligibles by Medicaid programs around the country.

PDP files and data were not ready to interface with the system set up for the pharmacists. PDP's had neither sufficient phone lines nor sufficient customer service representatives to deal with the numerous client issues that the pharmacies needed resolution on. Waits of 2-3 hours on the phone were common when they were fortunate enough not to just be cut off.

The long wait times have played havoc for the pharmacies. These are often small businesses who depend on their client base to stay in business. Spending hours trying to resolve

one patient's problems means that they are not spending the time they need to spend with their other patients.

Co-pay requirements have been staggering in many cases. The law requires low-income dual eligibles to pay a $1 co-pay for generic drugs and a $3 co-pay for brand name drugs. Because of the inaccurate data transfers, many dual eligibles have been asked to pay co-pays of as high as $80 before they could obtain their drugs.

Bottom line: Many dual eligibles are going into the pharmacy with a valid prescription and leaving without their needed drugs.

**HOW DID DC PREPARE FOR THIS PROBLEM:**

Letters were sent to dual eligibles by the Medicaid program to supplement the letters sent by the federal government.

DC agencies visited senior centers and senior communities to talk one on one to dual eligibles so they would be aware of the changes in their drug program. We echoed, with trepidation, the comments of the Center for Medicare and Medicaid Services (CMS) that this would be a seamless transition for those effected. Medicaid and other city human services agencies presented information at health fairs and other venues. An informal network of advocacy organizations were partners with Medicaid and were kept informed of the program through meetings and e-mails.

Dual eligibles were encouraged to get counseling from the DC Health Insurance Counseling Project at George Washington University to help them choose the best plan for them if they had concerns about the plan they were randomly assigned to by the federal government. This is important because the PDP's all employ a formulary and not all drugs being taken by a dual eligible will be covered by a PDP. This puts a difficult burden on the dual eligible to select the best plan for them given the scarcity of information available to them as individuals.

In December, the DC Medicaid program made available to every dual eligible who had a valid prescription the opportunity to get a 2-month supply of their drugs. This additional supply of drugs was an unbudgeted expense for Medicaid but one that was felt must be done.

**DC ACTION:**

On January 17, the Mayor's office was presented a plan in which DC would pay for the prescription drugs for any dual eligible who could not be found in the Medicare system, whose data was incorrect in the Medicare system and could therefore not get their drugs, or who could not be re-registered in the system by the local pharmacists. DC would become a payor of last resort to ensure that no dual eligible walked out of the pharmacy without their needed drugs.

The program is designed to safeguard the health of low income elderly and disabled people whose Medicare coverage has not materialized because of administrative problems with the Medicare Part D drug program.

The Mayor approved the plan and submitted the attached press release on January 18, 2006. DC joined 22 other states who have already taken similar action due to their dual eligibles facing the same issues facing DC's dual eligibles.

Although this is a state program, large cities like DC face unique problems in that they have a higher concentration of very poor residents in a smaller geographical area. Cities like New York, Chicago, Detroit, Los Angeles, etc. are facing similar problems.

**COSTS:**

For DC alone, this program is estimated to cost $3M.

CMS has stated that they cannot pay us back for the costs incurred to supplement their program that is not working for everyone, as it should.

CMS has said they will assist us in collecting from the PDP's, in effect making Medicaid a bill collection agency. Administrative and other costs incurred are also not reimbursable by the federal government.

DC and the other states who are taking care of their dual eligibles are paying the price for a flawed federal government program. Governor Mike Huckabee from Arkansas was recently quoted as saying: "We're doing the federal government a favor. We're in essence loaning them money while they get their problems worked out… Now we're going to not only become the bank, but the collection agency."

**Government of the District of Columbia**
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# MAYOR ANNOUNCES $3 MILLION PLAN FOR EMERGENCY DRUG ASSISTANCE

## *District Will Pay For Federal Prescription Drugs For Thousands of DC Elderly and Disabled*

(Washington DC) - Mayor Williams announced today that the District will begin an immediate effort to help 16,000 District residents pay for prescription drugs until a long-term solution with the federal Medicare program is worked out. The mayor set aside $3 million for the plan, which will cover the cost of expensive medications, allowing low income District residents to continue receiving life-saving drugs with a $1 or $3 co-pay. The mayor's decision to use money from the District's contingency cash reserve came after the city, along with states across the country, reported that many dual-eligible residents, who qualify for both Medicare and Medicaid, were not registered properly and had trouble getting medication.

"I am shifting this money to ensure that we are able to help thousands of our city's seniors maintain their prescription drug benefit," said Mayor Williams. "Some of the District's most vulnerable are at risk. That's unacceptable. I'm hoping that the federal government will move quickly to smooth out the flaws in this new program so that no American is denied basic health care."

Widespread confusion over the plan has left millions of Americans upset about the changes, which went into effect nationally on Jan. 1. Roughly 16,000 District residents are affected by the new law, which requires new enrollment procedures that many seniors do not fully understand. The mayor encouraged the U.S. Department of Health and Human Services to repay the costs associated with the 90-day stop-gap measure, not only to DC but to nearly two dozen other states that were paying similar costs.

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