



September 18, 2003 11:59 p.m. EDT

## HEALTH

# Drug Cards Could Be Fallback If Prescription Bill Bogs Down

Seniors, Banded Together, Could Get  
Leverage to Cut Costs as Much as 25%

By SARAH LUECK  
Staff Reporter of THE WALL STREET JOURNAL

(See Corrections & Amplifications [item below](#)<sup>0</sup>.)

WASHINGTON -- If legislation to add prescription-drug coverage to Medicare gets bogged down in lawmakers might grab for a fallback: a drug-discount card that could shave 10% to 25% from the cost of medications.

Congressional negotiators already have agreed on such a card as the first step toward expanding Medicare drug coverage. If the broader drug-benefit legislation dies, a drug card could be passed on its own. As Congress and Medicare officials hammer out the details of a discount card, consumer and corporate interests are butting heads over its features.

The notion is to give seniors leverage to cut their drug costs by banding together with others to negotiate. Each card -- likely organized by health insurers or pharmaceutical-benefit managers who currently manage employers' drug-insurance plans -- would issue a card for a fee of as much as \$30 a year.



<sup>1</sup> [Remaking Medicare](#):<sup>2</sup> Full coverage of the ongoing Medicare debate, plus commentary and analyses.

• See a [list](#)<sup>2</sup> of drug cards available for low-income seniors.

Consumer advocates and others warn that concessions Congress is considering to lure the industry to participate could make the program unattractive to beneficiaries. For example, lawmakers had proposed requiring pharmaceutical-benefit managers, or PBMs, to hold their cards constant for two months at a time. PBMs argued that that would be the mercy of drug companies' price changes, and the idea was

Patients, though, would be required to stick with their card for no matter what happened to prices. "While prices can fluctuate, seniors can't walk with their feet to another program," says Tricia Neuman, a Medicare expert at the Kaiser Family Foundation.

A team at the federal agency that runs Medicare is working out the details with congressional aides and industry for the card program so cards can be issued quickly if Congress acts. If the more-comprehensive drug-benefit legislation dies, the cards will be a temporary measure until drug coverage takes effect in 2006. If a drug benefit isn't enacted, the cards could be a vehicle for scaled-back benefits, such as coverage for catastrophic medical costs.

Thomas Scully, the head of the Centers for Medicare and Medicaid Services, is aiming to have cards ready seven months before the 2004 elections. "We've been champing at the bit to get this done," he says.

The cards would be similar to those currently available from retail stores, pharmacies and employee associations. They are used by about 18 million people, according to an estimate from Congress's General Accounting Office. Typically, they are administered by PBMs, and discounts largely come from pharmacies that agree to lower prices. More than one million low-income seniors use discount cards offered by drug makers, according to the GAO. Some states also offer discount programs.

Under the new drug-card plan, all seniors would have a choice of at least two cards, each of which might offer different discounts, but they wouldn't be allowed to use more than one card. The discounts would likely be at least 25%, which is about the same as those offered by some drug-store chains and employee associations.

In addition to the discounts, Medicare beneficiaries with incomes below about \$12,123 would be able to spend no more than \$250 a year to spend on medications. Under the current agreement in Congress, those low-income beneficiaries pay a 5% or 10% co-payment when they fill prescriptions, depending on their incomes.

PBMs say they might not offer Medicare cards if the rules are onerous. PBMs say they get rebates from drug manufacturers when they move market share to certain products, typically in the context of an insurance contract. If the Medicare cards wouldn't be attached to an insurance benefit, so the companies aren't sure whether they have the ability to move people to certain products or to guarantee that beneficiaries would buy medications. The cost of marketing, enrollment and other elements -- and the companies wonder what is in it for the

Important details, such as whether PBMs could receive Medicare reimbursement for their administrative costs, and whether they would be required to pass on to consumers some or all of the rebates they get from drug manufacturers, are being worked out in Congress. "You can't evaluate it as a commercial option right now," says Dan Riedinger, a health-care lobbyist with PBM clients.

While making positive noises, PBMs aren't committing. "The details behind the card program are critically important," says Jeff Simek, a spokesman for Medco Health Solutions, adding that the company is "very interested in being part of the solution." Big PBMs, such as ExpressScripts Inc. and Advance PCS, echo the wait-and-see sentiment.

"We expect to participate, although a final decision will have to await an evaluation of the bill," says I. Michael Ross, chief executive of ExpressScripts.

---

### Competing Cards

Several drug cards are currently available for low-income seniors from pharmaceutical manufacturers. Consumer advocates wonder if new Medicare cards become available.

CARD NAME/SPONSOR	MAXIMUM ANNUAL INCOME	DRUGS COVERED	ADVERTISED PRICES
<b>Together Rx</b> /Consortium of eight drug makers	\$28,000 for individuals; \$38,000 for couples	About 170 brand-name drugs made by participating manufacturers	At least 15% off company's list price to wholesalers
<b>Share Card</b> /Pfizer	\$18,000 for individuals; \$24,000 for household	All Pfizer prescription drugs	\$15 for up to a 30-day supply
<b>LillyAnswers</b> /Eli Lilly	\$18,000 for individuals; \$24,000 for household	All Eli Lilly drugs except controlled substances and those not distributed by retail pharmacies	\$12 for a 30-day supply
<b>Orange</b>	\$30,000 for	All outpatient prescription drugs made	Average savings of 30% off usual

Card/GlaxoSmithKline	individuals; \$40,000 for household	by the company	price
Care Card/Novartis	\$28,000 for individuals; \$38,000 for couples	Certain Novartis outpatient prescription drugs	\$12 for a 30-day supply or 25% to 40% off, depending on beneficiary's income

**Note:** Customers must be eligible for Medicare and have no other drug coverage in order to use any of the cards.

Source: General Accounting Office; the companies

Write to Sarah Lueck at [sarah.lueck@wsj.com](mailto:sarah.lueck@wsj.com)<sup>3</sup>

### Corrections & Amplifications:

The chart accompanying the article above prescription-drug discount cards contained out-of-date information on enrollments and coverage for some of the plans, based on a report by the General Accounting Office. The chart appears above.

**URL for this article:**

<http://online.wsj.com/article/0,,SB106383634746196700,00.html>

**Hyperlinks in this Article:**

- (1) <http://online.wsj.com/medicare>
- (2) <http://online.wsj.com/medicare>
- (3) <mailto:sarah.lueck@wsj.com>

*Updated September 18, 2003 11:59 p.m.*

Copyright 2003 Dow Jones & Company, Inc. All Rights Reserved

Printing, distribution, and use of this material is governed by your Subscription agreement and Copyright laws.

For information about subscribing go to <http://www.wsj.com>