

# Bush's Plan For Medicine Faces Doubts

Some States Concerned That They Will Bear Cost

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President Bush's plan to help poor, elderly Americans pay for medicine is drawing skepticism across the country, as state health officials, legislators and policy experts say his effort to fill a significant gap in the nation's health care system could prove ineffective and place an unfair burden on states.

The few states with large programs to subsidize prescription drugs would welcome the White House's approach, which would hand out about \$48 billion through a temporary "block grant" over the next four years.

But officials in some states predict they could not use the subsidies as quickly, or reach as many people, as the White House expects. Others fear they could risk inheriting enormous drug expenses after the federal grants end. Still others disagree with the very premise of relying on states to offer drug benefits, saying that it defies a decades-old tradition in which providing health insurance for older Americans has been mainly a federal role.

Taken together, this concern from states amounts to a second layer of resistance to the new administration's thinking about how to make prescription drugs more affordable, coming on top of criticism the proposal has elicited from crucial members of Congress. Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), for example, has made clear he does not intend to use the president's plan as the basis for considering how to revise Medicare, the nation's insurance program for the elderly.

Confronted with such a response on Capitol Hill, administration officials have said they are eager to collaborate with Congress to adopt broad revisions to Medicare that include a prescription drug benefit. But in case those efforts stall, the White House has not abandoned starting with state grants. "It was a serious proposal," an adviser to Bush on health issues said.

As for the states' hesitancy, the adviser said that Bush's aides had consulted with states in drafting the plan, which initially was part of his presidential campaign platform. "I understand the reasons for the nervousness," said the adviser, who spoke on condition of anonymity, "but I think we are with them in terms of goals here."

The most concerted opposition to the president's approach has come from governors. Several months before Bush issued his plan in September, the National Governors' Association adopted a policy that says: "If Congress decides to expand prescription drug coverage to seniors, it should not shift that responsibility or its costs to the states."

It remains unclear whether the association will soften its stance now that one of its recent members occupies the White House and another, former Wisconsin governor Tommy G. Thompson, is the secretary of Health and Human Services.

But doubts plainly persist. "It just does not work to block-grant entitlements," such as government health benefits, said Russ Toal, commissioner of the Georgia Department of Community Health. "This is a federal responsibility."

Under the proposal Bush has named "An Immediate Helping Hand," the four-year grants program would stop earlier if the government adopts comprehensive Medicare reforms -- a task fraught with political and economic difficulties.

The help would not be available to all Medicare patients; it would go to those the administration says need assistance the most. The subsidies would cover the premium for drug coverage for people 65 and older who

have incomes up to \$11,600. The government also would pay part of the premium for those with incomes up to \$15,000.

The plan also would pay the premiums for a limited group of older Americans, regardless of income, with exceptional drug expenses -- more than \$6,000 a year.

Bush said during the campaign that his "helping hand" would cost \$12 billion each year, but he included no price tag when he sent an outline of the plan to Congress his second week in office. The adviser said the cost would resemble the campaign estimates, but probably would increase each of the four years, as more people enrolled and drug costs rose.

The administration predicts that 9.5 million Americans would qualify for help. That would be about 10 times as many people as have enrolled in drug subsidy programs that 20 states have started. Most of those programs are quite small. Two-thirds of the participants live in just three states: New Jersey, Pennsylvania and New York, which began offering subsidies years ago and have had time to make elderly residents aware of them.

In the Washington area, only Maryland helps pay for medicine, through a limited program that covers drugs for certain medical conditions. The District and Virginia do not subsidize medicine. Nor does Bush's home state of Texas.

How much help Bush's proposal would offer states hinges largely on what they have -- or have not -- created until now, according to state officials and policy analysts.

The states with the biggest programs "would be in the position to gain the most," said Bruce Stuart, a professor at the University of Maryland's School of Pharmacy, who specializes in pharmaceuticals for the elderly.

"We could be off the ground very, very quickly," said Christine Grant, New Jersey's commissioner of health and senior services. She said the state could simply substitute the federal aid instead of its own, and probably would start to channel the state subsidies to elderly people with incomes higher than the federal rules would allow.

The federal money might not be used as readily in states in which such programs do not exist.

"Our concern is [Bush's plan] would benefit few, if any Californians," said Diana M. Bonta, director of the California Department of Health Services.

The reason, Bonta said, is that California recently has taken a different approach to making medicine more affordable for elderly residents.

Instead of a subsidy, as Bush envisions, California -- like several states -- requires pharmacies to sell Medicare patients prescription drugs at a discount. To begin using the block grant, Bonta said, would "take a lot of discussion from the legislature and the governor's office. . . . It takes time to put together the infrastructure."

The Children's Health Insurance Program (CHIP) created by Congress in 1997 offers a glimpse into how long it takes states to erect a new insurance program, even when Washington sends much of the money. Most states took a year or two to start, and the program still has not signed up about half of the uninsured children it was intended to reach.

"The minute you build it, they do not come," said Joan Henneberry, the governors association's director of health policy.

Such lag time, Henneberry said, would be particularly problematic with the prescription drug program, because it is designed to be short term. "By the time you . . . were actually reaching the eligible people, it could be over

with," she said. "And that's a big investment for states to make for something that will only be temporary."

Some states are eager nonetheless, especially those that have chosen not to create their own drug subsidies in hopes that federal help would arrive. "We are certainly anxious to work with the president's proposal," said Debi Wells, health policy adviser to Arizona Gov. Jane Hull (R).

Administration officials believe it would be relatively easy for states to begin the program, because the federal government would pay the benefit. In this way it would be unlike CHIP or Medicaid, the public insurance program for the poor, which require states to share the expense.

States that are poor fear they still would be burdened with administrative expenses they could not afford -- even though the White House has said it would contribute toward those expenses.

In West Virginia, which has the largest proportion of elderly residents in the country, state legislators probably would balk at creating a program to use the federal money, predicted Sally Richardson, who used to run the Medicaid program federally and now is executive director of West Virginia University's Center for Health Care Policy and Research.

Even more prosperous states say they could not afford to continue the drug coverage after the grants from Washington stopped, if the federal government did not enact broader Medicare reforms by then.

"If the federal government would pass something, we would try to work with it," said Steve Foti (R), the Assembly majority leader in the Wisconsin legislature, which has been debating whether to create a prescription drug program.

The fact that Bush's plan would be temporary "obviously makes me a little bit nervous," Foti said. By then, the federal government might have adopted "a super plan out there that will be even bigger and better -- or there will be no plan."

Administration officials said such worries are unwarranted.

"This is an administration that has a lot of concern for not imposing undue burdens on states and . . . does not commit states to new responsibility without providing the resources," the adviser to Bush said. "I don't think there's any way this administration really would let the states be left holding the bag on this."

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