



Rx: Health Care FYI #32

Subject: *Lowering Drug Costs for Medicare Patients*
From: *Rep. Tim Murphy (PA-18)*

The problem: The Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS) has stopped a number of free or discounted drug programs for low-income seniors. The OIG believes that these programs discourage use of generic drugs and, consequently, seniors from enrolling in the new Medicare drug discount program (Part D). Ending these programs will cost seniors millions of dollars by denying them pharmaceuticals at the lowest possible price.

What are Prescription Assistant Programs (PAPs)?

- PAPs are free or reduced price prescription drug programs offered by pharmaceutical manufacturers or independent charitable organizations. These programs have long provided important safety net assistance by offering cash subsidies and free and reduced price drugs, particularly for low-income patients who lack health insurance or patients with chronic illnesses.

What the Federal Government has done:

- A November 2005 Advisory Bulletin from the OIG of HHS threatened charities and pharmaceutical companies with civil and criminal penalties if they continue to offer PAPs to Medicare Part D drug discount program recipients for violating anti-kickback laws. OIG believes that giving free or discounted drugs to Medicare patients represents a 'kick-back' to seniors or an incentive to buy their brand names drugs over generics which in turn reduces their incentive to sign up for the new Medicare drug discount program (Part D).
- A January 2006 clarification from the Centers for Medicare and Medicaid Services stated that PAPs can provide coverage for particular drugs that are included in the Medicare Part D drug discount program. However, assistance would remain independent of the Medicare drug coverage, as it was before 2006. Thus, PAPs can not be used to assist Medicare Part D patients with their deductibles and out-of-pocket expenses.

The following PAPs provide lifesaving drugs:

- The Orange Card-GSK: This program offers discounts of up to 20-40% on GSK drugs to individuals without public or private insurance coverage for prescription medicines and annual incomes below \$30,000 single/\$40,000 couple. Last year it provided over \$372 million in free medicines to more than 475,000 low income men, women and children of all ages. Information is available at: <http://us.gsk.com/card/>. **The OIG action has cancelled this program for Medicare Part D recipients.**
- Lilly Cares-Eli Lilly: Lilly Cares assists patients who are uninsured and whose annual income is less than \$19,140 single/\$25,660 couple. In 2004, the program provided \$167 million in medications to 275,000 patients. Information is available at: http://www.lilly.com/products/access/direct_patient.html. **The OIG action has cancelled this program for Medicare Part D recipients.**

- Merck Patient Assistance Programs: Merck medicines are free of charge to all eligible patients with annual incomes of \$18,000 individual/\$24,000 couple. Information is available at: <http://www.merck.com/pap/pap/consumer/index.jsp>.
- Pfizer Friends Card: Anyone without prescription drug coverage is eligible for the Pfizer Friends Card, regardless of age or income and could save 15% to 50% on the retail cash price of Pfizer medicines. Information is available at: <http://www.pfizer.com/pfizer/subsites/philanthropy/access/discount.card.index.jsp>
- Together Rx Access Card: This program offers cardholders savings of up to 25%–40% on over 275 brand-name prescription drugs from 10 drug companies as well as a wide range of generics. Those eligible must also be without any private or public prescription drug program (including Medicare) with annual incomes below \$30,000 for an individual or below \$60,000 for a family of four. Income eligibility is adjusted for family size. Information is available at: <http://www.togetherrxaccess.com/>.

Charities and companies are helping to sign people up for PAPs:

- Partnership for Prescription Assistance: This coalition of health care providers, pharmaceutical manufacturers and advocacy groups helps patients who lack prescription drug coverage and earn less than 200% of the federal poverty level (approximately \$19,000 for an individual or \$32,000 for a family of three) find the private or public assistance programs for which they are eligible. The program serves as a single point of access to more than 2,500 prescription medicines and 475 public and private patient assistance programs helping more than 5,000 patients each day, with a total of over 1 million since October 2005. Information is available at: <https://www.pparx.org/>.
- BenefitsCheckUp: Sponsored by the nonprofit National Council on Aging, it contains information for prescription drugs, health care, and utilities on over 1,300 different programs from all fifty states. Information is available at: www.benefitscheckup.org/.
- RxAssist: A product of Volunteers in Health Care, which is a program of Memorial Hospital of Rhode Island, a nonprofit teaching hospital affiliated with Brown University has a database of all existing PAPs sponsored by pharmaceutical companies. Information is available at: www.rxassist.org/default.cfm/.
- Needy Meds: Is a non-profit Pennsylvania corporation with information on patient assistance programs and other programs that help people obtain health supplies and equipment. Information is available at: www.needymeds.com/.

Recommendations:

- Examine legislation to exempt PAPs from OIG’s enforcement of the federal anti-kick back statute so that Medicare can continue to meet the health care needs of our nation’s seniors.
- Examine the cost savings to the federal government and for seniors by allowing PAPs to continue to offer benefits to seniors in the new Medicare Part D drug discount program. This could dramatically lower the deductible and out-of-pocket expenses of the Medicare Part D plan.
- Inform seniors of the benefits of enrolling in PAPs to lower the costs of their prescription drugs.