

**Congress of the United States**  
**House of Representatives**

Washington, DC 20515

April 28, 2004

**Help Your Constituents Understand the New Medicare-Approved  
Discount Card Program:  
*Resources and Facts***

Dear Democratic Colleague:

On May 3, companies that are selling Medicare-approved prescription drug discount cards will begin enrolling beneficiaries in their products; the program begins on June 1. In the coming days and weeks, a major advertising and public relations campaign will be launched to tell your constituents about the specific cards available in their area, and to continue the general public relations strategy to promote the program and the Medicare Modernization Act generally. We expect advertisements from specific companies and organizations sponsoring the cards. In addition, we anticipate generic coordinated messages from the Administration and other proponents of the new Medicare law, including the business community and pharmaceutical and insurance industries.

In order to help you answer questions from your constituents, we want to provide you with some resources that we hope you will find helpful. Some have been prepared by outside advocacy organizations, others by our staff. Included in these materials is a template that you can use to customize a flyer for use in your district offices and elsewhere, a sample newsletter article and common Qs and As. Please feel free to contact professional staff on the Committees if you have any questions or need additional information or assistance. The staff of the Committee on Ways and Means can be reached at 225-4021 and the staff of the Committee on Energy and Commerce can be reached at 226-3400.

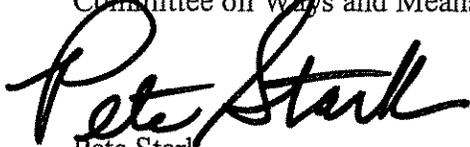
Sincerely,



Charles B. Rangel  
Ranking Member  
Committee on Ways and Means



John D. Dingell  
Ranking Member  
Committee on Energy and Commerce



Pete Stark  
Ranking Member  
Health Subcommittee,  
Committee on Ways and Means



Sherrod Brown  
Ranking Member  
Health Subcommittee,  
Committee on Energy and Commerce

## **Resources**

**Flyer template** (*attached; prepared by the Democratic staff of the Committee on Ways and Means*)

**List of topline beneficiary issues and concerns** (*attached; prepared by the Democratic staff of the Committee on Energy and Commerce*)

**Sample newsletter article** (*attached; prepared by the Democratic staff of the Committee on Ways and Means*)

**Q&A document** (*attached; prepared by the Democratic staff of the Committee on Energy and Commerce*)

### **Resources from the Medicare Rights Center:**

*Two-page summary on the discount card and transitional assistance program*

[http://medicarerights.org/discountcard\\_handout.pdf](http://medicarerights.org/discountcard_handout.pdf) (English)

[http://medicarerights.org/discountcard\\_handout\\_spanish.pdf](http://medicarerights.org/discountcard_handout_spanish.pdf) (Spanish)

*76 Things You Should Know About the New Medicare Discount Cards*

<http://medicarerights.org/newlawframeset.html>

*Summaries of non-Medicare discount programs (e.g., state-based program, pharmaceutical industry program, Internet and mail-based programs)*

<http://medicarerights.org/rxframeset.html>

### **Fact sheet from Families USA**

[http://www.familiesusa.org/site/PageServer?pagename=medicare\\_drug\\_discount\\_card](http://www.familiesusa.org/site/PageServer?pagename=medicare_drug_discount_card)

### **Link to State Health Insurance Programs (SHIPs) and Health Insurance Counseling and Assistance Programs (HICAPs)**

*[NOTE: These programs are funded by the federal government and generally staffed by volunteers; they are often a terrific resource for constituents who have questions about Medicare or supplemental insurance options]*

<http://medicare.gov/Contacts/Related/Ships.asp>

### **Medicare Compare**

*[NOTE: This is the website and program sponsored and supported by CMS to help beneficiaries select from among the available cards.]*

<http://medicare.gov/AssistancePrograms/home.asp?version=default&browser=IE%7C6%7CWinXP&language=English&defaultstatus=0&pagelist=Home>

**\*\*\* SAMPLE NEWSLETTER ARTICLE \*\*\***  
**(BASED ON AN ARTICLE INCLUDED**  
**IN A NEWSLETTER RECENTLY SENT BY REP. PETE STARK)**

**Be Prepared for Medicare Approved Drug Discount Cards**

Medicare beneficiaries will soon be bombarded with advertisements, mailings, and promotions for participation in a new Medicare-approved prescription drug discount card program. This program is part of the Republican Medicare prescription drug bill passed by Congress and signed into law by the President late last year. This transitional program will only be in effect from June 2004 through December 2005.

Starting this month, Medicare beneficiaries will be able to purchase a private Medicare-approved drug discount card (with a maximum annual fee of \$30). In <<INSERT STATE>>, there will be <<INSERT NUMBER>> different cards on the market. Medicare beneficiaries will be limited to one Medicare-approved card and will only be allowed to change cards once during the 2004 year-end open enrollment period. If you are enrolled in a Medicare HMO that offers its own discount card, you may only be allowed to purchase that card.

These cards are being promoted as offering significant price discounts on your prescription drugs. However, the law does not require any specific level of savings and it is very uncertain how much financial help the cards will provide. If you already have a discount card offered in the private marketplace, your savings will probably not be much different. You can keep any cards you now have and can have multiple non-Medicare-approved cards, but you can only use one card per prescription.

Seniors and people with disabilities whose incomes are below \$12,569 a year for individuals or \$16,862 for couples, and who are not enrolled in Medicaid, a retiree drug plan or Tricare will be eligible for a \$600 credit toward the purchase of prescription drugs in 2004 and again in 2005. Drug card companies may require enrollees to fill out a separate form to apply for the credit, and beneficiaries will be required to attest to their income level by signing that form. By signing the application form for the \$600 credit towards drug costs, enrollees are permitting the government to verify your income through your tax and other information

Navigating the maze of available cards will be difficult. Cards may offer good deals on some of your medications, but no value for others. The specific drugs that are discounted will vary among the cards and may vary within a specific card throughout the year. Not all pharmacies will participate with all cards either. Finding the card that is right for you will require some research, but there is no guarantee one is available that will meet your needs. The <<INSERT LOCAL SHIP NAME>> provides information on drug card options, and can be reached at <<INSERT PHONE NUMBER/WEBSITE>>. Beneficiaries can also get help by calling 1-800 MEDICARE, or by accessing information at [www.medicare.gov](http://www.medicare.gov).

There have already been incidences of fraud surrounding these cards. Be wary of offers that sound too good to be true. Beneficiaries should never provide personal information to door-to-door salesmen or during unsolicited phone calls. Drug card sponsors must use approved application forms, and the individual cards will carry the Medicare-approved logo (shown in the picture with this article). Any fraud or questionable behavior should be reported immediately to 1-800-MEDICARE.

Unfortunately, the Medicare drug discount card program will not provide significant relief for most Medicare beneficiaries. This complicated program may provide some help for some lower-income beneficiaries, but finding the best card among a sea of options will be difficult. I urge you to use the resources listed above when deciding whether to enroll in the discount card program and to determine what card is best for you.

# **Medicare Rx Discount Card Concerns for Seniors and Individuals with Disabilities**

## **1. No guaranteed discount from card sponsors.**

Medicare discount cards are being marketed as providing a 10 to 25 percent discount off the prices of prescription medicines purchased by seniors and individuals with disabilities. There is no requirement in the law, however, that card sponsors must offer any specific discount amount. Card sponsors decide how much of a discount they pass on and how much to keep for profit. Neither the statute nor the regulations allow seniors and people with disabilities to see the actual price the card sponsor negotiated and the percentage of savings the sponsor is passing along to beneficiaries.

## **2. No guaranteed discount on particular medicines.**

There is no guarantee that a particular card will offer discounts on all the medicines seniors or those with disabilities take. Card sponsors can pick and choose which drugs will be discounted. The card sponsor may also change which drugs get discounts. For example, for those with arthritis, Vioxx may be the discounted drug this week, but the next week it could be Celebrex.

## **3. No guarantee that the discount offered by a particular card will be the lowest price available to a particular individual.**

If a senior has other drug coverage, even through another non-Medicare endorsed discount card, he or she may find better discounts available elsewhere. Seniors must comparison shop, not just among the Medicare-endorsed cards, but also among other programs and non-Medicare-endorsed discount cards.

## **4. No guaranteed access to any particular pharmacy.**

Each discount card sponsor will determine which pharmacies will offer the discount advertised with the card. A senior's usual pharmacy may not participate in the card he or she selects.

## **5. Discounted prices offered by the card sponsor may change weekly.**

Card sponsors may change the discounted prices on medicines weekly. The discount on a senior's medicine that was advertised when he or she enrolled may change, but that senior will not be allowed to switch to a different card. Seniors are advised to check on the price offered under their card every time a prescription is filled.

## **6. The final price paid for prescriptions will vary by pharmacy.**

Because pharmacies can change the prices they charge, seniors must check with each of their local participating pharmacies to find out which one offers the lowest price on the drugs covered under their card. Seniors should check with their pharmacy each time they go to get a prescription filled.

## Medicare Rx Discount Card Q & A

### General Information

#### **Who can get a card?**

Anyone who is covered under Medicare, *except those who are also enrolled in Medicaid*. For example, even if individuals already have drug coverage such as programs offered to federal or state retirees, TRICARE, Indian Health Service, or a state pharmaceutical assistance program, those individuals are still eligible to apply for a card.

#### **When can Medicare beneficiaries get a card?**

Seniors can begin enrolling in the discount card program on May 3, 2004. Discounts do not start until the beginning of June 2004. The discount card program ends on December 31, 2005, when the Medicare drug benefit begins.

#### **How much does the card cost?**

The cost of the card varies by the organization sponsoring the card. Current information indicates that some cards are not charging any fee, while others are charging up to \$30, the maximum charge allowed under the law. Currently there are two national cards offered that charge a fee -- the Aetna Rx Savings Card (\$30) and the Caremark Advantage All Rx Drug Discount Card (\$20). The Freedom Card (by Scrip Solutions) is only one of two national cards that does not charge an enrollment fee. Seniors will pay the enrollment fee directly to the card sponsor, not Medicare. Medicare will pay the enrollment fee for those who qualify for the \$600 subsidy.

### Low-Income Subsidy

#### **Who can get the \$600 subsidy?**

If an individual's income is less than \$12,569 a year in 2004 (\$16,862 for couples), the discount card is free and they qualify for a \$600 a year subsidy. To qualify for the subsidy, people must NOT receive outpatient drug coverage from other sources, including Medicaid, TRICARE, group health insurance, or Federal Employee Health Benefit Plans (FEHBP). Those enrolled in Medigap or a Medicare HMO can, however, receive the subsidy. Generally, once a person qualifies for the \$600 subsidy, they continue to receive it until the new drug benefit begins; there is no need to reapply for the subsidy next year. There is no asset test, and seniors only need to state their annual income on the application (no proof required).

#### **How do you apply for the \$600 subsidy?**

An individual must submit a separate application to the card sponsor for this transitional assistance. The sponsor will send the information to CMS, which may verify a senior's income by reviewing available data, such as tax returns or Social Security records. This money will become available beginning on June 1, 2004. Seniors can apply for this subsidy at any time, even if the subsidy application was not done when applying for the discount card. Seniors who apply for this subsidy must agree to allow CMS and possibly the drug discount card sponsor, as well, to review their federal tax information.

**Can the \$600 subsidy be carried over from 2004 to 2005?**

Yes. Beneficiaries can carry any unused money from 2004 over to 2005. However, for beneficiaries enrolling in the drug card for the first time in 2005, their \$600 amount will be prorated, based on the month in which they enroll.

**Can the \$600 subsidy be used to pay for all of the cost of each prescription?**

No. When applying the \$600 credit toward the purchase of prescription drugs, beneficiaries who have incomes at or below 100 percent of poverty (\$9,310 for individuals or \$12,490 for couples) will pay five percent coinsurance. Those with incomes between 101 and 135 percent will pay 10 percent coinsurance.

**Can the \$600 be used for anything besides prescription drugs?**

Seniors can also use the \$600 for purchase of syringes and medical supplies for insulin injections, such as needles, alcohol, and gauze.

**Who keeps track of the \$600 assistance?**

Drug card sponsors keep track of the amount of assistance each beneficiary has remaining. Seniors can find out how much assistance is remaining in their account by checking with their pharmacist or their card program's website.

**Number of Cards and How to Enroll**

**How many cards can seniors get?**

Seniors may only have ONE Medicare-endorsed card at a time. However, they can switch Medicare-endorsed cards once between November 15 and December 31, 2004, for the next year (2005). A senior can still obtain other non-Medicare endorsed drug discount cards.

**Can seniors sign up for any Medicare-endorsed card?**

Yes, unless they are a member of an HMO offering a discount card. In that case, they may only sign up for that HMO's card. Note, however, that they can only sign up for a regional discount card if they live in that region.

**Do seniors sign up for the card through Medicare?**

No, Medicare will not enroll seniors in the card program. Seniors must contact the individual card sponsor of the card they are interested in. The card sponsor will then provide them with an application.

**Information About Card Sponsors**

**How many Medicare-endorsed cards are available?**

As of April 2004, there are 16 national card sponsors offering 26 different cards. There are also a number of regional cards being offered -- cards that are exclusive to residents of a particular state. The total number of cards available could increase before enrollment begins on May 3rd.

**Who is offering the Medicare-endorsed discount cards?**

The primary groups offering the cards are HMOs, pharmaceutical benefits managers (PBMs), and other insurance companies or groups of insurers and drug companies. Examples include AdvancePCS Health, Caremark Advantage, Express Scripts, Aetna Health, Blue Cross, First Health Services Corporation, Sierra Health and Life Insurance Company, and United Healthcare Insurance. Some of these are offering the cards on behalf of other entities. For example, Advance PCS is offering a card on behalf of Readers' Digest, and United Health Insurance is offering a card on behalf of AARP.

**Discounts, Access to Needed Drugs, and Local Pharmacies**

**What discount will the card provide?**

The law does not specify or require card sponsors to provide any particular discount on prescription medicines. The card sponsor decides how much of the discount gets passed on to seniors and how much of the discount it keeps for profit. Card sponsors can change the discounted prices frequently, but will be required to post price changes only weekly.

No discounts will be available for barbiturates, benzodiazepines, fertility drugs, vitamins, weight-related drugs, cosmetic drugs, cough and cold remedies, over-the-counter drugs, and any drug already covered by Medicare Part B.

**Will the discount card be accepted at any local pharmacy?**

Maybe. It will depend on which discount card is selected. The law sets basic access standards, but does not require a card to contract with any and all pharmacies in an area. Minimum location requirements include:

- In urban areas served by the program, 90 percent of card enrollees, on average, must live within two miles of a participating pharmacy;
- In suburban areas served by the program, 90 percent of card enrollees, on average, must live within five miles of a participating pharmacy;
- In rural areas served by the program, 70 percent of card enrollees, on average, must live within 15 miles of a participating pharmacy.
- Additionally, programs may offer mail order options, but they are prohibited from offering only a mail-order program, and may not require enrollees to use mail-order pharmacies.

**Will the discount card offer discounts on all prescription drugs?**

Not necessarily. The drug card sponsor creates a formulary of select drugs that will be given discounts. The sponsor decides which drugs in a therapeutic class (i.e., analgesics) to offer discounts on, but must offer a discount on at least one drug in each of the 209 therapeutic categories representing the most commonly needed drugs for Medicare beneficiaries. Which specific drugs are discounted, though, can change at any time. Note: if a drug is not on a beneficiary's formulary, a low-income beneficiary can still use his \$600 to pay the non-discounted price for the prescription.

**Will drug prices be the same at every pharmacy once the discount is applied?**

No. Seniors will have to compare the prices offered by each pharmacy that accepts their card in order to find the best price.

**Will the discount card offer discounts on anything other than prescription drugs?**

Discount drug cards may offer discounts on over-the-counter drugs. However, the \$600 low-income subsidy cannot be used to purchase these drugs. Discount cards may not market any other products, such as durable medical equipment or wheelchairs, to seniors other than discounted drugs. Card sponsors that do so would be in violation of the law.

**Other Questions**

**Is the personal medical information available to the discount card sponsors safe?**

Yes and no. All card sponsors must comply with the requirements of the Health Insurance Portability and Accountability law (HIPPA) which is intended to protect medical privacy. Card sponsors, however, who later become Medicare drug benefit providers under the Medicare prescription drug plan may use the information compiled from discount card users (such as spending habits, illnesses) to target potential enrollees in their Medicare drug plan in 2006.

**What about seniors who are in a state pharmacy assistance program? Can they still get the discount card?**

States with pharmacy assistance programs can coordinate with a card sponsor, or encourage their own program to apply for the Medicare endorsement. States may choose to pay the enrollment fees for beneficiaries, and may pay the coinsurance for beneficiaries who receive the \$600 subsidy.

*News You Can Use from Rep. John Doe*

For more information, contact (123) 456-7890

**New Medicare Drug Discount Card Program:  
Is It For You?**

Medicare beneficiaries will soon be bombarded with advertisements, mailings, and promotions to encourage participation in a new Medicare-approved prescription drug discount card program. Enrollment begins May 3 and the program will be in effect from June 2004 through December 2005. There are a number of issues to keep in mind as you evaluate your options while deciding whether to participate in this program.

**Key Facts**

- **Who is eligible for the card and who offers the card?** This voluntary program is open to all beneficiaries except those who also have Medicaid coverage. The cards are offered by private companies that receive approval from Medicare; card sponsors can charge an annual fee of up to \$30, and legitimate cards will carry a logo indicating Medicare approval.
- **\$600 credit for certain low-income beneficiaries.** Senior citizens and people with disabilities whose incomes are below \$12,569 a year for individuals or \$16,862 for couples, AND who are NOT enrolled in Medicaid, a retiree drug plan or Tricare will be eligible for a \$600 credit toward the purchase of prescription drugs in 2004 and again in 2005. Drug card companies may require enrollees to fill out a separate form to apply for the credit, and beneficiaries will be required to sign a form attesting to their income level.
- **No minimum discount; covered drugs, discounts and pharmacies can vary.** There is no guaranteed minimum discount under the law, and card sponsors are not required to pass on all of the savings. In addition, each card may discount different drugs and the discounts that are offered and drugs that are discounted can change weekly. Pharmacies that participate with the cards may also change during the year.
- **Choose carefully.** Although the cards can change their offerings weekly, Medicare beneficiaries can enroll in just one Medicare-approved card and will only be allowed to change cards once at the end of this year.
- **Options in <INSERT STATE>.** In <<INSERT STATE>>, there are <<xx>> cards available (see reverse side). However, if you are in a Medicare HMO, you may only be able to purchase the card offered through that HMO.
- **Beware of scam artists.** Be wary of offers that sound too good to be true. Beneficiaries should never provide personal information to door-to-door salesmen or during unsolicited phone calls. Drug card sponsors must use approved application forms, and the individual cards will carry the Medicare-approved logo. Any fraud or questionable behavior should be reported immediately to 1-800-MEDICARE.
- **Need help?** Navigating the maze of available cards will be difficult. The <<INSERT LOCAL SHIP NAME>> provides information on drug card options, and can be reached at <<INSERT PHONE NUMBER/WEBSITE>>. Beneficiaries can also get help by calling 1-800 MEDICARE, or by accessing information at [www.medicare.gov](http://www.medicare.gov).

**DISCOUNT CARDS AVAILABLE IN  
<STATE/GEOGRAPHIC AREA>  
as of <<INSERT DATE>>**

To make the most informed choice, you should first write down all relevant information about your prescriptions, including the specific name of your drug(s), dosage, current cost to you, and preferred pharmacy. This will enable you and others from whom you seek assistance to use the cost-compare website feature at [www.medicare.gov](http://www.medicare.gov) to help you assess which, if any, option is best for you.

**<<INSERT CONTACT INFORMATION FOR LOCAL ADVOCATES WHO ARE HELPING BENEFICIARIES NAVIGATE THE SYSTEM>>**

You can also call 1-800-MEDICARE if you do not have access to the Internet or want assistance over the telephone. **<<IF YOU HAVE MEDICARE HMOs IN YOUR AREA, YOU MAY WANT TO INCLUDE THE FOLLOWING --** Keep in mind that beneficiaries who receive all of their Medicare benefits from an HMO or other private plan may be restricted to the card that is offered by that plan, if that plan offers a card. Check with 1-800-MEDICARE or the plan for more information.>>

**INSERT CONTACT INFORMATION BELOW  
FOR OPTIONS AVAILABLE IN YOUR DISTRICT;  
THERE WILL BE BOTH  
NATIONAL AND REGIONAL/STATE-BASED PLANS**

*[NOTE: Final information not available as of April 27, 2004 – Should be available before May 3, 2004]*

<b>Plan A</b>	<b>phone number/website</b>	<b>Annual fee</b>
<b>Plan B</b>	<b>phone number/website</b>	<b>Annual fee</b>
<b>Etc.</b>		