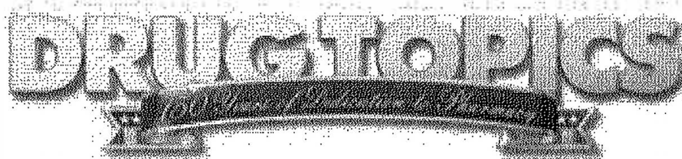

Public health experts offer ways to reform Part D

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Drug Topics

Our current system is not working and needs reform was the take-away message from a three-hour workshop examining both Medicare Part D and the future of drug pricing. Held at the American Public Health Association's 134th Annual Meeting, which convened in Boston in November, the workshop included speakers discussing the various issues surrounding the drug benefit and potential methods for reform.

Initiating the discussion was Centers for Medicare & Medicaid Services' Region I director, Adele Pietrantoni, Pharm.D. As she told the audience, although plan premiums are projected to remain at an average of $24/month for 2007, the average deductible will go up—from $250 to $265. The out-of-pocket threshold will also increase to $3,850 in 2007. "The law mandates CMS to make annual adjustments to standard benefits, so basically everything is going up a little," she said. Medicare Part D plans for 2007 are now available on the www.medicare.gov Web site. "A satisfied beneficiary doesn't have to change, but we encourage everyone to look at the options for 2007."

Projecting a slightly different take on the status of Part D was J. Warren Salmon, Ph.D., professor at the College of Pharmacy, University of Illinois in Chicago. "Because it was such a complicated program, it was bound to have major problems," he said. Policy planning and implementation needed to be a lot more detailed, and basic issues such as health literacy and the cognitive function of recipients were not properly addressed. "Vulnerable populations under Part D were not even on the radar screen."

Speaking on behalf of dual-eligibles, known affectionately as "medi-medis," was Meghana Desai, B.Pharm., MBA, Ph.D. doctoral student, University of Illinois at Chicago. During her presentation, she said there were inherent problems right from the beginning, citing the fact that most seniors do not know how to use the Internet and very few even have access to computers, a method by which Medicare expected the elderly to learn about and enroll in their plans.

The results of Desai's research on the drug benefit showed that the so-called education of seniors was a failure. "There needs to be some sort of community-based outreach by Medicare, not just mass mailings, Internet use, and an 800-number," she pointed out.

Alex Sugerman-Brozan, an attorney and director of the Prescription Access Litigation Project in Boston, spoke on the ways in which big pharmaceutical firms manipulate drug prices and harm consumers. He explained how reimbursement scams are at the heart of the problem. In terms of Medicare Part D, he described how many people are saying, "Let the government negotiate." But based on what? he asked rhetorically. "Some people think AWP [average wholesale price] stands for 'ain't what's paid.' "

Sugerman-Brozan's group recently represented the New England Carpenters Health Benefits Fund in a suit versus First DataBank and McKesson, the latter two of which were charged with conspiring to increase drug costs across the board. As a result of the litigation, First DataBank was forced to roll back from 25% over AWP to 20% over AWP, leading to an estimated savings of $4 billion in the first year alone.

Alan Sager, Ph.D., professor of health services and director of the Health Reform Program at the Boston University School of Public Health, made this statement about Medicare Part D: "If you make the big decision

badly, you have to make a lot of small decisions, and those can't be made well."

Sager went on to describe some methods that could potentially lead to reform. One idea involved a negotiated package deal. States, for example, could negotiate a deal with Merck and say, "We'll offer you $800 billion and you supply all your meds to anybody on Medicare for whom these meds are prescribed in New York. It's silly to keep track of individual pills from a cost standpoint," he said.

Right now, Sager believes, the pharmaceutical companies are thinking, *Let's get two or three more rich harvests before the storm hits*. "It's the Louis XV theory of health economics." He went on to say that companies are just one angry Congress away from comprehensive price regulation, and if they were smart, they would approach lawmakers now, asking to cut a deal. "If enough drugmakers said, 'We'd like to make a deal that guarantees you innovation and guarantees us some sort of reasonable revenue,' it might work."