

Stateline Midwest

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Senior citizens organized by the Minnesota Senior Federation rally March 7 at the state Capitol for affordable prescription drugs. The rising cost of pharmaceuticals has led to legislation in several Midwestern states. (Photo: Minnesota Senior Federation)



"I did not see a consensus developing in Washington to fix this problem," says Wisconsin Republican Rep. Steve Wiecek of Appleton, who sponsored prescription drug legislation approved earlier this year by the Assembly. "I know pharmaceutical companies want the answer to come from Washington, and we will review our plans if a federal program ever comes into existence. But until that time, our seniors need our help now."

Helping seniors pay

From January 1998 to January 1999, the prices of the 50 most prescribed drugs for older Americans increased by 6.6 percent - four times the rate of inflation - a study by the consumer watchdog group Families USA found. According to the U.S. Health Care Financing Administration, one-third of Medicare beneficiaries have no prescription drug coverage.

Along with having to fully pay for their medicine, individuals without prescription drug coverage are not eligible for the discounts provided to insurers and other large purchasers.

Illinois Rep. Jack Franks says the state's elderly residents are drug companies' best customers, and should be treated as such. He has introduced a plan that would create a state-run "buying club," with senior citizens paying a \$25 annual membership fee that would make them eligible to receive the same discounts given to HMOs and corporations. Under Franks' plan, pharmaceutical companies that refuse to participate in the plan would be barred from selling their drugs in Illinois.

"It's a Sam's Club for seniors," the Democrat from Woodstock says. "They account for 12 percent of our population and they purchase 37 percent of our prescription drugs. They're obviously the largest consumers of prescription drugs in the state of Illinois. Yet when you look at it empirically or objectively, they pay the highest costs of anybody in the state, which doesn't make any sense. What I want to do is create a buying club so that seniors are treated fairly."

Franks' plan was approved earlier this year by the Illinois House of Representatives, but it

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High price to pay Bills address seniors' concerns over prescription drug costs

By Tim Anderson

With the help of gut-wrenching stories from constituents and vocal rallies by senior citizens' groups, state legislators have diagnosed one of the biggest problems facing their elderly population: the high cost of prescription drugs.

This year, lawmakers in the Midwest have spent a significant amount of time in legislative session searching for a cure.

Plans have varied considerably from state to state, with some legislators proposing bulk purchasing plans and others calling for price control measures and the creation or expansion of government subsidy programs.

"The need for relief is pretty clear," says Minnesota Sen. Dave Kleis, a Republican from St. Cloud. "Surveys that I've done in my district show that the No. 1 issue is health care for seniors. The states need to provide seniors with some fair alternatives to high prescription drug costs until the issue is addressed at the federal level."

Kleis and many other state legislators believe the ultimate solution to the prescription drug problem should come from the U.S. government, but considerable action at the state level this year indicates that lawmakers are not ready to wait.

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CSG Midwestern Office Staff

Michael H. McCabe, Director

Tim Anderson, Publications Manager

Cindy Andrews, Assistant Director

Sarah Carlson, Washington, D. C., Coordinator

Ilene K. Grossman, Assistant Director

Laura Kliewer, Senior Policy Analyst

Jacqueline M. Kocinski, Policy Analyst

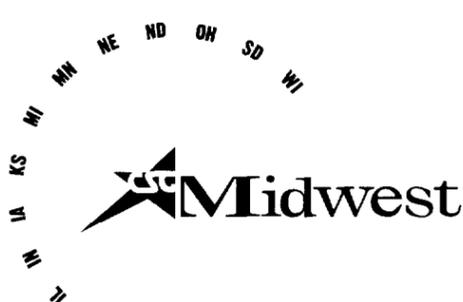
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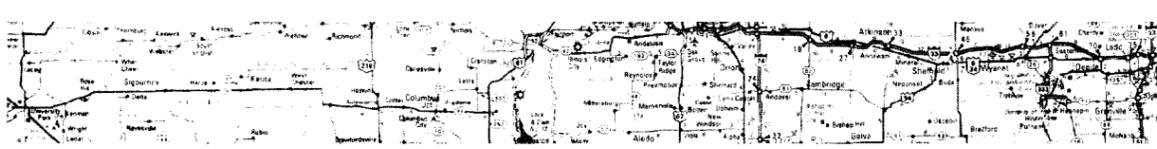
Gail Meyer, Administrative Assistant

Liz Miller, Administrative Assistant

Lisa R. Sattler, Senior Policy Analyst

Laura A. Tomaka, Program Manager





Subsidy programs may be expanded to reach more seniors

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was expected to receive stiff opposition in the Republican-controlled Senate. His proposal would create another state bureaucracy and not adequately help low-income seniors, say Illinois Republican leaders, who have proposed an expansion of existing Illinois programs that fully subsidize drug costs for the state's poorest elderly residents and pay for a large part of the medicine required by others in need.

“We don’t want Minnesota seniors going to Canada or buying unregulated drugs to avoid high costs.”

**Sen. Dave Kleis
Minnesota**

Under the proposed Republican expansion, couples with incomes below \$11,392 would have all of their prescription medicine covered, and individuals with incomes below \$21,480 would have the first \$2,000 in medication paid for by the state and 80 percent of it paid after the threshold.

“These are programs that we already know work well,” says Rep. Mark Beaubien, a Republican from Wauconda. “Expanding them will ensure access to vital prescription medication assistance for nearly half of all Illinois seniors without creating any new bureaucratic hassles.”

Franks supports an expansion of the subsidy programs, but he says they fail to help moderate-income elderly people who also are feeling the financial crunch caused by the high price of prescription drugs. Opponents counter that by forcing drug companies to offer the discounts, the costs will simply be passed on to other consumers.

Other ideas

Franks’ plan is unique in the Midwest. However, several other proposals have been made in the region to limit drug prices and to start or expand subsidy programs. For example, Indiana and Ohio will set up prescription drug programs for low-income seniors with money from the settlement with tobacco companies.

Minnesota already has a subsidy program that pays for the prescriptions of low-income seniors; and with an eye toward increasing enrollment, legislators are proposing changes to the eligibility requirements.

In February, the Minnesota Senate’s Health and Family Security Committee passed a bill that would expand the Senior Care Program to include elderly people with incomes up to 175 percent of the federal poverty level (\$14,500 for a single person and \$18,900 for a couple). The current cap is 120 percent.

Momentum also is building in Minnesota for measures aimed at reducing the cost of medication for all uninsured elderly residents. Kleis has introduced a plan (based on already-enacted California legislation) that would allow

Medicare beneficiaries to purchase their prescriptions at the discounted rate now paid by people on Medicaid, which offers drug coverage.

“We wanted to set up a program that would be fair and not create a large bureaucracy,” Kleis says. “We don’t want Minnesota seniors going to Canada or buying unregulated drugs to avoid high costs.

They should be able to use their local pharmacist.” Critics, though, claim the legislation would force small, retail pharmacies to absorb

costs that they cannot afford.

The Minnesota Senior Federation is pushing legislation it says would require drug manufacturers to pay for the discounts. Under the group’s bill, uninsured seniors would be eligible for the same rebates given by drug manufacturers to people now eligible for other medical assistance programs.

Dueling legislation

In Wisconsin, separate subsidy plans have passed the Republican-controlled Assembly and Democrat-controlled Senate. While both set aside money for prescription drug relief, the competing bills differ sharply with regard to how many seniors would be covered, the role of drug companies and pharmacists, and the overall cost to the state.

The Senate plan - introduced by Sen. Alice Clausing - would cover any senior with an income level of \$50,000 or less, while under the Assembly plan - sponsored by Wieckert - an individual earning up to \$15,448 would qualify.

“I would call the Assembly bill a poverty relief program, and I would call my bill a poverty prevention program,” says Clausing, a Democrat from Menomonie. Because it covers more people, though, her legislation would cost significantly more.

“For a new plan, you’re starting with too big a load,” says Wieckert, adding that his more limited program would still cover about 200,000 seniors. “I think you’ve got to start out, see how the program works, then do some adjusting, fine-tuning and expand as needed.”

The bills also differ on when state help would begin and end for qualifying seniors. With the

Assembly bill, Wisconsin would not begin paying for drugs until after an annual \$840 deductible, but there would be no annual benefit limit. The Senate bill calls for a \$10,000 annual limit but would immediately begin subsidizing seniors’ drug costs.

Both bills require financial contributions from pharmacies and drug companies, with the groups having to offer discounts and rebates to qualifying seniors in order to participate in the state’s medical assistance program. Wieckert, though, believes the Senate bill asks too much. He claims Clausing’s legislation could put small, rural pharmacies out of business and cause drug companies not to participate in the state rebate program.

“We wanted pharmacies and drug companies to be part of the solution, and they were cooperative and responsive,” says Wieckert, adding that the two groups would pay equally under his legislation. “They were willing to do their fair share. Their participation was valuable. They told us what they can and can’t do.”

But Clausing believes the Assembly went too far in trying to appease drug manufacturers. She points to a provision that eliminates an expansion of prior authorization, which has been used by the Department of Health and Family Services to contain drug prices.

Before prescribing a more-expensive drug than others on the market, doctors must get authorization from the state agency. “That’s how we’ve kept the prices down, by using a drug that costs less but has the same effect,” Clausing says.

As an incentive to ensure compliance and participation by pharmaceutical companies in his prescription drug plan, Wieckert included in his legislation language that eliminates prior

authorization for any newly developed medicines.

Despite the differences in their plans, Wieckert and Clausing said in March interviews that they were hopeful a compromise could be reached. Democratic Rep. Sheldon Wasserman, a physician from Milwaukee, believes it is critical for his state and others to help seniors, some of whom simply don’t have the money to afford necessary prescription drugs.

“What you’re seeing in the elderly population is that they have to make sacrifices,” Wasserman says. “They pay for something; they don’t pay for other things. It’s very tragic.”

Drug	Increase
Lanoxin	15.4%
Glucophage	12.3%
Synthroid	9.8%
Imdur	9.6%
K-Dur	6.2%
Vasotec	3.2%
Pepcid	3.1%
Prilosec	2.7%
Procardia XL	2.6%
Norvasc	2.6%