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.

“I did not see a consensus developing in Washington to fix this problem,” says Wisconsin Republican Rep. Steve Wieckert 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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Subsidy programs may be expanded to reach more seniors

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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.

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Sen. Dave Kleis
Minnesota

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 Claussing’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 Claussing 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,” Claussing 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 Claussing 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.”