



Minnesota responds to startup problems with federal drug plan

by *Tim Anderson (tanderson@csg.org)*

Like many of her fellow state lawmakers, Minnesota Sen. Linda Berglin anticipated some missteps with the launch of the new federal prescription-drug benefit.

But those expectations still didn't prepare her and others for what occurred in January.

The situation was, as Minnesota Republican Gov. Tim Pawlenty called it, a "mess."

In having their drug coverage switched from Medicaid and other state programs to Medicare Part D, many seniors and low-income disabled residents ran into serious problems.

Some were forced to pay much higher deductibles and co-payments. Others were mistakenly left off the Medicare list altogether and were leaving pharmacies without their medications.

"Going in, I knew there would be problems," says Berglin, a Democrat from Minneapolis. "But I had no idea it would be at this level."

The problems have inevitably become the state's as well.

In Minnesota, at a Jan. 18 committee hearing on the issue, Berglin and other senators heard firsthand how the glitches are impacting Minnesota and its residents.

Around the same time, the Minnesota Governor's Executive Council made the state the "payer of last resort," pledging to cover out-of-pocket expenses for individuals struggling with the new system.

Several other states took similar actions.

The Minnesota council's order runs through mid-February; a further extension would have to be approved by the Legislature.

Officials in Minnesota are hoping further state actions are not needed, though some people testifying at the January committee hearing warned that some troubles will persist.

"I believe we'll continue to have people fall through the cracks for many months," Dawn Simonson, executive director of the St. Paul, Minn.,-based Metropolitan Area Agency on Aging, told lawmakers.

Berglin says the problems have been especially frustrating because of whom they affect — "dual eligibles," a vulnerable population that already was receiving drug coverage (through Medicaid) prior to the federal benefit.

At the hearing, lawmakers heard the story of a Minnesota woman unable to obtain her anti-seizure medication. She ultimately suffered a seizure — while in line at a local pharmacy trying once again to get her prescription paid for and filled.

"If people in Minnesota aren't getting their medications, that leads to more hospitalizations,

more ambulance calls and other care," Berglin notes.

"Those extra health care costs fall to the state."

By stepping in as the payer of last resort, Berglin says, the state has eased concerns about drug access, but it must now worry about being reimbursed.

Federal officials have said they will work with Medicare Part D's private insurance plans to ensure that Minnesota and other states are repaid.

Lawmakers say there are other costs being incurred by the state, as departments of human services and aging work to help seniors and address program errors.

Eventually, the problems will subside, Sandra Anderson of the Minnesota Board on Aging said at the committee hearing. When that happens, she added, seniors will benefit from a program that provides substantial relief from the costs of prescription drugs.

State officials will be relieved as well. 

Drug benefit focus of CSG tool kit

The Council of State Governments has produced a tool kit for legislators to help them assist constituents with the new Medicare Part D prescription-drug benefit.

The CSG publication includes information on:

- ways that officials can help with education and outreach for seniors;
- different options that are available for state pharmaceutical programs;
- the effects the benefit will have on state retiree programs; and
- changes that Medicaid programs will undergo because of the new benefit.

"The Medicare Modernization Act: Tool Kit for State Leaders" can be accessed online at www.csg.org; keyword: *health*.

It was developed in coordination with the U.S. Centers for Medicare & Medicaid Services. More information on the drug benefit is available at www.medicare.gov/pdphome.asp.

QUESTION OF THE MONTH

One of the many services provided by the Midwestern Office of The Council of State Governments is its Information Help Line, a research service intended to help lawmakers, legislative staff and state officials from across the region. The CSG Midwest staff is always available to respond to members' inquiries or research needs regarding various public policy issues. The Question of the Month section highlights an inquiry received by this office. To request assistance through CSG Midwest's Information Help Line, call 630/925-1922 or use the online form available at www.csgmidwest.org.

QUESTION: HOW DO STATES ALLOW CITIES, VILLAGES OR MUNICIPALITIES TO INCORPORATE?

ANSWER: Laws regarding city incorporation are complex and vary widely, but most states use one of several approaches — a provision in law, approval by the legislature or voter approval. Here are some examples from the Midwest:

- In **Indiana**, only towns with populations over 2,000 may be changed into cities. For this to be done, at least 10 percent of the voters in the town's last election for secretary of state must sign a petition asking their local legislative body to adopt a resolution stating that the town wishes to become a city. Once the resolution passes, the question is posed to the voters in an election. If there is a majority of "yes" votes, the town will become a city.
- **Iowa** law states that 25 percent of those who voted in the last city election must sign a petition asking the city council to pose the question to residents. An election must be held within 60 days after the posting of a valid petition.
- In **Minnesota**, the incorporation process can begin in two ways: a petition signed by at least 100 property owners that is submitted to the town board or passage of a resolution by the board. Hearings are then held that include a

review of the impacts of incorporating, such as the fiscal impact on the area and neighboring local governments, the effect on school districts, and transportation and environmental issues. After the hearings, the state Office of Long-Range Planning makes a decision that could include full incorporation or a recommendation that the area consider annexation by a neighboring city.

- **Ohio** requires that a petition be signed by 51 percent of voters within the area wishing to incorporate. The area must be at least 2 square miles in size and have a population of at least 800 people per square mile. A hearing is held within 90 days after the petition is presented to the county board. If the board grants the petition, the incorporation becomes effective as soon as the record is filed with the secretary of state.
- **South Dakota's** incorporation petition must be signed by 25 percent of qualified voters who are registered in the proposed municipality or land-owners in the proposed municipality who are also registered voters in the state. The petition should include details such as an area map and population. The county board then decides whether the petition will be placed on the ballot.