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Experts outline ills of prescription drug benefit

 By [Ruth Mantell](#), MarketWatch

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WASHINGTON (MarketWatch) -- More than a year after its launch, Medicare's Part D prescription drug benefit program helps millions of beneficiaries every day, but the plan's complexity has also created problems, experts told lawmakers on Wednesday.

Beneficiaries received insufficient and confusing information; fraudulent marketing and administrative errors evolved; and pharmacies were improperly or slowly reimbursed, experts said at a U.S. Senate Finance Committee hearing.

In particular, beneficiaries face dozens of plan options as part of the Medicare Modernization Act's "Part D" plan that utilizes private drug plans to offer benefits, with those benefits varying by income.

"The program's complexities affect the ability of beneficiaries to understand the program, choose plans, pay premiums, benefit appropriately from the low-income subsidy, and utilize the exceptions and appeals process," said Vicki Gottlich, an attorney with Center for Medicare Advocacy Inc.

Analysts question the value of more financing choices for older people and those with disabilities, she noted.

"Some analysts have concluded that having to choose among many options creates a burden on beneficiaries and increases their difficulty in making an informed and meaningful decision," Gottlich said.

She added that Part D's "complexity" makes it "ripe for marketing abuses," and said beneficiaries who do not understand the nuanced differences among plans and plan types "easily fall prey to unscrupulous sales agents." She cited a frequent scam during the 2006 annual enrollment period that involved Part D sponsors telling beneficiaries that they must have a home visit to enroll in one of their prescription drug plans.

"The agents who made the home visit then engaged in a hard sell," she said.

Kris Gross, director of the Senior Health Insurance Information Program based in the Iowa Insurance Division, said erroneous withholding of Part D premiums from Social Security checks has caused a great number of client problems.

"For some clients the premium was not withheld as requested, for others a change in their plan choice was not accurately processed and reflected," she said. "The premium errors have resulted in beneficiaries being disenrolled from plans, excess premiums being withheld, and premium refunds not reimbursed."

U.S. Sen. Max Baucus, D-Mont., chairman of the Finance Committee, said the program's implementation has been "rocky," noting problems that Social Security and Medicare administrators are having withholding drug plan premiums.

"This option was meant to simplify the program. This option was intended to make it so that seniors would not have to worry about paying their premiums every month. Instead, it has proven to be an administrative mess. And worse, it is causing real confusion and hardship for many seniors. Many have been incorrectly told that their coverage was canceled. And others have had too much money withheld," he said.

Next week the Finance Committee is scheduled to hear from officials with the Centers for Medicare and Medicaid Services, the Social Security Administration and Government Accountability Office.

Cross, who spoke on behalf of State Health Insurance Assistance Programs across the country, cited concern about the time it takes for data to be shared between CMS, Social Security, state Medicaid agencies and the plans.

"It can take several weeks or more for information to show up correctly in all systems. For beneficiaries first becoming eligible for Medicaid and Medicare the time delay may leave them without any drug coverage for a significant period of time," she said.

Timothy Tucker, president-elect of the American Pharmacists Association, testified that under Medicare Part D, contracting and reimbursement issues continue to plague pharmacies. He cited unfair negotiation tactics, delayed updates of pricing metrics, low reimbursement levels, delayed payments and a lack of pricing transparency, with some of the issues amplified at pharmacies serving low-income or uninsured patients.

"The program architects assumed that providing pharmacies the authority to negotiate would provide pharmacies the opportunity to negotiate contracts that meet their individual pharmacy's needs," he said.

In practice, however, pharmacies are offered "take it or leave it contracts" that force them to accept terms, and sometimes pharmacies that decline a Part D contract also then lose contracts for the other, non-Medicare Part D populations, Tucker said.

"Because of the lack of opportunity for pharmacies to negotiate their contracts with Part D plans, pharmacies have been forced into contracts that do not cover their costs," Tucker said. "To ensure that Medicare beneficiaries continue to have access to community pharmacies, additional oversight of pharmacy reimbursement must be established."

Baucus said he is particularly concerned about smaller pharmacies in rural areas closing and thereby limiting access for many seniors. ■

Ruth Mantell is a MarketWatch reporter based in Washington.



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