JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

Statement for the Record
Submitted to
U.S. House of Representatives Committee on Energy and Commerce
Subcommittee on Health

Hearing on The Obama Administration's Medicare Drug Experiment:
The Doctor and Patient Perspective

May 17, 2016

Justice in Aging appreciates the opportunity to submit this statement in support of the Center for Medicare & Medicaid Services (CMS) Medicare Part B Drug Payment Model.

Justice in Aging, formerly the National Senior Citizens Law Center, is a national advocacy organization that uses the power of law to fight senior poverty by securing access to affordable health care, economic security, and the courts for older adults with limited resources. We support the Part B drug payment model because the proposal has the potential to improve quality and value for Medicare beneficiaries.

As a national organization advocating on behalf of the 6.4 million seniors who live in poverty, we are particularly attuned to the needs of Medicare beneficiaries to have a high value health care system that increases quality while reducing costs. This proposal appropriately focuses on changing incentives for prescribers that currently favor high-cost drugs, even when lower-cost alternatives are available, while ensuring that Medicare beneficiaries can maintain access to the medications that they need.

Changing the trajectory of prescription drugs costs in Medicare is particularly important for lower income Medicare beneficiaries. Low income Medicare beneficiaries who cannot afford supplemental insurance and, due to the strict income and asset requirements for Medicare Savings Programs, do not receive any assistance with Medicare cost sharing are particularly vulnerable when faced with high cost Part B prescription drugs. The median income for Medicare beneficiaries is less than $25,000, and one in four beneficiaries have less than $12,000 in income.[1] Since there is no out-of-pocket limit for cost-sharing for Medicare beneficiaries, costs can soar, reaching as high as $100,000 or more.[2]

We do not believe that the model's proposed changes to reimbursement will adversely impact beneficiary access. In contrast, they may increase beneficiary access, as studies demonstrate that very

[1] G. Jacobson, C. Swoope, and T. Neuman, "Income and Assets of Medicare Beneficiaries, 2014-2030," Kaiser Family Foundation, September 2015, available at http://kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2014-2030/.

[2] Government Accountability Office, *Expenditures for New Drugs Concentrated among a Few Drugs, and Most Were Costly to Beneficiaries*, October 2015, available at http://www.gao.gov/assets/680/673304.pdf.

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high coinsurance can dissuade beneficiaries from receiving even needed care.[3] When drug prices go down, access can increase as more people can afford their copayments, and do not go without care.

We support the size and scope of this demonstration. As consumer advocates, we are aware that many beneficiaries cannot afford the 20 percent coinsurance on high-cost medications, while others struggle to find a pharmacy or supplier who will provide very low-cost prescription drugs. The Part B Drug Payment Model aims will help resolve both of these challenges.

We have shared our comments with CMS. As we state in our comments, we support Phase I and Phase II, with recommendations for monitoring, transparency and beneficiary outreach. With these protections, we expect that beneficiaries will retain access to needed medication under both models. Phase I has the potential to minimize unaffordable cost sharing and increase access to medication where there are less costly alternatives. In 2010, 14 percent of beneficiaries had Original Medicare without supplemental coverage. This population includes a disproportionate share of people under age 65 with disabilities, those with annual incomes between $10,000 to $20,000, and African American beneficiaries. This demonstration may prove particularly valuable to this group.[4]

We also support Phase II, and the proposal to test different value based purchasing strategies for a limited number of Part B Drugs. We support testing these strategies and emphasize the importance of real time monitoring and feedback to assess beneficiary experience. In our comments to CMS, we urged the agency to develop strong opportunities for stakeholder engagement and a robust feedback loop to monitor the beneficiary experience, as the agency implements Phase II. We suggested that CMS create stakeholder advisory groups to solicit input from a wide range of stakeholders. We also recommended the agency create an ombudsman program to assist beneficiaries, monitor beneficiary access, and help CMS implement any course corrections that may be needed to ensure access is advanced and not harmed during implementation.

Thank you for the opportunity to comment on this important and innovative model. Our comments to CMS in support of the model are available here: http://www.justiceinaging.org/wp-content/uploads/2016/05/Justice-in-Aging-Part-B-Drug-Payment-Model-comments.pdf. For further information, please contact Jennifer Goldberg, Directing Attorney, at jgoldberg@justiceinaging.org.

[3] See Wallace, N.T. et. al. "How Effective are Copayments in Reducing Expenditures for Low-Income Adult Medicaid Beneficiaries? Experience from the Oregon Health Plan," Health Services Research, Vol. 43, No. 2, 2008, pp. 515-530; Tambryn, R. et al. "Adverse Events Associated with Prescription Drug Cost-Sharing Among Poor and Elderly Persons," JAMA, Vol. 285, No. 4, 2001, pp. 421-429; Swartz, K. "Cost-Sharing: Effects on Spending and Outcomes" (Robert Wood Johnson Foundation Research Synthesis Report No. 20: December 2010.

[4] Cubanski, J., Swoope, C., Boccuti, C., Jacobson, G., Casillis, G., Griffin, S., and T. Neuman, "A Primer on Medicare: Key Facts About the Medicare Program and the People it Covers, What Types of Supplemental Insurance do Beneficiaries Have?" (Kaiser Family Foundation: March 2015), available at: http://kff.org/report-section/a-primer-on-medicare-what-types-of-supplemental-insurance-do-beneficiaries-have/.