

February 19, 2014

U.S. Senate  
Committee on Finance  
Washington, D.C. 20515

U.S. House of Representatives  
Committee on Ways & Means  
Washington, D.C. 20515

U.S. House of Representatives  
Committee on Energy & Commerce  
Washington, DC 20515

Dear Chairman Wyden, Ranking Member Hatch, Chairman Camp, Ranking Member Levin, Chairman Upton and Ranking Member Waxman:

As negotiations on Medicare physician payment reform continue, the undersigned organizations urge you to abandon a proposal to increase brand name copayments for people with the Low-Income Subsidy, more commonly known as Extra Help, for Medicare Part D. Our organizations share a commitment to advancing the economic and health security of older adults, people with disabilities and their families.

We are encouraged that efforts are underway to repeal and replace the Sustainable Growth Rate (SGR) formula and to advance a value-driven Medicare payment system. Yet, we remain deeply concerned about potential offsets that would shift higher health care costs to people with Medicare. Proposals to increase Extra Help copayments for brand name drugs and diminish copayments for generic medications would place an undue financial burden on low-income beneficiaries who must take brand name prescription drugs. These higher costs are likely to diminish access and adherence among vulnerable beneficiaries.

We have particular concerns about proposed offsets that target low-income Medicare beneficiaries, individuals least able to absorb higher costs. Extra Help provides assistance with prescription drug costs to the most vulnerable people with Medicare.<sup>1</sup> In 2011, 11.8 million people with Medicare (23%) were enrolled in Extra Help, and estimates suggest another 2 million beneficiaries are eligible for the benefit but not enrolled.<sup>2</sup> As you evaluate proposals to alter Extra Help copayments, we urge you to consider the following key facts:

**People with Extra Help are among the most vulnerable Medicare beneficiaries.** Extra Help beneficiaries tend to be women, individuals with limited proficiency in English and people of color. A disproportionate share of Extra Help beneficiaries (43%) are people with disabilities who are under the age of 65.<sup>3</sup>

By definition, people with Extra Help have incomes at, below or near the federal poverty level (FPL)—up to 150% FPL or \$17,235 per year for an individual—and limited savings, no more than \$13,440 for an individual.

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<sup>1</sup> Extra Help benefits vary based on beneficiary income and the receipt of other health benefits, like Medicaid and the Medicare Savings Programs. Extra Help copayments for those receiving full benefits range from \$1.15 to \$2.65 for generic medications and from \$3.50 to \$6.60 for brand name drugs. See: Medicare Interactive, "[Extra Help Program, Income and Asset Limits 2013](#)," (2013). Full benefit dual eligibles in institutions and those receiving an institutional level of care in the community have no copayments under current law.

<sup>2</sup> MedPAC, "[A Data Book: Health Care Spending and the Medicare Program](#)," (June 2013); Kaiser Family Foundation, "[Medicare Prescription Drug Benefit Fact Sheet](#)," (November 2013)

<sup>3</sup> MedPAC, "[A Data Book: Health Care Spending and the Medicare Program](#)," (June 2013)

These beneficiaries also tend to be sicker than those without Extra Help and to take multiple medications. The average person with Extra Help fills 5.1 prescriptions per month, whereas those without the subsidy fill an average of 3.8 prescriptions.<sup>4</sup>

**Increased cost sharing deters access to needed medical care.** Decades of empirical research demonstrate that increased cost sharing leads people to forgo essential prescribed medications. In the long run, inconsistent prescription adherence can increase health care spending due to the increased likelihood of emergency room visits, ambulance rides and hospital stays.<sup>5</sup>

**Physicians and other health care providers write prescriptions—not patients.** Literature on cost sharing and patient behavior confirms that health care providers drive utilization of health care, not their patients. As such, cost sharing is not an appropriate tool to encourage generic or therapeutic substitution. Given this, we believe that Congress should explore alternative options to address brand name prescribing patterns within the Extra Help program. Options worth exploring include launching an educational campaign for prescribers and beneficiaries about medically-appropriate substitutions, enhancing data sharing between the Centers for Medicare & Medicaid Services (CMS) and drug plans on brand name drug use by Extra Help enrollees, and establishing academic detailing programs that provide one-on-one evidence-based training for prescribers who treat a sizable caseload of people with Extra Help.

**Existing Medicare Part D appeals protections are inadequate.** Many people with Medicare are unaware of their right to appeal higher cost sharing for brand name drugs when generics or preferred alternatives are inappropriate for their specific situation. Additionally, many avoid seeking an appeal because of an overly burdensome process. In particular, many beneficiaries are unaware of their right to appeal for lower cost sharing, otherwise known as a tiering exception. Beneficiary advocates have long called for improved and individually-tailored notice at the pharmacy counter as well as a more streamlined, automatic appeals system.<sup>6</sup>

**Low-income populations require education on generic medications.** Several studies confirm that low-income populations, including many people of color, remain skeptical of generic medications, fearing that generic alternatives are lower quality and more likely to cause side effects compared to brand name drugs.<sup>7</sup> Educational initiatives are necessary to explain the merits of generic prescription drugs and should be undertaken before imposing additional cost burdens on these vulnerable populations.

In summary, people with Extra Help are not able to shoulder additional health care costs. Although seemingly small, even a several dollar increase in the copayment for brand name medications would be burdensome for those beneficiaries who must take one, or several, brand name drugs. The imposition of increased costs, combined with an insufficient appeals system and persistent misinformation about generic medications, would deter low-income Medicare beneficiaries from accessing needed care.

We strongly caution you against raising Extra Help copayments as an offset to pay for a permanent SGR solution. Advancing Medicare physician payment reform is a worthwhile goal, but it should not come at the expense of the most vulnerable people with Medicare. Thank you.

Sincerely,

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<sup>4</sup> MedPAC, "[A Data Book: Health Care Spending and the Medicare Program](#)," (June 2013)

<sup>5</sup> Swartz, K. "[Cost-Sharing: Effects on Spending and Outcomes](#)" Robert Wood Johnson Foundation Research Synthesis Report No. 20 (December 2010)

<sup>6</sup> Medicare Rights Center, "[Facts & Faces: Refused at the Pharmacy Counter. How to Improve Medicare Part D Appeals](#)," (Winter 2013); Sanders, S. "[Letter to MedPAC on Medicare Part D Appeals](#)," (September 2013)

<sup>7</sup> Thomas, K., "Why the Bad Rap on Generic Drugs?" *The New York Times* (October 5, 2013)

AARP

American Society on Aging

Arc of the United States

Association of Jewish Aging Services

Caregiver Action Network

Center for Medicare Advocacy, Inc.

Families USA

GIST Cancer Awareness Foundation

Gray Panthers

International Foundation for Autoimmune Arthritis (IFAA)

Leukemia & Lymphoma Society

Lupus Foundation of America

Medicare Rights Center

National Adult Day Services Association (NADSA)

National Alliance on Mental Illness

National Association of Area Agencies on Aging (n4A)

National Association of Professional Geriatric Care Managers

National Association of Social Workers (NASW)

National Committee to Preserve Social Security and Medicare

National Council for Behavioral Health

National Council on Aging

National Senior Citizens Law Center

OWL –the Voice of Midlife and Older Women

Wider Opportunities for Women (WOW)