

# **A CONSUMER PRIMER: AN INSIDE LOOK AT THE MEDICARE PRESCRIPTION DRUG DISCOUNT CARD PROGRAM**

*What to Know About the Program . . . What Potential Pitfalls to Avoid*



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In late 2003, Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This new Medicare Act created a prescription drug benefit for Medicare beneficiaries known as "Medicare Part D," which will not take effect until January 2006. This new law is intended to provide some much needed financial relief from the all too high cost of prescription drugs for our Connecticut senior citizens and others eligible for Medicare.

In the time before this new law takes effect, the Medicare Act also created a temporary Medicare-approved prescription drug discount card program. Medicare has contracted with numerous private companies - - there are over 50 - - that have begun to offer discount card programs. The Medicare discount card program should provide those eligible for the cards with discounts expected to range between 10%- 20% off the average retail price for certain brand name prescription drugs and potentially greater discounts off the average retail price for generics. The enrollment period for these Medicare-approved discount cards has begun, and once-enrolled, the cards can be used beginning June 1, 2004.

I know there are certain aspects of this program that may prove confusing, and there are numerous questions you must consider before deciding on which discount card sponsor offers the best deal for you or a family member. Toward that end, my office has produced this Primer to help Connecticut seniors and other citizens eligible for the discount card program as they confront the new law.

I urge you, as you begin to review the many issues necessary to reach an informed decision on which, if any, discount card is appropriate for you or your family member, to think through your decision carefully, and seek assistance from the many federal, state, local and private organizations who are available to assist you in this process.

Sincerely,  
RICHARD BLUMENTHAL

## I. THE MEDICARE PRESCRIPTION DRUG MODERNIZATION AND IMPROVEMENT ACT OF 2003

The new Medicare Act created a new “Medicare Part D” benefit that will provide prescription drug insurance to Medicare beneficiaries *beginning in January 2006*. The federal government is still working out the specifics of this benefit, and Congress may make changes in the benefit program before it is put into place.

Enrollment for the Medicare Part D benefit is not expected to begin until November, 2005. The federal government’s Centers for Medicare and Medicaid Services will provide Medicare beneficiaries with detailed information about the prescription drug benefit before those eligible need to make decisions about how to participate.

## II. THE MEDICARE PRESCRIPTION DRUG DISCOUNT CARD

### A. Introduction

In the interim before the new Medicare Part D becomes effective, the Medicare Act created a temporary government-approved prescription drug discount card program to provide short-term relief from the high cost of prescription pharmaceuticals for those Connecticut citizens eligible for the cards. The enrollment period for the discount cards began on May 3, 2004 and, once enrolled with a card sponsor, you can begin to use the card beginning June 1, 2004. This discount card program will be in effect from June 1, 2004 through December 31, 2005.

Medicare is contracting with private companies, such as insurance companies, pharmaceutical manufacturers and pharmaceutical benefit managers, to offer Medicare-approved drug discount cards. These card sponsors are expected to offer savings in the range of 10-20% off retail brand name prescription drug prices and potentially greater discounts for generics. All discount cards approved by Medicare will have this seal:



The Medicare program will only approve discount cards that meet certain standards, such as providing a range of different categories of discounted drugs, access to local pharmacies, and regular price comparisons for discounted drugs. Medicare discount cards will cost *no more than* \$30 per year and will be established by each company offering the cards. For certain low-income Connecticut citizens (*see page 6*), the \$30 fee will be waived.

An eligible recipient may choose only *one card* from among the numerous cards offered, so it is important to select the card that will provide the greatest cost savings to yourself or your family member.

## **B. The Basics of the Program**

### 1. Who is Eligible?

The Medicare prescription drug card is voluntary in nature. The discount card program is not insurance and is not intended to replace any other health insurance you may already have that covers prescription drugs. You are eligible for a Medicare prescription drug discount card if you are eligible for Medicare and do not have outpatient prescription drug benefits through Medicaid. If you are enrolled in ConnPACE you can still get a Medicare-approved discount card.

### 2. Selecting the Card

The selection of the discount card that is best for you is a personal decision based on convenience of pharmacy location, which drugs are covered by the card and the discounted price offered for the drugs. While each company offering a Medicare-approved discount card must offer a discount on at least one drug to treat most health conditions, be aware that *all discounts cards are not created alike* - - each company may use different pharmacies, different discounts and cover different prescription drugs. In fact the same pharmacy very likely will offer different discounts on the same drug depending on which Medicare-approved discount card you have selected. Further, Medicare-approved discount card sponsors can *change* the drugs on its discount list and/or the discounted prices *as often as once a week*. You should also note that the company sponsoring your card will give you information about the discounts it offers and the drugs covered *only if you ask*. You should periodically check for any changes on the company's internet website (if it has one) or through a toll-free telephone number, which all Medicare-approved discount card sponsors are required to have.

To find out which discount cards are available in Connecticut, or for assistance in choosing a discount card or filling out the enrollment form, you should:

- Look at [www.medicare.gov](http://www.medicare.gov) on the web; or
- Call 1-800-MEDICARE (1-800-633-4227); or
- Contact the Connecticut Department of Social Services' health insurance assistance program ("CHOICES") at 1-800-994-9422 or look at [www.ctelderlyservices.state.ct.us](http://www.ctelderlyservices.state.ct.us) on the web; or
- Call the company offering the drug discount card you want.

### 3. Enrollment

Unless the Medicare discount card enrollment fee is waived, Medicare-approved companies offering the discount cards are entitled to charge you an enrollment fee of up to \$30 annually. ***You should note there are no monthly charges and there are no extra fees.*** For the calendar year 2004, the Medicare discount card annual enrollment fee will cover prescription drug purchases from June 1 through December, 31, 2004. You will have to pay a new enrollment fee for 2005. Moreover, you will have to pay an additional enrollment fee if you voluntarily decide to switch to a different discount card regardless of whether that company stops covering your prescription drug or decreases the discount originally offered, or even if the company that you selected for your discount card stops offering your discount card. While you may cancel your Medicare discount card at any time, you may not receive a refund of the enrollment fee.

Medicare beneficiaries can sign up for only one prescription drug discount card at a time, and you will have only one opportunity this year to switch cards. Although there are certain exceptions, generally discount cards can only be switched between November 15 and December 31, 2004. If you want to keep the same card sponsor for 2005, you do not need to reapply as long as you pay your annual fee.

### 4. Comparing Medicare Discount Card Choices

Medicare beneficiaries should ask the following questions when considering the purchase of a Medicare-approved prescription drug discount card:

- Has the Medicare program approved this card? Check the information from the Medicare program - - do not just rely on literature from the discount provider or the fact that the literature contains the Medicare-approved seal;
- Does the card cover the prescription drugs I take?
- Is my physician considering changing the prescription medications I am presently taking? If so, you should discuss what medications your physician is considering switching you to in order to determine whether that prescription drug is also covered by the Medicare discount card you are considering;
- Does my brand medication have a generic equivalent that is appropriate for me and will save me more money?
- How much will I save? To see how much you would save by using a particular Medicare card, list your monthly prescription drug costs, and calculate the savings the card would offer on each drug;
- Does the pharmacy where I shop accept this card? Ask the pharmacist - - do not just rely on literature from the discount card company;
- Does the Medicare discount card company include pharmacies in its network that are convenient for me?

- Is the Medicare discount card only usable in Connecticut or can it be used in multiple states or throughout the country? This is especially important for those Medicare beneficiaries who travel, or live seasonally in another part of the country, *i.e.*, Florida or Arizona.

A list of Medicare-approved discount card companies can be found at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227).

### **C. The Medicare Drug Discount Card and the ConnPACE Program**

The new Medicare-approved discount card program presents Connecticut with the opportunity to coordinate benefits with the state's ConnPACE program through federal money available for certain ConnPACE members who meet certain income criteria. While implementation and application of the federal benefit requires additional administrative work for the Connecticut Department of Social Services, ConnPACE members should know that the state's coordination with the federal government will take place behind the scenes, and will result in *no additional cost and no loss of benefits* to eligible ConnPACE members.

The Connecticut Department of Social Services has refined the list of Medicare-approved discount cards sponsors to reduce the number of sponsors available for ConnPACE members. For certain lower income ConnPACE members (incomes under \$12,570 for a single person or under \$16,863 for a married couple) the Medicare-approved discount card is required, *but* the discount card enrollment fee will be waived and, depending on the cost of your prescription drug, you may pay less than your usual \$16.25 co-payment. Your usual co-pay may be less because at these income levels Medicare has co-payment amounts of 5% or 10% of the cost of each prescription when you go to the pharmacy (whether you get a 5% or 10% co-payment level depends on your income). This means that depending on the retail cost of your prescription, you may pay less than the \$16.25 flat co-pay. *However, since you are also a ConnPACE member, you will never pay more than \$16.25.* The Connecticut Department of Social Services will be sending ConnPACE members who meet these income limits with information on how to enroll in an approved discount card program.

For ConnPace members whose incomes exceed the above-specified limits, it may not be worthwhile to enroll in a Medicare-approved discount card program, as the card will cost you up to \$30 for 2004 and another \$30 in 2005, which will entitle you to a discount of roughly 10%- 25% per prescription drug. However, you are already covered by ConnPACE and do not have to pay more than the \$16.25 co-payment. The Connecticut Department of Social Services will send *all* ConnPACE members information to assist you in your decision.

ConnPace members with questions or concerns are urged to contact the Connecticut Department of Social Services at 1-800-423-5026. Additional information is also available on the ConnPace website at [www.connpace.com](http://www.connpace.com).

### III. NON-MEDICARE PRESCRIPTION DRUG DISCOUNT CARDS

There are other prescription drug discount cards offered by a variety of companies and organizations that do not fall within the Medicare drug discount card program. Although you can only have one *Medicare* drug discount card at any time, you may use any other prescription drug discount cards you have or obtain over the next 18 months. Note that these prescription drug discount cards are not approved by Medicare, and thus may or may not meet the same standards as the Medicare-approved cards. You will, however, only be able to use one discount card for each prescription drug purchase.

Many organizations currently offer drug discount cards. Some of these cards are offered by established, familiar organizations such as pharmaceutical manufacturers, pharmacy chains, advocacy organizations, and pharmacy benefit managers. It is possible - - in fact likely - - that some of these cards may actually offer you a better deal on some or all of your prescription drugs than the Medicare-approved cards, so you must be careful when considering *all* of your options.

You should consider the following points when deciding whether to obtain a non-Medicare-approved discount card:

- Purchase a non-Medicare discount card only from a company or organization you know;
- Compare the costs and benefits of several cards before you purchase one. Both the costs and the benefits vary widely;
- Most prescription drug discount cards cost less than \$30. Do not pay much more than that for a card unless it provides significant additional benefits, such as dental care or eyeglasses;
- Read the fine print before you purchase anything;
- Be cautious about giving out personal information such as your social security number or mother's maiden name. *Never* give out your bank account number or your passwords;
- Keep a record of the organization's name, address and phone number. Keep copies of any information you provide;
- When you receive your medication through the mail or from a pharmacy, always check to see if it is exactly what you ordered. If you have questions or concerns, ask your physician;
- You should always inquire whether your pharmacy offers a senior citizen discount, as *many pharmacies will offer a discount to senior citizens of at least 10% if not more, without the need for a discount card*; and
- If you believe a discount card's practices are unfair or deceptive, contact Attorney General Blumenthal's Consumer Assistance Hotline at (860) 808-5420.

Finally, a special note about ordering prescription drugs through an internet pharmacy provider, whether a pharmacy that purports to be within the United States, in Canada, or elsewhere: Great care should be taken when ordering your prescription drugs from internet pharmacies that do business from outside the United States as there could be legitimate concerns regarding the origin and thus safety of prescription drugs shipped from certain of these sites. For prescription drugs purchased from internet pharmacies that purport to exist in the United States, Attorney General Blumenthal recommends that consumers first check the National Association of Boards of Pharmacy's Verified Internet Pharmacy Practice Sites ("VIPPS") at [www.nabp.net/vipps/intro.asp](http://www.nabp.net/vipps/intro.asp) for information on internet pharmacies that are VIPPS certified. Such certification means the listed pharmacy has complied with the licensing and inspection requirements of their home state and each state to which they dispense pharmaceuticals. In addition, pharmacies displaying the VIPPS seal have demonstrated to the National Association of Boards of Pharmacy that they are in compliance with VIPPS criteria, including patient rights to privacy, authentication and security of prescription orders, adherence to a recognized quality assurance policy, and provision of meaningful consultation between patients and pharmacists.

#### IV. WHAT YOU SHOULD KNOW TO AVOID MEDICARE DISCOUNT DRUG CARD SCAMS

The Medicare drug discount cards program is, in many respects, confusing and, unfortunately, susceptible to abuse by those unscrupulous companies and individuals who may try and take advantage of the unwary. The federal government's Centers for Medicare and Medicaid Services and Health and Human Service's Office of the Inspector General, and the Office of the Connecticut Attorney General, are aware of a number of potential drug card scams and are warning Medicare beneficiaries and their family members to be cautious when approached to buy a drug discount card.

The Office of the Connecticut Attorney General recommends that consumers follow these simple rules to avoid falling victim to such deceit:

- Be sure the discount drug program is Medicare-approved. All Medicare-approved discount card programs will bear the Medicare Rx seal



- Medicare-approved card sponsors are not permitted to ***conduct any cold-calls***. Therefore, ***no individual should receive a call or in-person unsolicited visit*** from a card sponsor unless you have requested further information from an ad or direct mail piece.

Medicare-approved card sponsors will advertise their discount cards on television, radio, newspapers and direct mail.

- A Medicare beneficiary or ConnPace beneficiary should ***never share personal information such as bank account number, social security number or health insurance card number*** (or Medicare or ConnPACE number) with any individual who calls or comes to the door claiming to sell any Medicare related product;
- A ConnPACE member whose income limits are **under** \$12,570 for a single person or under \$16,863 for a married couple, should never have to pay an enrollment fee, under any circumstances. Likewise, no ConnPACE member should ever have to pay more than \$16.25 for their prescription. If a pharmacy requires a ConnPACE member with the aforementioned income limits to pay an enrollment fee for a discount card, or charges you more than \$16.25 for your prescription drug, you should report the pharmacy to the Office of the Connecticut Attorney General's Health Care Fraud Unit at 860-808-5355 or the Department of Social Service at 860-424-5150.