

# RxCONNECTOR

A publication of the North Dakota Insurance Department

## POOLMAN WARNS ABOUT ABUSIVE MEDICARE MARKETING PRACTICES

Bismarck, ND – North Dakota Insurance Commissioner Jim Poolman recently warned seniors to be aware of abusive and aggressive sales tactics revolving around the marketing of Medicare Advantage plans. The result of these tactics is that some seniors may feel pressured into purchasing a policy that is not of benefit to them and may replace coverage they already have that is working well for them.

Poolman said, "We have many reports of seniors who have inadvertently signed up for a Medicare Advantage Plan thinking they were buying a Medicare supplement plan. We are also getting a number of complaints on agents who have misled seniors into switching from their Medicare

coverage to a Medicare Advantage Plan without their knowledge."

Medicare Advantage plans are not traditional Medicare. They are private health plan options approved by Medicare but sold and administered by private insurance companies. Advantage Plans replace Medicare Part A coverage (hospital) and Medicare Part B coverage (medical), and are required to cover medically necessary services. Although Medicare Advantage Plans (also called Part C) are not provided through the federal government, they are still considered part of the Medicare program and companies who sell them must be approved by Medicare.

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### Welcome to the RxConnector newsletter!



Jim Poolman  
Insurance Commissioner

Dear Friends,

*This newsletter is designed to keep you up to date about the Prescription Connection for ND program and to keep you in the know about the various prescription assistance programs that are available. In addition, from time to time, we may also include other items of interest related to Medicare and the Senior Health Insurance Counseling (SHIC) program.*

*As always, thank you so much for all that you do for the Prescription Connection program! Without your help, our work would be that much harder. Your efforts are valued and appreciated!*

*If you have items of interest that you think should be included in this newsletter, we would love to hear about them! Please contact Sharon St. Aubin by email at [sstaubin@nd.gov](mailto:sstaubin@nd.gov) or call her toll free at 888.575.6611.*

Jim Poolman  
Insurance Commissioner

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According to Poolman, "Medicare Advantage Plans can serve a valuable purpose for many, however it is very important for seniors to do their research and make sure that this sort of plan is the right choice for them." He warned that not all doctors or hospitals accept all Medicare Advantage plans and that sometimes there are higher out-of-pocket costs and co-pays associated with these plans.

The Insurance Department is currently monitoring complaints about Medicare Advantage plans and the agents selling them. An investigation is underway into the alleged abusive sales practices. In addition, Poolman has written a letter to both the Centers for Medicare and Medicaid Services (CMS) and North Dakota's congressional delegation outlining the alleged sales practices and articulating the Department's appeal for additional regulatory authority over these entities.

"This situation has been increasingly frustrating. CMS is becoming less responsive to our requests for assistance to help North Dakota

seniors," said Poolman. "It is becoming increasingly clear that if our Department is expected to hold agents and companies accountable, we need the regulatory oversight to properly do so." The North Dakota Insurance Department approves general health insurance plans as well as Medicare Supplement plans but does not have regulatory authority over Medicare Advantage Plans.

"I am hopeful that by working hand in hand with CMS and our congressional delegation we will successfully address our need for more regulatory oversight so that I am better able to protect seniors across the state from these unfair and abusive sales practices," said Poolman.

Anyone who thinks they may have been the victim of abusive sales practices, or has been switched to a Medicare Advantage plan without knowledge or full consent or has questions about Medicare Advantage plans should call the Senior Health Insurance Counseling (SHIC) program at 1.888.575.6611.

## **AIDS DRUG ASSISTANCE PROGRAM IN THE AGE OF LIVING WITH HIV/AIDS**

A video, about the role of the AIDS Drug Assistance Program (ADAP), profiles several ADAP clients who receive HIV/AIDS drugs through the program and others who are on a waiting list. It features interviews with state officials in South Carolina and Michigan, highlighting the importance of ADAP for people with HIV/AIDS, as well as challenges the program faces. It was first shown on April 10, 2007, at an

event to release The National ADAP Monitoring Report, 2007.

[View the video](#)

As of December 31, 2006, a cumulative total of 387 HIV/AIDS cases have been reported to ND, including 228 AIDS cases and 154 HIV (non AIDS) cases. Of the cumulative total HIV/AIDS cases, 252 are known to be still living. The

Epidemiology Report regarding HIV/AIDS in North Dakota is located at <http://www.health.state.nd.us/Disease/Documents/EpiReport/CurrentEdition.pdf>

For assistance and information in North Dakota regarding HIV/AIDS, contact the Ryan White Program at 701. 328. 4555. Assistance is available for medications, case management and emergencies.

## **PAP INFORMATION RESOURCES AVAILABLE THROUGH MEDICARE**

Medicare has added [www.medicare.gov/pap/index.asp](http://www.medicare.gov/pap/index.asp) to [www.medicare.gov](http://www.medicare.gov). Using this pharmaceutical assistance site, information is available about pharmaceutical companies which

offer assistance programs for the drugs they manufacture. The program is user friendly and very helpful for Medicare beneficiaries who are in the gap.

## INCOME TAX FORMS AVAILABLE

Some applications for prescription assistance programs require income tax forms. Two of these commonly used tax forms are available at <http://www.needymeds.com/indices/forms.tml>

## PAPs and PRESCRIPTION CONNECTION FOR ND— NEW TRENDS

Many prescription assistance programs (PAPs) are relaxing their program eligibility guidelines. Consequently, more and more people who previously did not meet all the eligibility requirements, may do so now. This is really good news for people who may be in the donut hole.

A simple "letter of need" is a key component in applying for a PAP. The letter should include details about the person's financial situation and why they are having difficulty paying for their medications. It is a good idea to also include a letter from the client's physician.

Another trend in PAPs is that more and more of these programs are considering providing medications at a discount, rather than for free. This will go a long way towards helping more and more people afford their medications.

An additional trend is for communities and local prescription assistance staff to collaborate and share ideas about how to better assist program applicants.

One idea is for local groups to develop more resources for financial assistance for our clients. Perhaps local groups could coordinate with

organizations such as Community Action, The Salvation Army, Lions Clubs, hospitals, churches and county social service offices.

Anyone with success in forming a partnership like this is invited to share your story!

Details that are important are how you formed your coalition and how the funds were raised to assist your clients.

We may share your stories in the RxConnector so that other groups across the state will be able to benefit from your knowledge, experience and success.

## AIDS DRUG ASSISTANCE PROGRAM IN THE AGE OF LIVING WITH HIV/AIDS

Some physicians are refusing to purchase Merck's cervical cancer vaccine Gardasil or are restricting who receives it because they say insurance reimbursements for the vaccine are too low, the Washington Post reports.

The issue "highlights a long-simmering dispute over reimbursement for immunization" that has "accelerated as the number of costly new vaccines has proliferated," according to the *Post*.

Some insurance companies pay doctors \$122 per shot for the three-dose vaccine -- \$2 more than the price the physicians pay per dose -- which doctors say is not enough to adequately cover the costs of stocking and administering the vaccine.

Kaisernetwork.org reported that the problem disproportionately affects pediatricians, who administer more immunizations and are among the lowest-paid specialists. Some doctors are providing the vaccine only to those who are insured through plans that will pay a "reasonable" fee for Gardasil, usually about \$140 or more per dose.

Anne Francis, an associate clinical professor of pediatrics at the University of Rochester School of Medicine noted that the cost of fully immunizing a child has increased from \$150 two decades ago to \$1,500 today. Francis added that many small practices are reluctant to pay up front for vaccines when it is difficult to make up the cost of even a single lost dose.

## PRICES FOR BRAND-NAME DRUGS INCREASED 6.8%

Prices under Medicare prescription drug plans for 10 of the most prescribed brand-name medications have increased 6.8% since December 2006, while wholesale prices for the same drugs have increased 3%, according to a [House Oversight and Government Reform Committee](#) report, the Washington Post reports. Previously, Medicare actuaries had projected that drug prices would increase by 7% over the entire year.

According to the report, insurance companies that offer Medicare drug plans likely will negotiate rebates from pharmaceutical companies that amount to 4.6% of total drug costs this year, compared with 5.2% last year. Medicare actuaries previously had estimated insurers in 2007 would obtain rebates of 6%. According to the *Post*, a reduction in discounts from 6% to 4.6% over 10 years would result in about \$17 billion in unanticipated prescription drugs costs for beneficiaries and taxpayers, with all of the additional money going to drug companies.

In addition, committee investigators found that premiums for Medicare drug plans have increased by 13% since the prescription drug program went into effect last year. According to the *Post*, the impact of the data on seniors is "not completely clear" because most who have enrolled in the program have selected plans with low deductibles, so they would not "see the full impact of drug price increases" until they hit the plan's coverage gap. Committee investigators said they chose to track the 10 selected brand-name drugs because those drugs were top sellers in 2004 and because all but one had no generic alternatives. They add that cost increases among brand-name drugs are so high that they will not be made up by generic savings.

### Response

Drug manufacturers and health insurers have contested the data, saying that the committee is highlighting certain brand-name drugs to exaggerate cost increases. They contend that generic drugs have lowered overall costs and that competition has restrained premium

increases. Karen Ignagni, president of [America's Health Insurance Plans](#), said, "You have to look at the broader trends. And the news has been nothing but positive, exceeding all expectations."

Ken Johnson, senior vice president of the [Pharmaceutical Research and Manufacturers of America](#), said, "The bottom line is that the Medicare prescription drug program is saving money for seniors and disabled persons, as well as for taxpayers."

Marilyn Moon, director of the health program at the [American Institutes for Research](#) and a former trustee for Medicare and Social Security, said, "When you introduce a new program, with all of the fanfare, everyone is anxious to get the best prices, the best look and demonstrate the private sector can handle it. But over time, when you've gotten your customers lined up, prices tend to slip upward." Robert Reischauer, president of the [Urban Institute](#), said, "It's far too soon to make a definitive judgment" based on the new report, but it might be enough to "raise some red flags."

### Implications

The prescription drug program's costs to date have remained well below initial projections, the *Post* reports. However, according to committee investigators, in its first year, the program's greatest cost savings stemmed from lower-than-expected enrollments -- particularly among low-income seniors -- and from insurers pushing seniors to take generic alternatives. Because so many beneficiaries enrolled in the program have been switched to generics and those cost savings now have been realized, continuing cost containment will rely on holding down prescription drug prices.

Investigators say that goal might be difficult to achieve, according to the *Post*. Committee Chair Henry Waxman (D-Calif.) will hold hearings on drug price increases under Medicare and likely will reintroduce legislation that would grant the federal government the authority to negotiate drug prices for Medicare, the *Post* reports (Weisman, *Washington Post*, 5/13).

## **Rx SALES TO US RESIDENTS FROM CANADIAN PHARMACIES - DECREASED BY 50%**

Annual sales of prescription drugs from Canadian pharmacies have decreased to less than \$500 million Canadian, compared with almost \$1 billion Canadian in 2004, according to data from the Canadian International Pharmacy Association, the Toronto Globe and Mail reports. Over the same period, the number of online Canadian pharmacies has decreased to about 30 from 55.

Sales have decreased in part because the increased value of the Canadian dollar and the implementation of the Medicare prescription drug benefit, CIPA President Dawn Polley said. Experts also cited increased availability of lower-cost generic prescription drugs in the U.S. and concerns about the safety of medications purchased from Canadian pharmacies.

According to the Globe and Mail, many of the prescription drug re-importation programs sponsored by U.S. states and cities that "had sprung up in defiance of U.S. law have been shut down or curtailed because of a lack of interest from U.S. consumers" and because the "cost of administering the programs has sometimes outstripped the net savings to buyers" (McKenna, Toronto Globe and Mail, 5/25).

## **LOW INCOME MEDICARE BENEFICIARIES ENROLLED IN MORE COSTLY PLANS**

Medicare randomly enrolls low-income beneficiaries in prescription drug plans that cost the federal government as much as \$1,400 more than the least-costly plans, according to a Consumers Union study released Tuesday, CongressDaily reports. For example, an analysis of coverage in the Boston area found that subsidy costs for the plans ranged from \$2,319 to \$3,725 annually.

Consumers Union senior policy analyst Bill Vaughan said \$2 billion could be saved over five years by changing how

CMS signs up beneficiaries in drug plans using what the group calls "intelligent auto enrollment." Under Consumers Union's solution, low-income beneficiaries would be enrolled in the three or four drug plans that offer the lowest prices on the most commonly prescribed drugs. "This will be an issue you'll see later in the year as a way to pay for things," Vaughan said, referring to efforts to raise money to delay scheduled Medicare payment cuts to physicians and reauthorize SCHIP. Also on Tuesday, the House Energy and Commerce Health Subcommittee

held a hearing to find ways to increase enrollment in a Medicare savings plan that helps low-income beneficiaries pay premiums and in a subsidy program that helps low-income beneficiaries with drug costs. Several groups, including AARP and the Medicare Rights Center, proposed the elimination of an asset test that requires seniors to have below a certain amount of savings to qualify for assistance, according to CongressDaily (Edney, CongressDaily. 5/16).

The Consumers Union study is available [online](#).

## **PAPRxTRACKER**

NeedyMeds Software, PAPRxTRACKER is designed to help small to medium-sized offices manage Prescription Assistance program users. This system is web-based, confidential, and

designed for one or multiple users in the office or on the road.

For more information call 215-965-8291.

## **3M PHARMACEUTICALS PURCHASED BY GRACEWAY**

3M Pharmaceuticals was acquired by Graceway Pharmaceuticals. The 3M PAP's are no longer

available but Graceway now has PAPs for Aldara, Maxair, Metrogel, Minitran and Tambocor.