

Medicare Drug Benefit Outlined in Campaign

By Christopher Lee

Medicare soon will help seniors pay for prescription drugs. That, however, is all that many Americans know -- even among the 41 million people already enrolled in the federal health insurance program for the elderly and disabled.

They need to learn quickly -- and the government plans to spend \$300 million over three years teaching them.

Enrollment for the new benefit begins Nov. 15. Anyone eligible who does not sign up by May 15 will be forced to pay higher-than-normal premiums when eventually joining, officials say.

"Seniors want to hear about this over and over again," Health and Human Services Secretary Mike Leavitt said. "Because to them it is a very significant change in their life. . . . This isn't about the fact that it's available. What they want to know is: 'Will this drug be covered?' 'How much is it going to cost me?' 'How does it affect my situation?' "

Medicare officials say the education campaign will be comprehensive, with an emphasis on grass-roots outreach by local nonprofit partners. The agency is relying on about 10,000 local groups to provide education and materials to seniors at church gatherings, nursing homes, Meals on Wheels visits and meetings of civic organizations.

Beginning Thursday, more than 9,000 Medicare operators will field calls at 800-633-4227. The agency will have plan information at <http://www.medicare.gov/>. It is deputizing and training federal workers -- in local offices of the departments of Labor, Agriculture, and Housing and Urban Development -- to provide information and enrollment assistance to the people they serve. On Nov. 19, CNBC will air a town-hall-style meeting on the new benefit, federal officials said.

Kathleen Harrington, a manager overseeing the education campaign for the Centers for Medicare and Medicaid Services, said: "Our commitment here at CMS is to make sure that people with Medicare who want to get personalized counseling, personalized assistance will have the resources to do it. We are really trying every technique we can. . . . Our motto is we're going to reach the people with Medicare where they live, where they work, where they play and where they pray."

Part of that will take the form of a traditional advertising campaign. Spots will be on radio and television, and in specialty magazines and in local newspapers, Harrington said. The agency has run one national television ad and will air another this month. The government expects to spend about \$7.5 million on TV advertising alone by Thanksgiving, she said.

The ad campaign is being managed by the public relations firm Ketchum Inc. under a

\$25 million contract; the company has collected about \$2 million in fees.

Ketchum produced a controversial series of prepackaged news stories for HHS last year that touted the drug benefit and featured actors posing as journalists. The ads, which aired on at least 40 television stations, violated a federal propaganda ban because they did not inform viewers that they came from the government, the Government Accountability Office found.

HHS officials say Ketchum got the new work because it already had a multiyear contract to provide public relations services for the department. The firm promised the new ads will not cross the legal line.

Surveys show that seniors trust Medicare information more if they see it is from the government, Harrington said, "so it's in the interest of our success to do this and to label everything appropriately."

The CMS logo appeared prominently in an eight-page insert in Parade magazine on Sept. 25. The insert, containing photos of smiling seniors, gave a concise overview of the drug benefit and told readers to expect more information soon. Another is planned for Sunday.

Not all has gone smoothly. Last week, 38.5 million households began receiving the annual "Medicare & You" handbook in the mail, and some of its details about prescription drug plan choices are wrong.

A chart on Page 97A says that all of the plans listed charge no premium for qualifying low-income seniors, a group of about 14 million. In fact, only about 40 percent of the listed plans do so, raising concerns that some Medicare participants would mistakenly sign up for plans that they do not want or cannot afford.

The agency does not plan to mail a correction, but the Medicare Web site has a corrected chart, CMS spokesman Gary Karr said. Plan providers must tell low-income beneficiaries whether the plan they have selected offers a zero premium or not, he said.

The drug benefit, passed by Congress in 2003, represents the biggest expansion in Medicare since the program began 40 years ago. It is expected to cost the government \$720 billion in the first 10 years.

Ten large insurance companies and several regional providers have been approved to begin marketing coverage plans to seniors as early as this month. Medicare officials say dozens of options will be available, with monthly premiums ranging from less than \$20 to about \$40.

"People do get daunted by a lot of choices," said Cheryl Matheis, director of health strategies for AARP, a partner in the Medicare agency's outreach efforts. AARP will provide seniors with explanations of the benefit options and help walk them through the key factors when deciding what kind of coverage, if any, to select, Matheis said.

Although private insurers will offer a variety of plans, the congressionally mandated base line benefit will work like this: After an individual pays a \$250 annual deductible, Medicare will cover 75 percent of drug costs up to \$2,250. The coverage then stops until the recipient has spent an additional \$2,850 out of pocket, after which Medicare covers 95 percent of drug costs.

Critics have dubbed the gap in coverage the "doughnut hole" in the benefit and say explaining it will be a difficult but critical element in any effective campaign.

"You listen to the promotions from CMS and the administration, and it was the best thing since sliced bread," said Robert M. Hayes, president of the Medicare Rights Center, a group that helps seniors navigate Medicare rules and benefits. "And then you sit down with people and they say, 'What do you mean -- that's all it is?' "

Hayes said he thinks one-on-one counseling, not ads, will be the most effective way to educate seniors. His organization is training volunteers to walk seniors through the options. "There's a world of difference between 'promotion' and 'education,' " Hayes said. "Almost all of the administration's efforts, and the drug companies' efforts, are promotional. Unless they throw more resources into one-on-one counseling, people with Medicare will be burned big time."