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Another Choice for Elderly: Charity or Medicare?

By STEPHANIE SAUL

The pharmaceutical industry's version of a campaign bus, the "Help Is Here Express," has toured 25 states this year to spread the word about charity prescription programs sponsored by drug companies.

But even as the bright orange bus travels from state to state enrolling patients in the programs, the assistance may be coming to a halt for thousands of elderly people.

One of them is Walter Bach of Glendale, Queens.

Mr. Bach, 65, who is blind, received worrisome news last month from [Bristol-Myers Squibb](#). The free Plavix he gets from the company's charitable foundation will stop if he enrolls in the new Medicare prescription program that begins in January.

Mr. Bach says that his free Plavix, a \$125-a-month blood thinner that reduces the risk of heart attacks and strokes, is more valuable than the immediate benefits he would receive from signing up for the Medicare program, even taking into account the three inexpensive generic drugs he also takes.

The letter telling Mr. Bach that he must choose between Bristol-Myers's program and the new Medicare drug benefit speaks to an unintended effect that the new Medicare plan is having on the pharmaceutical industry's charity drug programs. Some companies are simply eliminating their charity programs for older people, taking the position that the recipients are now eligible for Medicare drug coverage.

But even in programs like Bristol's that will remain in place for the low-income elderly, the us-or-them ultimatum throws one more tricky variable into retirees' assessment of the Medicare plan. The drug companies, which distributed free drugs with a retail value of \$4.1 billion last year to an estimated three million to four million Americans, will continue their charity programs in some cases, focusing on other patients with financial needs who don't qualify for the Medicare prescription drug program.

But the companies also complain that the Medicare law means that a patient cannot get drug subsidies from them and also participate in the program.

Dr. Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services, said during an interview late last week that nothing prevented the industry programs from continuing, as long as the free or subsidized drugs the patients received were not counted toward their Medicare co-payments or deductibles.

Several drug companies have sent proposals to the Health and Human Services department, asking for guidance, and its Office of Inspector General is reviewing their legality.

The Medicare Rights Center, an organization that helps Medicare recipients understand the system (and where Mr. Bach works part-time), is monitoring the changes in the charity programs. Those programs are generally aimed at people whose incomes fall near the poverty level - but who make too much to qualify for Medicaid, the federal health care program for the poor.

"It's an important issue to see what the drug companies will do with these plans," said Robert M. Hayes, president of the center. "It's yet one more blow to the algorithm of informed decision-making."

The decision by Bristol-Myers is similar to the stance of [Merck](#), which said it would be notifying the affected patients.

But Eli Lilly is notifying 235,000 older people that its charitable program for the elderly, Lilly Answers, will end next May. The program distributed \$140 million in subsidized medications last year, charging a \$12 co-payment. Edward G. Sagebiel, a spokesman for Lilly, said the company viewed that program simply as a bridge until Medicare drug benefits kicked in. Mr. Sagebiel said it was possible that some over-65 people could receive assistance through other Lilly programs.

[Johnson & Johnson](#), meanwhile, is notifying doctors that their patients must first be turned down for extra help under provisions of the new Medicare plan before they can apply to Johnson & Johnson's program.

The cutbacks in charity drug assistance for the elderly are coming only six months after the industry began a campaign to publicize the programs widely. Last April, the drug industry's trade group introduced the Partnership for Prescription Assistance as a centerpiece of the industry's efforts to improve its image.

In a news release last week, the trade group Pharmaceutical Research and Manufacturers of America said that an additional 5,000 people had been signing up each day as a result of the industry's new toll-free call center and a publicity campaign that includes the bus, an enrollment center on wheels.

Ken Johnson, a spokesman for the trade group, acknowledged that the new Medicare program could cause a decline in the programs' overall enrollment, possibly as much as 40 percent. But he said that the industry sign-up effort would continue.

"It's possible that there will be drop-off, but at the same time, we're going to be very aggressive in reaching out to the millions of other Americans who are below the age of 65," Mr. Johnson said. He said the industry was doubling its advertising budget and sending out a second bus, and had signed the television host Montel Williams as a spokesman beginning in January.

"There are millions of people in America who could qualify for one of these programs but are not receiving assistance," Mr. Johnson said. "We're on the road to try to find them, state by state, city by city."

The pharmaceutical industry complains that one reason the programs are being cut back for older people is that federal laws prohibit health care companies from giving something of value to Medicaid and Medicare participants. While the statutes are aimed at reducing opportunities for fraud rather than curbing charity to individuals, they do call into question any kind of financial relationship between drug providers and recipients.

The solution, suggested by legal guidance from the federal department of Health and Human Services, might be a pooled charity fund set up by all drug companies. That may be hard to sell to the companies, though, who may fear that they will end up subsidizing a competitor's drug.

"A lot of companies want to help, but they've run into a legal roadblock," said Mr. Johnson, the spokesman for the drug industry trade group.

But Dr. McClellan of the Centers for Medicare and Medicaid Studies said that the companies "can continue their current programs, they can make contributions to private foundations that are planning to fill in gaps, or they can collaborate," said Dr. McClellan. "There are lots of options, none of which are precluded by the Medicare drug benefit."

Benefits under the Medicare drug plan depend on income. Among low-income people, a single person with a monthly income between \$1,076 and \$1,197 - defined as 135 to 150 percent of the poverty level - pays a sliding scale premium for coverage, a \$50 deductible and 15 percent coinsurance until drug expenses reach \$3,600 a year, according to figures from Dr. McClellan's office. At that point, the individual is eligible to receive generic drugs for a \$2 co-payment and brand-name drugs for a \$5 co-payment.

Some officials have expressed concern that the pharmaceutical companies might assist Medicare recipients until the \$3,600 level, locking them into an expensive brand-name drug that they would continue using after crossing the threshold. Ultimately, under that scenario, the charity programs could increase costs to the program.

Mr. Hayes of the Medicare Rights Center, who refers to the charity programs as "10 percent help and 90 percent hype," says the drug industry has a history of operating programs with red tape that limits the actual number of charity recipients.

"They placed hurdles that kept demand for these programs down," Mr. Hayes said. "Whether or not they were purposeful obstacles or not, we got very little receptivity to the easy measures we recommended to make them easier. Patient-assistance programs may not be something the companies are promoting with 100 percent enthusiasm."

But Mr. Johnson said recent outreach efforts by the industry were aimed at streamlining the application process and reducing red tape. And he added that industry surveys revealed that customer satisfaction with the programs was increasing.

Mr. Bach said late last week that he had analyzed his situation and decided he would not sign up for the Medicare drug program for now. His reliance on industry assistance is simply too great.

"I have no alternative," Mr. Bach said. "I need it."