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Testimony Before the Senate Committee on Finance

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**I. Introduction**

Chairman Grassley and members of the Committee, thank you very much for the opportunity to testify on our experience with the Medicare-approved drug discount cards. I am Kris Gross, Director of the Senior Health Insurance Information Program (SHIIP), based in the Iowa Insurance Division, Des Moines, Iowa. I am here today representing the 54 State Health Insurance Assistance Programs or SHIPs.

Since 1992 the Centers for Medicare and Medicaid Services has offered funding for SHIPs to the states. Some SHIPs existed prior to 1990 and some states receive additional funding from their states or other grants. SHIPs are housed in state departments of aging, departments of insurance, and in the Medicare Quality Improvement Organization in one state. SHIPs' services are free, confidential and objective.

Our clients are all Medicare beneficiaries—aged, disabled and those with end stage renal disease. We help the beneficiary, and the people who help beneficiaries—family members, friends, and caregivers. We are charged with helping beneficiaries by providing information, counseling and assistance with problems and questions related to Medicare, Medicare Advantage plans, health insurance that supplements Medicare, long-term care insurance, Medicaid, claims, and prescription drug assistance—now including the Medicare-approved drug discount cards.

The heart of SHIPs is the one-to-one, face-to-face assistance and counseling provided to our clients in their communities. This is offered primarily through volunteers, many of whom are peers to the people they counsel. According to a report from the Office of Inspector General, this makes SHIPs a very cost effective way to serve beneficiaries. There is variation from state to state in how programs are structured, which allows us to best meet the needs of the populations we serve.

**II. Individual Assistance and the Medicare-Approved Cards**

The Medicare-approved drug discount cards give SHIPs the opportunity to do what we do best. The Centers for Medicare and Medicaid Services is providing awareness and information about the Medicare-approved drug discount cards through its many resources at the national level. SHIPs provide the local face—we're there to help people understand their options so they can make the best decision possible.

A Kaiser Family Foundation study released June 3 points to problems in explaining the new law to beneficiaries. Kaiser President Drew Altman said that absent "one-to-one

customized assistance to beneficiaries I don't see much chance that this law will achieve its goals.”

SHIPs provide the type of one-to-one consultation that is needed. Telephones and the internet are tools to be used, but what is needed by many beneficiaries is face-to-face assistance. As pollster Mollyann Brodie reported only 31 percent of seniors said they had gone online.

The SHIP national network of volunteers is assisting clients with the Medicare-approved drug discount card price comparisons. SHIPs are taking client prescription information and running the comparison on the Medicare web site ([www.medicare.gov](http://www.medicare.gov)) if the client does not have access to a computer. Clients who need counseling related to the price comparison information they receive then meet with our volunteer counselors.

A good example of a SHIP working to meet the needs of its specific populations is outreach the Washington SHIP has done with the National Asian Pacific Center on Aging. NAPCA held seminars about the drug cards and \$600 credit in Chinese, Korean, English, and Vietnamese. Washington SHIP volunteers, working with interpreters, have helped 87 people who were referred from one of these seminars, enroll with a card and the \$600 credit.

Let me now share with you some of our experience working with the drug cards and clients. Depending on the situation, clients may receive many pages of information with their price comparison. We ran a comparison for an individual taking four drugs, living in Des Moines, and for pharmacies within three miles of her zip code. If the individual chose to view all discount cards offered, she would have received over 30 pages of information. In visiting with SHIP directors from across the county, we have universally found that the majority of clients who do not access the Medicare web site on their own, need one-to-one assistance to examine all of their options before they make a decision about the drug cards. In some cases, beneficiaries even find it difficult to provide us with their prescription information needed to run a comparison of cards. One woman who called our 800# and asked for help couldn't find the dosage on her pill bottle. One-to-one assistance is critical to helping beneficiaries get the most from this program.

Some beneficiaries have found that the drug cards can provide savings on their drugs. One client is going to save \$45 on a \$90 prescription each month. Along with savings on the other drug she takes her annual savings would amount to \$700-900 per year (depending on her choice of local pharmacy versus mail order). Others are finding that discounts they are already getting from other discount cards, pharmacy programs, or their insurance, offer comparable or better savings. We are finding that we must help beneficiaries understand how some of the assistance programs offered by pharmaceutical manufacturers which they currently participate in, are wrapping around the Medicare-approved drug cards. It is important that they not lose this assistance by selecting a card that is not participating with their particular drug manufacturers. It is taking careful review of the Medicare price comparison information to determine if enrollment in a card will be beneficial, and then finding the best card options.

Another important hat the SHIPs will wear for clients is our advocacy hat. If a person has a problem with a card we will assist them in contacting the drug card sponsor or CMS, whichever is appropriate.

### **III. Community Education**

Community education has been, and will continue to be essential. People are confused by the discount card versus the upcoming drug benefit. They don't know about the \$600 transitional assistance. They need to know how to get information about the cards, formularies, and so on. SHIPs have been conducting thousands of community education events, and the demand continues to grow.

During the month of May the Pennsylvania SHIP hosted several hundred community seminars on the Medicare-approved drug discount cards. In several states, including my own, SHIPs are being asked to be part of town meetings sponsored by members of Congress. AARP has asked SHIPs to present at events they sponsor, or make counselors available at their events so participants can get a price comparison run and receive counseling.

Recently in Iowa, we have had several reports of telemarketing fraud related to Medicare-approved cards. Not only have we used our community seminars to address this issue, but we have also used our established statewide media network to quickly conduct community education and awareness of fraudulent activity.

Beneficiaries want to learn about the drug cards and get basic questions answered before they make the decision to research specific cards. The SHIPs' expertise, and experience with community education, is allowing us to fill this role in our states.

### **IV. Outreach and the \$600 Transitional Assistance**

The \$600 transitional assistance offered as part of the Medicare-approved cards is the focus of most of our outreach efforts and partnering. SHIPs are partnering like never before to make sure beneficiaries who are eligible enroll in this important benefit.

Some of our partners include organizations serving individuals with disabilities, public health nurses, Community Action/Energy Assistance programs, senior centers, Meals on Wheels, state Medicaid agencies, University Extension, low income housing, the medical community, Farm Bureau, caregiver groups, churches, Native American reservations, and organizations serving Latinos, Asian Pacific and other ethnic populations.

When beneficiaries find out about this assistance they are grateful. One caller to our office told me that the \$600 assistance sounded too good to be true. The \$600 represents an amazing opportunity for low income beneficiaries. We have had close to 1,000 people call our office who are eligible for the \$600 assistance. They typically are taking 8 to 10

drugs and are desperate for help. We are mailing them their price comparison, and they are asking a counselor to meet with them and sort through the options.

Many states have state pharmaceutical assistance programs. SHIPs have been active in educating and enrolling individuals in these programs. When CMS offered states the opportunity to automatically enroll their state program participants in the \$600 credit SHIPs took action. Many beneficiaries had questions about this option. In a few states, because of the state program design, enrolling in the \$600 credit is not a good choice for the beneficiary. SHIPs have been a key part of the education and counseling taking place in these states.

One example of a SHIP's work with a state program is Illinois. It has a Medicaid waiver program called Illinois SeniorCare which serves people 65 and older with incomes up to 200% of poverty. However, the under 65 Medicare eligible population is not served by this program and would benefit from the \$600 credit. The Illinois SHIP is working with the state Medicaid agency, and other professionals serving this audience, to make sure they know about this benefit and enroll if they want.

The \$600 transitional assistance is the true gem of the Medicare-approved drug discount cards and the SHIPs are dedicated to making sure those eligible in our states know about the program and enroll, if appropriate.

## **V. Challenges**

Our experience with the Medicare-approved drug discount cards indicates that a huge challenge lies ahead next year when we will need to help beneficiaries with the even more critical decision related to the Medicare drug benefit. Every Medicare beneficiary (41 million) will need to decide if they want to enroll in the drug benefit. It will be important for the Committee, the Congress, CMS and the SHIPs to learn from the challenges beneficiaries face with the discount cards so that we can best meet their information and decision needs next year.

Not only will beneficiaries have to understand the new benefit, but health insurance decisions will need to be made, and dual eligibles will be transitioned from their current state Medicaid prescription drug benefits to the Medicare benefit. The need for education, counseling and assistance will be much more extensive. SHIPs are uniquely qualified to offer this integrated counseling and want to be prepared for the demands this will put on our programs. The drug cards are stretching our resources to the limits and we need to begin training more volunteers, expand our staffs and 800#s now to be prepared for drug benefit. The volunteer recruitment and intensive training they need is not a quick process.

We are grateful that Congress provided CMS with \$1 billion in funding for administrative costs. Some of these funds will support beneficiary education and outreach activities, including those conducted by the SHIPs. We are hopeful that in subsequent years Congress will continue to provide adequate funding for these activities.

Adequate funding will be crucial to everyone's efforts to help beneficiaries understand their choices and to make decisions that best meet their coverage needs.

## **VI. Conclusion**

In closing, the SHIPs want to thank CMS and the Congress—and especially you Senator Grassley, Senator Baucus and Senator Bingaman for the interest you have taken in the work SHIPs do and for the additional funding for SHIPs. And to the members of this Committee, thank you for your extraordinary efforts on behalf of beneficiaries and particularly the low-income. Millions of beneficiaries should be thanking you for your leadership on these issues. The drug cards are just a hint of the work we all have to do in 2005 and 2006. Your continued support and leadership will be critical. Thank you.