Drug Discount Program Offers Lessons for CMS

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The experience of the drug discount card program that Medicare beneficiaries participated in prior to the launch of the Medicare drug benefit offers some lessons for the Centers for Medicare and Medicaid Services, the Government Accountability Office said in two reports.

In its first report, the GAO said that although the Centers for Medicare and Medicaid Services (CMS) had identified and corrected some problems with the entities that sponsored the drug cards, it also "had some limitations with respect to the timeliness of oversight activities and the guidance provided to sponsors."

For instance, the report noted, "CMS finalized guidance on how drug card sponsors should report data on price concessions from manufacturers and pharmacies in November 2004, about 5 months after the program began. According to CMS, as of August 2005, the overall quality of that data remained questionable, with problems such as outliers and missing data."

The report also noted that a CMS contractor requested two preenrollment information packets from six drug card sponsors.

"All the packets were noncompliant with program requirements," the report said. "Most packets were missing materials required by CMS and some materials had not been previously approved for distribution by the CMS contractor. The contractor never received several requested packets." CMS told the GAO that it had worked with the sponsors to resolve the problems.

For its part, CMS said in a letter to the GAO that the report "did not paint a full picture of the depth and breadth of the actual monitoring and oversight activities." Dr. Mark B. McClellan, CMS administrator, acknowledged that with the discount card program, "we have learned many valuable lessons that will inform our future efforts as we plan for the drug benefit in 2006."

The second report looked at CMS's beneficiary and outreach education efforts for the discount card program. In general, the GAO found that "CMS's efforts did not consistently provide information that was clear, accurate, and accessible, and they collectively fell short of conveying program features." The report did add, however, that the GAO got this impression by looking at assessments that CMS has done on its own programs, and "these assessments acknowledge the actions taken by CMS to address some of these problems."

Beneficiary confusion about the discount card program was a particular problem, the report said. In spite of CMS's outreach efforts, "beneficiaries confused the drug card with the 2006 prescription drug benefit, and some beneficiaries did not enroll because they were under the impression that Medicare would be sending them a card. Furthermore, the concept of a private drug card sponsor was difficult for many beneficiaries to understand."

Beneficiaries also were confused about eligibility, the report said. CMS's own research found that some beneficiaries might not have enrolled because they thought they were not eligible for the discount cards. "Specifically, many beneficiaries incorrectly thought that the drug card was only for low-income people, and those who likely qualified for the $600 in transitional assistance did not believe they qualified for it, even after having the income criteria explained to them," the report noted.

In response to the second report, Dr. McClellan said that it, like the first report, did not address the "full picture of the depth and breadth of the actual activities undertaken." Dr. McClellan said that the number of education and outreach activities was "unprecedented for a program of limited duration."

As he had done in the first report, Dr. McClellan said that the lessons learned from this portion of the discount card program would be applied to the drug benefit.

But he also added, "From a public service perspective, the most important question about the drug discount card is whether the program provided discounts and access to prescription drugs for any beneficiary who wanted help. The answer is yes, immediately." ■

The reports are available at www.gao.gov.

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