

Senators Admit Glitches In Medicare's Drug Plan

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WASHINGTON — Does your Medicare patient need a prescription for a drug not on his or her drug plan formulary? Be forewarned: You may have to fill out pages of forms.

"There continue to be widespread reports of drug plans requiring prior authorization for beneficiaries to receive needed medication," Sen. Hillary Rodham Clinton (D-N.Y.) said during a hearing of the U.S. Senate Special Committee on Aging. "Some reports have plans requiring forms for each drug, while others are requiring doctors to fill out forms as long as 14 pages for drugs that a beneficiary has been taking for years."

Addressing her remarks to Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services and the hearing's first witness, Sen. Clinton continued, "Your agency's request that plans discontinue this practice does not seem to be working, based on the information we have. I hope that you will require, not request, that the plans cease this practice and enforce that requirement."

In his prepared testimony, Dr. McClellan noted that CMS has "developed specific procedures for timely exceptions and appeals. Using those procedures, a Medicare beneficiary can get coverage for a drug that is not on a plan's established formulary."

He also acknowledged, however, that the plan rollout was not without problems. "We make no excuses for these problems," he told committee members. "They are important, they are ours to solve, and we are finding and fixing them."

Many of the problems with getting prescriptions filled occurred in the dual-

eligible population—patients who qualified for both Medicare and Medicaid. "These often are the poorest and most vulnerable Americans who rely on medications to manage their chronic physical and mental illnesses," noted committee chairman Gordon Smith (R-Ore.). "We knew there would be challenges associated with their transition from Medicaid into the new Medicare drug benefit, but it seems that perhaps not enough was done to ensure a seamless transition."

As a result of the problems with the drug benefit, "pharmacists are not getting paid on time and have to take out loans to pay their bills and keep their doors open," said committee member Blanche Lincoln (D-Ark.). "These problems could have been avoided."

Sen. Clinton said the problems were so bad that she was ready to give up. "I for one believe we should scrap this and start over. We are spending hundreds of billions of dollars on an inefficient delivery of a plan that could be done in a much more cost-effective way," she said.

But Sen. Rick Santorum (R-Pa.) disagreed. "Throwing it out would doom seniors to a situation where they would be getting less care than they are today," he said. "We should not be flippant about casting out babies with bathwaters. The idea that we're going to once again play politics with prescription drugs ... is below the dignity of this committee."

Committee member Conrad Burns (R-Mont.) also weighed in. "We Americans are in this business that everything has to be instant—tea, coffee, everything that we do, and we're supposed to have a new program put in place and all at once it's perfect," he said. "I would ask my colleagues [to just] get the program in place; that serves our purpose, and then we know what to fix." ■

MedPAC Advises a 2.8% Increase in Physician Reimbursement, Not a Cut

The committee advising Congress on Medicare payments has called for reimbursement increases for physicians and hospitals next year, but is proposing to slow the growth rate for hospital payments.

In its March report, the Medicare Payment Advisory Commission (MedPAC) called for a 2.8% increase in payments to doctors, instead of the 4.6% cut required by law next year.

MedPAC also recommended that hospitals get a 2.95% increase for treating Medicare's 42 million beneficiaries. That would pare back the projected growth in hospital payments by nearly half a percent.

The proposal is in line with the White House fiscal 2007 budget, which calls for \$480 million in hospital payment cuts for 2007 as part of efforts to control entitlement spending. Hospitals have complained bitterly that they already lose money on Medicare, and that further cuts could drive some of them out of business.

But hospitals may have little to fear this year, according to several key members of Congress.

At a Capitol Hill hearing, Rep. Nancy L. Johnson (R-Conn.) said that half of hospitals already operate in the red on money from Medicare patients.

In an earlier interview, Rep. Johnson, who chairs the House Ways and Means subcommittee on health, said that President Bush's budget is likely to be "substantially rewritten" by Congress.

Congress approved \$6.4 billion in cuts to Medicare over 5 years in February. The White House budget called for \$36 billion more in cuts by 2011.

California Rep. F. Pete Stark, Rep. Johnson's democratic counterpart, suggested that Congress will be unwilling to back any more significant changes to Medicare in an election year.

The American Medical Association praised MedPAC's call for higher physician payments. "If enacted by Congress, this new MedPAC recommendation will help physicians continue to treat Medicare patients," AMA board member Dr. Duane Cady said in a statement.

—Todd Zwillich

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