

# SENATE BILL REPORT

## SJM 8039

---

As Passed Senate, February 8, 2006

**Brief Description:** Requesting changes to the Medicare Modernization Act.

**Sponsors:** Senators Brown, Kohl-Welles, Franklin, Pridemore and Thibaudeau.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/01/06, 2/2/06 [DP, w/oRec].

Passed Senate: 2/8/06, 27-21.

---

### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Benson, Franklin, Kastama, Kline and Poulsen.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Brandland and Parlette.

**Staff:** Jonathan Seib (786-7427)

**Background:** Medicare is the federally funded program providing health insurance primarily to those sixty-five and older. It is administered by the Centers for Medicare and Medicaid Services (CMS), part of the federal Department of Health and Human Services. Approximately 831,000 Medicare beneficiaries live in Washington. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established a Medicare prescription drug benefit. Known as "Medicare Part D," it became effective on January 1, 2006.

A number of concerns have emerged regarding the design and implementation Medicare Part D. In addition to the general administrative difficulties of initiating a program covering over 43 million people, there is particular worry about the impact of the program on "dual eligibles," low income people who qualify for both Medicare and Medicaid. Approximately 96,000 dual eligibles live in Washington. Prior to the implementation of Part D, they received prescription drug coverage under Medicaid. The MMA requires that they now receive coverage under Part D. Reports suggest that in the transition from one program to the other, some dual eligibles have not received needed medications because of coverage denials or incorrect charges. Even for someone correctly transitioned, there is concern that the particular drugs the person needs will not be covered by Part D, or that newly required co-pays will prove unaffordable.

On January 24, 2006, CMS announced the establishment of a demonstration reimbursement plan which enables a state to be fully reimbursed for its efforts to help dual eligibles have continued access to covered drugs during their transition to Part D.

**Summary of Bill:** The Washington State Legislature requests that Congress and the Administration address concerns with the Medicare Part D program by (1) upgrading the CMS customer service system; (2) providing additional funding to the states to lessen the burden of copays on dual eligibles; (3) extending the enrollment period beyond the May 15, 2006, deadline; (4) requiring all health plans that contract with CMS to provide uniform transition policies that provide a 30-day supply of needed drugs; (5) reimbursing states and pharmacists who have been forced to cover the costs of individuals who have fallen through the cracks; and (6) repealing the prohibition on the use of Medicaid funds to provide supplemental prescription drug benefits to Medicare enrollees.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Testimony For:** The transition of dual eligibles from Medicaid to Medicare Part D is going very poorly. The clients, pharmacies, and drug plans do not understand the program and are very confused. Some who are eligible are being told that they are not. Some are required to pay copays that they cannot afford, so they are left to go without needed medications. Because of formularies, some are being switched to drugs different than ones they had been on before. It is not an overstatement to say that the Part D program will result in people dying because they do not have access to the prescription drugs they need. Let's do our part to send a message to the federal government that we need to do this more slowly, and we need to get it right.

**Testimony Against:** None.

**Who Testified:** PRO: Senator Lisa Brown, Prime Sponsor; Bill Daley, Washington Citizen Action; David Hanig, Department of Social and Health Services.