UNITED STATE SENATE SPECIAL COMMITTEE ON AGING
"Seniors Feeling the Squeeze: Rising Drug Prices and the Part D Program"
March 17th, 2010

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Medicare Part D Participant

Thank you for the opportunity to speak about my experience with Medicare Part D. My interest and familiarity with this program began as I watched the hearings aired by C-Span in the months before its passage. My participation in and conversance with Part D began in the program's first year when my health insurance plan discontinued prescription drug coverage and continues to the present time.

During the first year of my enrollment, I quickly learned that my previous private plan had been far more generous in providing prescription drugs than my new PDP. This fact was painfully underscored in September of that year when I reached the coverage gap. Each year since 2006, as monthly premiums, deductibles and drug costs have increased and the range and size of the coverage gap has grown, the "doughnut hole" has swallowed me sooner only to present its threat when the cycle begins again with each new year.

I have insulin dependent diabetes and take two different insulins several times each day. In addition, I take several drugs commonly prescribed for diabetics to prevent and control the complications frequently associated with this disease. There are no generic insulins and only one of the three additional drugs I take is available as a generic. While in the coverage gap, the average monthly cost of my prescription medications is $700. I have come close but have never reached the catastrophic level which is set higher each year and always seems to be set at a figure above the amount by which drug costs have increased. Since my initial enrollment in 2006, the catastrophic level has risen from $5,100 to $6,440. The costs a Participant would be required to exit the coverage gap to the relief of the catastrophic level has risen from $2,850 to $3,610.

With little transparency in drug prices until recently, seniors evaluating plan options or checking a chosen plan's performance worked without prices which are a required element in their quests. For 2008 plans, Medicare's PlanFinder incorporated drug prices for the first time allowing one to see monthly premiums along with out-of-pocket expenses and to know if or when the dreaded coverage gap would be reached. Evaluations undertaken after the enrollment period had ended found substantial inaccuracies in the prices provided.[1] Efforts undertaken before the 2010 enrollment period began appear to improved the reliability of this data. PlanFinder's inclusion of accurate drug price information makes this Medicare site invaluable for Part D participants and Medicare should be applauded for the organization and depth of information it has made usable through its website.

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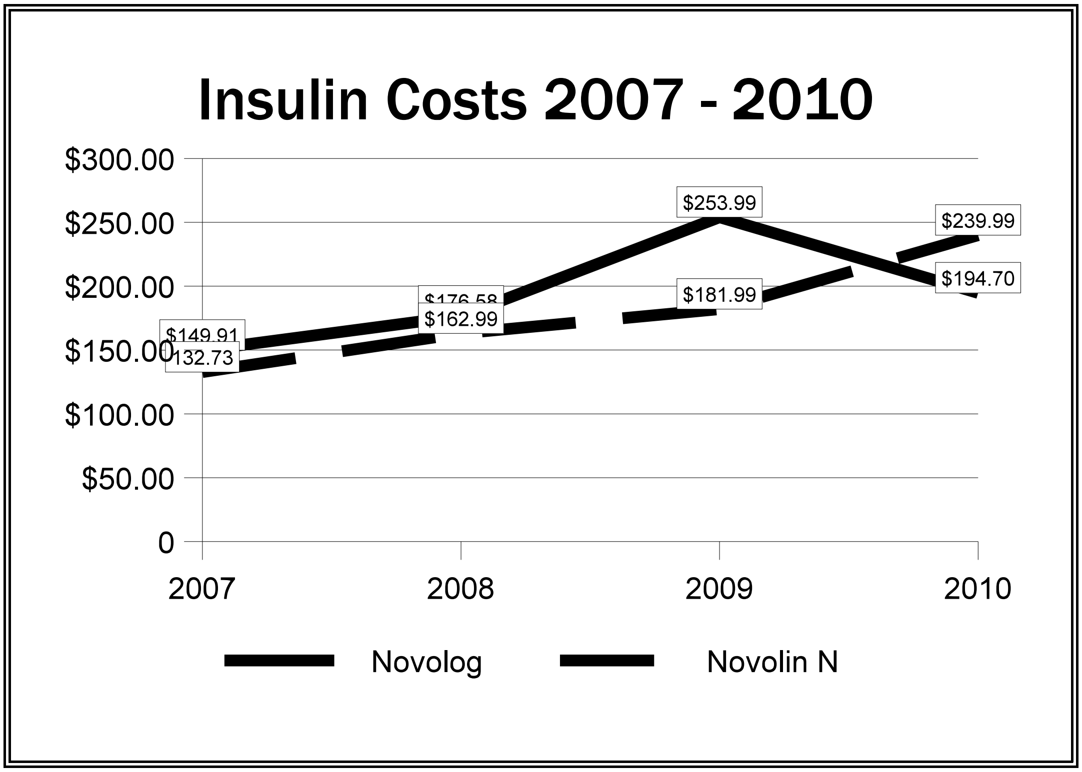
[1] *Accuracy of Part D Plans' Drug Prices on the Medicare Prescription Drug Plan Finder,* July 2009, OEI-03-07-00600.

My personal drug costs have risen substantially since I originally enrolled in Part D. The full price of the insulin I purchased at the end of 2005 before my enrollment in Part D was $77. Although the cost of all of my prescribed medications has increased, only the changes in insulin costs are summarized in the following chart.



This year will be different for me because Novo Nordisk discontinued its Novolin N PenFill cartridges at the end of December 2009. The discontinued cartridges were made for reusable insulin pens which can dispense half-unit doses. I have relied on these pens for nearly a decade because insulin sensitivity makes half-unit dosing a necessary part of my disease management.

When I first learned that these cartridges would no longer be available, I contacted Novo Nordisk about my concern. Their response was “sorry but we did give you notice.” They did assure me that the FDA would be notified and would, in all likelihood, contact me directly. When I heard nothing, I began sending letters to Novo Nordisk, the FDA and to other agencies which might deal with this problem.

By early December, I was in a near panic. My endocrinologist switched me to a long-acting insulin from another drug company. It came in disposable pens dispensing only whole unit doses. After several days of unpredictable and unmanageable blood glucose highs and lows, I developed a putrid, festering injection sight reaction which precluded its further use. Hope came just before Christmas in a letter from the FDA suggesting that it could be legal for me to order Novolin N from Canada where its sale has not been discontinued. After checking the references cited in the letter, I researched Canadian pharmacies and chose one based on its credentials. My physician approved and wrote the prescription and a letter outlining my need and a prescription. These were faxed to the Canadian pharmacy along with an affidavit I had prepared stating that the drug was approved in this country but unavailable in the cartridges I require.

Five days later, a notice from the post office let me know that my order had not been confiscated but was waiting for me to appear in person to pick it up. I waited in line at the post office with an uneasy feeling that I would be grabbed and spirited away by federal agents as soon as the package was placed in my hands. Nothing like that happened and I left with a great sense of relief and my Canadian drugs in hand.

What is most remarkable to me is the cost that I paid for my order from Canada: \$65.00 for one 5-cartridge box of Novolin N insulin and \$10.00 for shipping in a large insulated box. My co-pay for the same insulin at my local pharmacy would be at least \$88.00 for the same 5-cartridge box which it sells for \$239.99. Although I will pay \$75.00 monthly for this medication, \$239.99 monthly will not be included in my TrOOP which pushes me toward the dreaded “doughnut hole.”

In addition to the rising costs of Part D plans, the complexity of the program is daunting. Between November 15th and the end of December in each of the last several years, I have spent countless hours on the computer and printed reams of information in my efforts to find the best plan for my circumstances. I have become almost comfortable with tiers, formularies, quantity limitations, TrOOPs, etc.—the correlates of making an informed decision between plans. Each year is different as monthly premiums, deductibles and the size and range of the coverage gap increase annually. I have spoken with many Medicare seniors who have relied, to their sorrow, on television or mail ads put out my the major plans. The goal of providing prescription drugs to seniors at reasonable costs is laudable. I believe it is a goal that can be achieved faster and at left cost if some changes are made to the present system. In that light, I make the following modest suggestions for your consideration:

- Allow Medicare to negotiate with the drug companies for lower costs to Medicare recipients;

- Permit Medicare to contract with private insurance companies to process prescription drug claims for Medicare D participants or arrange for Medicare to assume these processes itself;

- If private insurance plans continue to offer these plans, encourage them to provide their negotiated drug costs to their subscribers and to those who are choosing between plans;

- Encourage the FDA to issue rules for development of generic biologics like insulin;

- Consider a modest increase in the tax withholding for Medicare; and

- Consider “grading” Part D programs in a manner similar to the A-F groupings used years ago for Medi-Gap policies.

Respectfully submitted,

Willafay H. McKenna