



Coalition of Wisconsin Aging Groups
Advocacy ■ Membership ■ Elder Law

**TESTIMONY
OF
Tom Frazier
Before
THE UNITED STATES SENATE SPECIAL COMMITTEE ON AGING
WISCONSIN'S SENIOR CARE PROGRAM
Extension of Waiver
March 28, 2007**

Good Morning. My name is Tom Frazier and I am the executive director of the Coalition of Wisconsin Aging Groups located in Madison, Wisconsin. CWAG (Coalition of Wisconsin Aging Groups) is a grassroots, nonpartisan elderly advocacy organization whose mission for the past 30 years has been to work on behalf of frail and elderly persons who are unable to speak for themselves on issues affecting their quality of life in Wisconsin.

Thousands of older people will suffer significant harm if Wisconsin's SeniorCare waiver is not extended past June 30, 2007. Similar to the statement that you just heard from Bette Linton, there are more stories just as compelling. For example:

- 1. A woman on SeniorCare takes four generic Rx's and four brand name Rx's and her annual costs are \$990 (960 in co-pays and the \$30 SeniorCare enrollment fee). By comparison the cheapest Part D plan for this woman would cost \$5,133, a difference of \$4,143. The woman is a diabetic and must have these medications. She would not be eligible for Part D extra help due to assets.*
- 2. A seventy-five year old widow takes six medications for high cholesterol, osteoporosis and a heart condition totaling over \$6,000 a year. The woman's income is less than the federal poverty level but she recently sold her home so*

would not qualify for Part D extra help. Under the least costly Part D plan, she would have out-of-pocket costs exceeding \$4,000 per year. Under SeniorCare Level I she would pay \$960 a year, for a savings of over \$3,000.

- 3. Another SeniorCare enrollee wanted to see if she would be better off buying a Part D Rx drug plan. She and her husband's combined income put her in SeniorCare Level 2b which requires an \$850 deductible before qualifying for assistance with Rx drug costs. Under SeniorCare her costs were \$2,500 a year including the \$30 enrollment fee, the \$850 deductible and \$5 and \$15 co-pays for each Rx. Under Part D she would have had to pay \$7,300 for premiums, co-payments and deductibles—a savings of \$4,800. Needless to say, the lady decided to remain on the SeniorCare program.*

The worst part is that the people that will be hurt the most are the ones who have the lowest incomes and can least afford a huge increase in out-of-pocket costs for their Rx drugs. Out of 104,000 older persons enrolled in SeniorCare, 47% or over 48,000 persons, have incomes below 160% of the Federal Poverty Level (FPL). This is an annual income of only \$16,336 for an individual. Under SeniorCare, they have an annual enrollment fee of \$30 and then pay \$5 co-payment for a generic prescription and \$15 for a brand name prescription.

As mentioned in the examples cited above, under Part D (if they are ineligible for the “extra help” or low-income subsidy) they will have a deductible of \$265, a monthly premium (that averages \$36 in Wisconsin), a 25% co-payment on the cost of the next \$2,135 worth of drugs and then no help if they are unfortunate enough to reach the donut hole.

Another relevant factor in Wisconsin is that we have the second worst record in the country in terms of applications for extra help being approved—just over one-third (35.4%) of applications are approved by the Social Security Administration. This means that the vast majority of the lowest income seniors would not be eligible for extra help under Part D and, therefore, would face significantly higher out-of-pocket costs. As you have also heard, many SeniorCare enrollees with incomes over 160% FPL also would face much higher costs.

Cost is not the only concern. SeniorCare requires the completion of a two-page application form and, unlike Part D, does not include an asset test. The application for Part D extra help is five pages, a cover letter, one page of instructions, and, of course, the "Paperwork Reduction Notice." SeniorCare includes all Rx drugs covered under Medicaid (which is almost everything) while Part D requires people to compare 54 different plans and try to find a plan that is affordable and covers all or most of the Rx drugs that the person takes. To adequately compare Part D plans a person really needs a computer and internet access. SeniorCare does not require a computer and internet access.

"If it ain't broke don't fix it." SeniorCare is not broken. It actually costs less (for both individuals and the government), it is much simpler for older persons to use, it does not have a donut hole, and older people love it. I urge you to fix Part D, not SeniorCare. How often can you say of a government program that it is what people want and it costs less. SeniorCare is what older people in Wisconsin want and it costs less.

A lady from northwestern Wisconsin may have said it best - "I pray you do not discontinue the Wisconsin SeniorCare program. Because without it I couldn't possibly make it. My monthly income is so low that I can hardly get my bills paid."

Additional SeniorCare Case Examples

1. An eighty-two year old woman called for help in September 2006 when her husband reached the coverage gap under his Medicare Part D plan. Her husband required a number of expensive medications due to Parkinson's Disease and his actual drug costs were \$5,400 per year. She and her husband had an annual gross income of \$26,400, an income too high to qualify them for a low-income subsidy under Medicare Part D. They had no resources left to draw upon, and the woman was considering the sale of their burial plots in order to generate enough money to pay for her husband's medications next month.

I strongly recommended that the couple consider enrolling in Wisconsin SeniorCare instead of Medicare Part D for prescription drug coverage in 2007. According to my calculations, SeniorCare would offer them more comprehensive coverage at a lower cost.

Based upon their income, they would qualify for Level 2b coverage under SeniorCare. Her husband used seven generic medications and two brand name medications. His total actual drug costs were about \$450 per month, so it would take about two months for him to meet the \$850 deductible. After meeting the deductible, he would pay a total of \$65 per month for his prescriptions. According to my estimate, over the course of the year, this gentleman's total out-of-pocket costs under SeniorCare would be about \$1,530—over \$1,300 less than the lowest estimated cost for a Medicare Part D plan.

2. Mr. and Mrs. E have limited resources and live on Social Security in very rural northern Wisconsin. Mrs. E takes three generic drugs each month. Mr. E does not require any medications on a regular basis. Both of them enrolled in SeniorCare.

Somehow during the first year of Medicare Part D, this couple was identified as eligible for the Low Income Subsidy. Each was facilitatedly enrolled, without their knowledge or consent, in a Part D plan (PDP). This situation became apparent when Mrs. E tried to fill a prescription and was informed that her SeniorCare was no longer primary. Since Mrs. E had not enrolled in a PDP and had no knowledge of this enrollment she paid the full cost of the drug herself.

Mr. E discovered his enrollment when he received a bill from a PDP that included \$135 in past due premiums. The monthly premium for the PDP designed at assisting the low income was \$30.99. Mr. E paid only \$30 a year to enroll in SeniorCare.

Through much perseverance a benefit specialist working with the CWAG Elder Law Center was able to disenroll Mr. and Mrs. E from their PDPs. For the three months it took to correct this matter, Mrs. E continued to pay the full cost of her prescription out of her own pocket.

Unfortunately, their saga does not end there. On January 1, 2007 they were again auto-enrolled into new PDPs. Using Special Enrollment Periods, we were able to fairly easily disenroll them in January. But again Mrs. E was unable to use the SeniorCare she was enrolled in because the other plan showed up on her records, another month of paying for the drugs herself. After consulting with a representative at CMS Region V, Mrs. E attempted to contact Medicare to opt out of Part D. She gave up after she was unable to navigate the automated system.

In February each received notice that they had been identified as qualifying for extra help and had been auto enrolled in new PDPs. Again special enrollment periods were used to disenroll the couple and another month passed without any help paying for medications although Mrs. E was enrolled in SeniorCare. (If a PDP shows up in a computer search of a person's record, SeniorCare becomes the secondary payer.) This problem was ultimately resolved through a 30-minute phone call to CMS at the office of the benefit specialist, an 80-mile round trip for this low-income couple. (A previous attempt by the benefit specialist to opt the couple out of Part D failed when the CMS representative stated the couple had to be present at the office. During the second call to CMS the representative did not ask to speak to either Mr. or Mrs. E, although we had been instructed that they had to be present.)

Now that SeniorCare is primary for each of them, Mr. E pays only \$30 annually to maintain creditable coverage. Mrs. E pays \$30 per year and \$15 each month in co-pays, less than just one month's premium in Mr. E's original PDP enrollment.

3. Mr. D was 72 when he applied for extra help to pay for Medicare Part D. His annual income, solely from Social Security was less than \$15,000. He had \$1,500 in savings. Even though he qualified for a partial subsidy his monthly premium in 2006 was \$19.03 per month in the PDP he was auto enrolled with. He had a \$50 deductible and according to the materials from his plan his co-payment for "generic preferred multi-source drugs is no more than 15%."

Under SeniorCare Mr. D paid only \$30 annually. There was no deductible and his drug costs were fixed at \$5 for generic and \$15 for brand name drugs. The savings in premium alone over a one-year period with SeniorCare was nearly \$200. For this low-income individual Part D even with extra help was no bargain. As soon as he was able to cut through the red tape of auto enrollment and opting out of Part D he returned to the more affordable easy to understand SeniorCare.

4. Gentleman turning 65 years of age wanting to compare SeniorCare to Medicare Part D. He currently takes eight brand name drugs and 10 generic drugs over the course of a year. His income and assets are over the eligibility requirements for receiving the low-income subsidy provided through Medicare Part D, so he is subject to the normal Medicare Part D coverage—a monthly premium, a deductible (if the plan that he chooses to go with has a deductible), co-payments for his prescriptions and the possibility of falling into the donut hole.

Medicare Part D: When we ran Medicare Part D's plan comparison, the least expensive plan out of the 54 plans that are available to him, the estimated annual cost was \$4,472. And this plan did not have a deductible.

SeniorCare: When we looked at SeniorCare, based on his income, if he was eligible for:

Level 1 = no deductible; The estimated annual cost was \$2,070.

Level 2a = \$500 deductible: The estimated annual cost was \$2,465.

Level 2b = \$850 deductible: The estimated annual cost was \$2,735.

5. Gentleman currently on SeniorCare with a \$500 deductible. Wanted to compare SeniorCare to Medicare Part D. He currently takes three brand name drugs and two generic drugs over the course of a year. His income and assets are over the eligibility requirements for receiving the low-income subsidy provided through Medicare Part D, so he is subject to the normal Medicare Part D coverage—a monthly premium, a deductible (if the plan that he chooses to go with has a deductible), co-payments for his prescriptions and the possibility of falling into the donut hole.

Medicare Part D: When we ran Medicare Part D's plan comparison, the least expensive plan out of the 54 plans that are available to him, the estimated annual cost was \$1,973. And this plan did not have a deductible.

SeniorCare: When we looked at SeniorCare Level 2a with the \$500 deductible, the estimated annual cost was \$1,095.

6. Gentleman currently on SeniorCare with an \$850 deductible. Wants to compare SeniorCare to Medicare Part D. He currently takes three brand name drugs and 1 generic drug over the course of a year. His income and assets are over the eligibility requirements for receiving the low-income subsidy provided through Medicare Part D, so he is subject to the normal Medicare Part D coverage—a monthly premium, a deductible (if the plan that he chooses to go with has a deductible), co-payments for his prescriptions and the possibility of falling into the donut hole.

Medicare Part D: When we ran Medicare Part D's plan comparison, the least expensive plan out of the 54 plans that are available to him, the estimated annual cost was \$2,931. And this plan did not have a deductible.

SeniorCare: When we looked at SeniorCare Level 2b with the \$850 deductible, the estimated annual cost was \$1,400.

7. I have a woman who is enrolled in Humana Enhanced, with an annual cost of \$402. She has applied for SeniorCare and will be in Level 1. She takes two medications, which are both generic, so her annual cost with SeniorCare would be \$150, which includes the enrollment fee. Her savings with SeniorCare is \$252. She is not eligible for the LIS because of assets. Once she is enrolled in SeniorCare we are going to disenroll her from Humana Enhanced.
8. Client is on SeniorCare Level 1. She is not eligible for LIS due to assets. She is currently taking five generic and two brand name medications. Her SeniorCare costs her \$690 per year.

The cheapest Part D plan for her would be Signature Rx Value according to Medicare's plan finder. Her cost under Part D would be \$915 and she would hit the donut hole. The estimated Part D costs of \$915 does include the \$265 deductible, 12 months of a \$28.60 premium, her prescription co-pays and the \$175.58 that she would pay when she hits the coverage gap in the 12th month. This is with a plan where she does not pay anything toward her generic drugs in the deductible period or during her initial coverage period but it does not provide any coverage in the gap. Thus SeniorCare is saving her \$225 per year. She is willing to speak about this when her health permits.

9. Kay is 74. She is lucky enough to enjoy good health. She takes no medications on a regular basis. She uses SeniorCare as an affordable means to maintain creditable coverage. If she was to enroll in a Part D plan her cost would be nearly \$175 for a plan she would derive absolutely no benefit from.

Kay still works part time in order to afford those little extras that her Social Security check doesn't cover such as an occasional meal out and a trip out west to visit her grandchildren. When she isn't working she volunteers at a senior center and the local hospice. If she was forced to pay for a more expensive plan she would have to find a different job that offered more hours. This would force her to cut down in the amount of time she gives to others in need.

10. One important aspect of SeniorCare is how easy it is to use the program. My mom who is 78 and has emphysema, among other things, has SeniorCare. She would actually save money by using Medicare Part D, but the emotional toll that the change would have on her would just not be worth the monetary savings. As people age, they do become set in their ways and learning new and

often difficult ways of doing things is a strain on them. Even with me doing all the “work” for my mom, she still wants to stay on SeniorCare. It’s an easy to maneuver health care plan and one that is more suited to an aging population who grew up without all of the choices that are being offered in the Part D program. I would say that if you are in SeniorCare now, allow people to stay in SeniorCare—don’t make them change. Let Wisconsin set a precedent for advocating for an easier plan for its seniors. Thanks for caring.