



# Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release  
Thursday, April 27, 2006

Contact: Carol Guthrie  
202-224-4515

## **SENATORS INTRODUCE BILLS TO SIMPLIFY MEDICARE DRUG BENEFIT, IMPROVE PHARMACY ACCESS AND INFORMATION**

*Finance Committee members aim to help seniors better compare benefit packages for informed choice, improve consumer protections and boost support for pharmacies*

*Washington, DC* – U.S. Senators Max Baucus (D-Mont.), Kent Conrad (D-N.D.), Blanche Lincoln (D-Ark.), and Ron Wyden (D-Ore.) have introduced legislation to reduce confusion in the Medicare drug benefit by establishing six defined types of drug plan offerings. This move is meant to address problems that have arisen during implementation of the drug benefit this year, by allowing easier comparison of benefit options by seniors choosing a benefit package. The Senators unveiled the Medicare Drug Benefit Simplification Act of 2006 at a news conference today. The bill will also prohibit plans from changing drug coverage during the benefit year, prohibit unfair plan marketing practices to Medicare beneficiaries, and boost the importance of plans' performance ratings in their annual approval by the Department of Health and Human Services (HHS).

A second bill from Baucus, Conrad and Lincoln is the Pharmacy Access Improvement (PhAIM) Act of 2006. It addresses pharmacy-related problems that have arisen during implementation of the Medicare drug benefit. It will require drug plans to reimburse pharmacies more quickly and conveniently, require the establishment of plan information hotlines for pharmacists and physicians alike, and cut back on the practice of pharmacy "co-branding" by plans that can lead some patients to believe that only certain pharmacies can provide their medicines. The Senators, all of whom supported the creation of the Medicare Part D drug benefit in 2003, said today's legislation is meant to make the program work better for America's seniors.

**"Seniors need to feel in control of their drug coverage, not confounded by plan offerings that are nearly impossible to compare,"** said Baucus, who is Ranking Member on the Finance Committee. **"This bill is meant to remove the biggest stumbling block many Medicare beneficiaries have hit in this first year, and that's the confusion stemming from a vast array of choices with little clear information about how each plan offering works. The ability to make apples-to-apples comparisons will help more seniors take advantage of this drug benefit, and that's our goal. By also keeping plans from dropping drugs during a benefit year and requiring straightforward, honest marketing practices, we can make this benefit work for millions more Medicare recipients."**

**"Time and time again I've heard firsthand the problems seniors and their families have had navigating this new benefit – and the problems our pharmacists have had helping their customers," Senator Conrad said. "Clearly a fix is needed, and that's what we're offering with these bills. This legislation will help seniors and their families make informed choices about their drug coverage. And it protects our seniors by making sure plans cannot drop coverage of the drugs seniors need. "**

**"I'm proud to help introduce these two bills today, which I believe will help correct many of the problems that have arisen due to the Bush Administration's poor implementation of the Medicare prescription drug program," Senator Blanche Lincoln said. "The Pharmacy Access Improvement Act recognizes pharmacists as important partners in making the program a success for America's seniors by ensuring pharmacists are reimbursed more quickly and fairly."**

**"Trying to navigate through the complex thicket that is the drug benefit has been a daunting, disheartening and discouraging experience for hundreds of thousands of Americans," said Wyden. "Information is the best antidote for confused and poorly-protected consumers, and we know that if you can make insurance choices comparable and understandable, people can – and will – make decisions. This legislation will help seniors make informed decisions about their prescription drug coverage based on simpler, clearer information."**

The Medicare Simplification Act of 2006 will require the HHS Secretary to develop, in addition to the standard prescription drug package outlined in the Medicare Modernization Act of 2003, five additional types of benefit packages to be offered under Medicare Part D. Three will be basic packages that would not include coverage of medications during the "coverage gap" that occurs when patients' drug bills reach a certain cost. Two will be supplemental packages that will include coverage of drugs during that gap before catastrophic coverage begins. HHS will develop standardized wording, definitions and formats for all packages to help seniors understand and compare them more easily.

The simplification bill will solve another problem for Medicare beneficiaries by prohibiting plans from dropping coverage of a drug during a benefit year, and to provide clear information about any changes planned for the next benefit period. The bill locks into law the coverage of six classes of "protected drugs," from AIDS medications to drugs treating mental illness. Plans will be required to provide more and clearer information about what drugs they cover. The process of appealing drug coverage decisions will be streamlined and standardized for all beneficiaries regardless of their drug benefit package. Standardized information about plans' performance during the benefit year will be provided to all Medicare beneficiaries, and the HHS Secretary will be required to consider those performance indicators each year when deciding which plans can continue to offer drug benefit packages.

The Pharmacy Access Improvement Act of 2006 aims to address problems that have arisen for both pharmacists and Medicare beneficiaries during implementation of the benefit so far. The bill will require plans to reimburse pharmacies for drug costs within as little as 14 days for electronically filed claims, and within 30 days for all other claims. The bill will require reasonable dispensing fees to pharmacies as well. Plan providers will be required to establish hotlines offering more timely and accurate information to pharmacists and physicians.

To help Medicare beneficiaries, plans will be required to use only pharmacies that are true points of access for the general public in order to meet their coverage requirements. The bill will also place restrictions on the practice of “co-branding” drug benefit cards and materials with pharmacy names, which can lead beneficiaries to believe that they must use one pharmacy chain to receive their medicines.

**“Despite my warnings to CMS since the creation of the Medicare drug benefit, their implementation efforts have been skewed toward insurers and not toward the Medicare beneficiaries for whom the program was created,”** said Baucus. **“For this benefit to work best, seniors have to have clear information and strong consumer protections. Pharmacists need the resources to dispense drugs without going into debt. This legislation will help the Medicare drug benefit fulfill its promise of affordable coverage for America’s seniors and people with disabilities.”**

**“The Medicare Simplification Act of 2006 will make it easier for seniors to compare drug plans and would prohibit drug plans from dropping coverage of a drug during the benefit year, among other important provisions,”** Lincoln said. **“It is my hope that we can enact both of these bills this year to improve the Medicare drug benefit for millions of seniors and individuals with disabilities.”**

Both the Medicare Simplification Act and the Pharmacy Access Improvement Act are expected to be referred to the Senate Committee on Finance.

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