

# Senator Kyl's Senior Bulletin

June 2004

## Medicare discount cards now available

It took more than a decade of debate, but Medicare beneficiaries across the country are finally going to see some relief from the high cost of prescription drugs. Since May 3, seniors and disabled Medicare beneficiaries have been able to enroll in a Medicare prescription-drug discount program, marking the first time Medicare will offer seniors federal help with their drug costs.

The first bit of advice is: Take time to consider the various cards available to you. In Arizona, that will include the state's CoppeRX Card. You may choose to participate in one program over another, or none at all. It's your choice. But remember, a discount card is not a substitute for other health insurance you may have. You should not drop your current coverage even if you get a discount card.

The cards are expected to offer savings up to 25 percent of the current price of most pharmaceuticals. Those with the lowest incomes will receive the most help. If you have an annual income of less than \$12,569 (less than \$16,862 for married couples), you might qualify for a \$600 credit in addition to the savings offered by the drug card. In short, the new law will give people in Medicare the chance to begin saving immediately, with the most help available to the neediest seniors.

Once a Medicare beneficiary enrolls in a drug-card program, he or she can use the card beginning the first day of the next month. You start saving right away at the pharmacy. And you may be able to reduce your costs even more by asking the pharmacist if generic drug alternatives are available.

How to choose the card that's right for you? In total, there will be more than 70 cards available on either a national or regional basis. That's a lot of shopping around to do.

The good news is, Medicare has committed to providing beneficiaries with personalized assistance to help them

select the discount card that works best for them. The Centers for Medicare and Medicaid Services (CMS) has more than tripled the number of customer service representatives to handle the expected caseload. Beneficiaries can call the 24-hour-a-day, seven-day-a-week hotline at 1-800-MEDICARE (1-800-633-4227). Information will be available in English and Spanish, and by TDD for the hearing-impaired.

Additional assistance is available through the State Health Insurance Assistance Program, which is funded by CMS to assist Medicare beneficiaries in deciding whether they should get a discount card, and if so, which one. You can call the program at 800-432-4040, or in the Phoenix area at 602-542-4446.

For those with Internet access, Medicare's website ([www.medicare.gov](http://www.medicare.gov)) now includes price-comparison tools and information about other benefits being offered under the new law.

To get started, make a list of the medicines that you take regularly, and gather your financial information to determine whether you might be eligible for the \$600 credit. Medicare will help you compare prices, taking into account convenience, generic substitutes, and how frequently you take a given drug.

Some drug cards may require an enrollment fee of up to \$30; others may charge no fee at all. There is no enrollment fee for low-income seniors who qualify for the \$600 credit.

The discount-card program will last through the end of the year 2005, when the full, voluntary, Medicare Part D drug benefit becomes effective.

If you have questions or need assistance in selecting the drug card that is right for you, contact the toll-free Medicare number or one of my Senate offices. In Phoenix, contact Jane Grace at 602-840-1891; in Tucson, 520-575-8633; and in Washington, 202-224-4521.

**By Jon Kyl**

### *Inside Kyl news...*

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## New changes to TRICARE for Life

The new Medicare law makes two very important changes relating to enrollment in Medicare Part B.

The changes affect persons not enrolled, or those who pay surcharges because they enrolled after they were initially eligible for Part B.

First, uniformed services beneficiaries who would be eligible for TRICARE for Life, but are not enrolled in Medicare Part B, may enroll without penalty during a special enrollment period through December 31, 2004.

The special enrollment period will be announced via Medicare on the TRICARE Web site ([www.tricare.osd.mil](http://www.tricare.osd.mil)) and publicized widely.

Second, uniformed services beneficiaries who enrolled in Medicare Part B in 2001, 2002, 2003 or 2004 and are subject to a premium surcharge for late enrollment in Part B can get those surcharges eliminated by demonstrating that they are covered under TRICARE. The elimination of surcharges is effective January 1, 2004, but the Department of Health and Human Services will need to work out procedures to be followed. Procedures will be announced via Medicare on the TRICARE Web site and publicized widely.

The toll free number for TRICARE for Life is 1-888-363-5433.

## Shirley Daniels takes 2004 Spelling Bee title

All eyes were on Shirley Daniels Feb. 20 as the Glendale resident had one more word to spell to clinch victory in the 2004 Senior Spelling Bee.

Daniels cruised to victory, spelling the word "hagiographer" with no problems.

The 13th annual event took place over a lunch buffet at the Sheraton Crescent Hotel. The Arizona Senior Center Association, Area Agency on Aging, and Health Net sponsored the event.

The runners-up included Herb Rund, June Hebestreit and Joe Feczko.

## Kyl Holds Hearing on Prescription-Drug Price Controls

Senator Kyl, chairman of the Senate Finance Committee's Subcommittee on Health Care, recently expressed concern that foreign countries' price controls on prescription drugs stifle the invention of new drugs, and that to reimpose American drugs from these countries is to participate in these harmful price controls. Kyl held a hearing jointly with the Subcommittee on International Trade to examine the U.S. trade issues underlying this problem.

"Americans cannot continue to finance medical research and development for the entire world, while residents of other countries have their drug prices capped," said Kyl.

"Since people around the world benefit from these drug innovations, the costs should be borne fairly by all developed, first-world countries."

Senator Kyl noted that since the United States is the only major country to allow market pricing for pharmaceuticals and medical devices, companies are forced to finance the bulk of their research and development costs through prices charged to American consumers. Companies simply cannot recoup their research and development costs from consumers in countries that impose price controls.

"Europeans have seen the flight of their drug companies' research and development activities

to America; and they are beginning to understand the effect price controls have had on their economies. Price controls lead to shortages in drug availability and a withering of R&D for new miracle drugs," said Kyl.

"The world has not yet felt the impact of reduced availability because the United States is making up much of the difference for others by paying the bulk of the R&D expenses. If America were to adopt price controls, either by allowing reimportation or by adopting actual price controls, future innovation would hit a wall and countless lives that could have been saved will not be," Kyl said.

Senator Kyl made several stops around Arizona in recent months to meet with constituents on a variety of issues ranging from Medicare to tort reform.



**Top Left:** Shaking hands with Maggie Hoyt at a Right-to-Life rally in Phoenix.

**Top Right:** Speaking at University of Arizona College of Law.

**Middle Right:** Speaking at the Barry Goldwater Memorial dedication in Paradise Valley.

**Left:** Chatting with Elisa Gibson Ruble following a Medicare town hall meeting in Ahwatukee.

# Misconceptions in Medicare-reform law

Quite understandably, many seniors are confused about the merits and drawbacks of the new Medicare prescription-drug benefit law that Congress passed late last year.

In letters to the editor, public comments and other advocacy activities, a determined group of activists has tried very hard to create a misleading picture of this bipartisan law, which was backed strongly by President Bush.

This legislation was the result of many compromises, so neither I nor anyone else thinks it's perfect. But it's hard for anyone to seriously argue that legislation giving seniors the option of receiving a prescription-drug benefit in addition to their current Medicare coverage is a bad thing.

In fact, the new Medicare law, which won support from Democrats, Independents, and the nation's largest seniors group, the AARP, was designed to give seniors more choices in their health-care coverage while offering a prescription-drug benefit to combat soaring drug prices.

So what exactly does the bill do?

## **Prescription-Drug Coverage:**

Because of this new law, beginning in 2006, seniors will have three basic options: (1) maintain their current Medicare coverage; (2) purchase a private drug plan partially subsidized by the federal government in addition to their current Medicare coverage; or (3) join a private, comprehensive health plan such as an HMO or PPO that provides drug coverage under the new "Medicare Advantage" program.

Remember: this is all voluntary. A senior can choose to remain in traditional Medicare.

## **Reduced Drug Costs:**

In effect, low-income seniors would get most of their drug costs covered. Considering that traditional Medicare provided NO prescription-drug benefit, even a modest increase in assistance would presumably be welcomed.

The law should also help reduce overall prescription-drug costs by introducing more competition into the marketplace. Private health plans have been successful in negotiating discounted prices with manufacturers.

We hope to transfer that success to traditional Medicare. Additional incentives to encourage greater use of generic pharmaceuticals should also help reduce costs.

## **More Choices for Seniors:**

Debate on both sides of the aisle helped shape the Medicare legislation. Several prominent Republicans and Democrats in the Senate said they wanted a health-care program for seniors similar to the many health-care options offered to Members of Congress.

Yet when we drafted the Medicare reform law to include that very sort of competition, some of those same legislators angrily opposed the effort, claiming we were trying to "privatize" Medicare since we included private insurance carriers as options along with traditional Medicare.

Nonetheless, we had some success in incorporating some of the insurance features currently enjoyed by Members of Congress.

The new law, for example, offers seniors a choice of participating in local HMOs, regional or local PPOs (preferred provider organizations), or staying in traditional Medicare.

It allows an unlimited number of companies to bid for seniors' business in a given region or locality so that seniors have a maximum choice of health plans and a range of high-quality benefits.

## **Ensuring Quality Care:**

The new law also corrects some long-term inequities that threatened to disrupt care for many seniors.

We addressed payment imbalances between rural and urban health-care providers; updated payment rates for hospitals; increased medical education payments to help teaching hospitals continue training physicians in state-of-the-art clinical care; and provided temporary payment increases for physicians in 2004 and 2005, eliminating a scheduled payment cut.

For years, most seniors have coped with extraordinary prescription-drug costs with no federal assistance at all. Now all seniors will get significant help and increased health-care options.

All in all, this addition to Medicare is a good deal for America's seniors.

## ***How to contact Senator Jon Kyl***

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