Montana State Legislature

Exhibit Number: 6

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EXHIBIT 6
DATE 3-23-05
SB 324

Prescription Drug Affordability: A 2004 AARP Montana Survey

Data Collected by ANR, Inc.
Report Prepared by Jennifer H. Sauer

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Highlights

- Most Montanans are concerned about being able to afford the cost of their prescription drugs over the next two years (Very concerned: 42%; Somewhat concerned: 24%).

- Among those respondents who report taking prescription medication on a regular basis (n=424), half (48%) say they spend $100 or more out of their own pocket every 90 days for their prescription drugs with about one-quarter (23%) of *them* spending $250 or more out-of-pocket on their prescription drugs.

- Also among those Montanans who have been taking prescription drugs on a regular basis (n=424, about half the total sample), two-thirds say that paying for their prescription medications is a major (32%) or minor (34%) financial problem.

- Some of those taking medications on a regular basis also report having to take significant cost reducing measures to afford their prescription drugs such as cutting back on necessities like food or utilities, putting off filling a prescription, and ordering their medications through the mail or over the Internet.

- Of the respondents who ordered medications through the mail or Internet, one in five (19%) ordered from another country like Canada or Mexico, and of these respondents, 5 percent traveled to Canada to purchase their prescription medications because they cost less.

- Most Montanans (77%) say it is very important to them that the state make prescription drug costs more affordable to those most in need, and nearly six in ten (58%) would strongly support a state funded prescription drug program even if they were not eligible to receive benefits. Another 28 percent would somewhat support it.

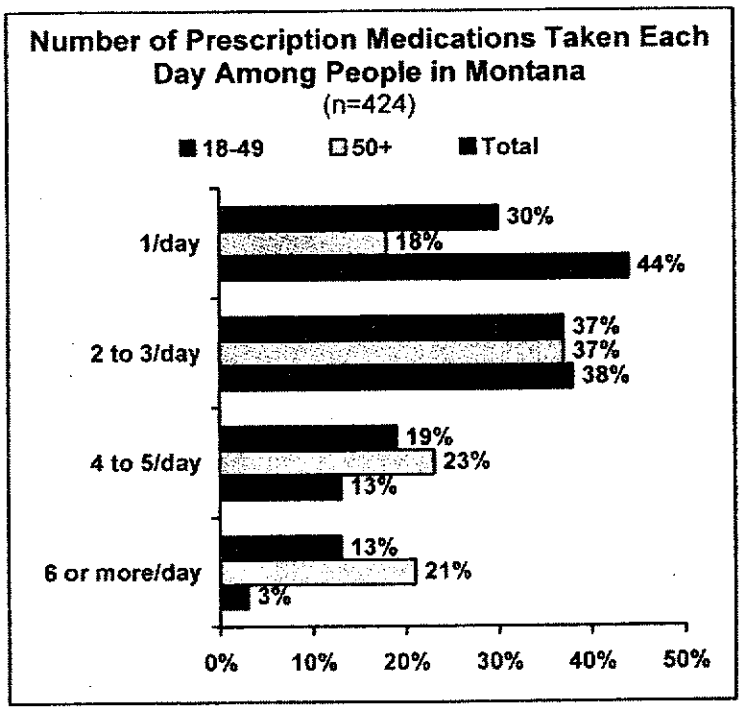
- Half (53%) of all Montanans strongly support the federal government making it easier for people to buy prescription drugs from Canada, and another quarter (25%) say they would somewhat support such an initiative.

- About seven in ten Montanans strongly (50%) or somewhat support (18%) increasing the tax on cigarettes and tobacco products in order to help the state implement and maintain a prescription drug discount program. However, just under one-quarter (23%) say they strongly oppose generating revenue for a state prescription drug program this way.

- Montanans are most opposed to implementing a general sales tax – almost half strongly oppose, and another one in ten somewhat oppose, this option as a way to finance a state prescription drug program. However, over half support implementing a 5 cent user fee on soft-drinks and bottled water (22% Strongly support and 30% Somewhat support), as well as charging a registration fee for a state prescription drug program (17%.Strongly support and 27% Somewhat support). However, while there is sizable opposition to increasing the taxes on alcohol and beer and cigarettes and tobacco products, Montanans show greater support for these two options as ways to help finance a state prescription drug program (see Annotated Questionnaire for proportions).

Among those taking prescription medication on a regular basis, most Montanans report taking up to three medications each day.

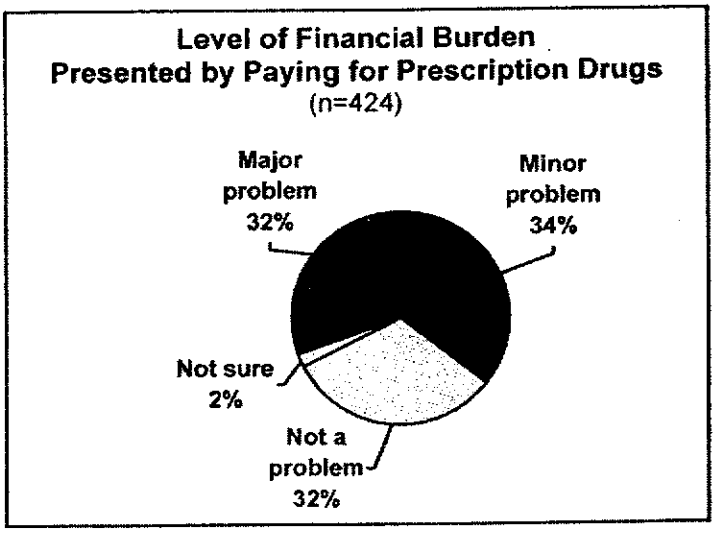
Sixty-eight percent of all Montanans say they have taken prescription medication in the last 12 months, and of these people, most (78%) do so on a regular basis[4]. Among those who report taking prescription medication on a regular basis, seven in ten (69%) take at least 2 prescription medications per day and nearly a third (32%) take four or more (see Chart 1 in Appendix A).



Younger and higher income residents are more likely than their counterparts to take only one prescription medication per day (18-49: **44%**; 50+: **18%**). However, those ages 50 and older, and those who report annual incomes of $25,000 or less are more likely than younger and higher income residents to say they take either 4-5 prescription medications per day (18-49: **13%**; 50+: **23%**) or 6 or more different drugs per day (18-49: **3%**; 50+: **21%**) (see table 2 in Appendix B).

Paying for their prescription medications presents a financial burden for many people in Montana.

Among those respondents ages 18 and older who say they have taken prescription medication in the last 12 months and on a regular basis (n=424), two thirds report that drug costs present a major or minor financial problem for them. One third indicate that paying for their prescription medication is not a problem for them.

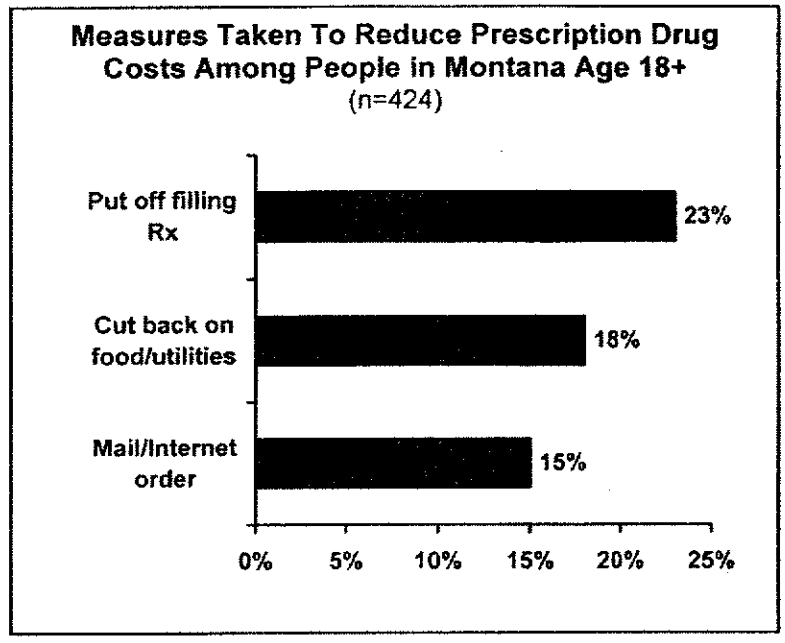


The level of financial burden is consistent across all groups: both older and younger Montanans agree that paying for their prescription drugs presents a major or minor financial burden. However, those with annual incomes of less than $25,000 are more likely than residents with higher incomes to say that paying for their prescription drugs presents either a major or minor financial problem for them (see Table 3 in Appendix B).

[4] See annotated survey Question 6. By regularly, we indicated to the respondent this meant any medication they had to take daily, weekly, monthly for an extended period of time such as a year or more.

Of those people in Montana who regularly take prescription drugs, over one-quarter have taken at least one of three major cost-reducing measures to pay for their medication.

Among those people in Montana who are taking prescription medication on a regular basis, twenty-eight percent say they have had to do at least one of three cost-reducing measures tested in this survey to pay for their medication.[7] About one-quarter say they put off filling their prescription and slightly fewer have cut back on food and utilities in order to afford their medication, and one in seven ordered their medication through the mail or over the Internet. Among those who have ordered prescription medication through the mail or the Internet (n=62), one in five (19%) ordered their medication from another country like Canada or Mexico, of these respondents, 5 percent actually traveled to Canada.



Younger and lower income residents are more likely than those ages 50 and older and those with higher incomes to say they have cut back on other necessities (18-49: **23%**; 50+: **15%**) or put off filling a prescription (18-49: **32%**; 50+: **17%**). In contrast, the likelihood of ordering prescription medications over the Internet or by mail increases with income (see Table 5a, 5b, and 5c in Appendix B).

[7] See Questions 12 and 14 of annotated questionnaire in Appendix A: Of those respondents who say they haven taken prescription drugs in the last twelve months and are taking them on a regular basis (n=424), only these three cost-reducing measures are being reported here. The skip pattern took respondents past a fourth cost measure (Question 14) and therefore only yielded 62 people who indicated 'yes' to that measure.

SB 324 Frequently Asked Questions

Will the money to fund this program run out by 2011?
No. OPBB estimated that the money collected in a sustainability account between January 1, 2005 and June 30, 2005 might be exhausted by 2011. The tobacco tax revenue will be on-going beyond 2011.

How is the legislature going to sustain this program if tobacco tax revenues decline?
The same Alliance of health care groups that sponsored I-149 put forth the initiative that created the Tobacco Settlement Trust Fund. The interest from this trust fund is dedicated to the expansion of health care programs like those in SB 324. Using the interest from this trust, which is growing exponentially, is an appropriate source of funding to sustain the Rx Access Program.

Could implementation of the program be delayed 2 years?
Not without significant cost to the state and consumers!
For the state: If SB 324 is delayed it will cost the state and additional $1.5 million a year. The federal government charges 1% more a month for the Part D premium for signing up eligible people late after May 2006. If we start 18 months late, the $420 annual premium will be $495.60 for each of the 20,000 enrollees, costing the state an additional $1,512,000.

For the consumer: Each year consumers go without Medicare Part D coverage costs them on the average $1,300 a year in lost prescription drug benefits. People with high prescription drugs needs will lose out on much more.

How will DPHHS keep this program from exceding its budget?
Most of the funding is spent in the Rx Access program paying premiums for Medicare Part D. The state is allowed to determine eligibility up to 200% FPL. The easiest way to manage this budget is to start at a lower eligibility level, assess enrollment rate and only raise the eligibility if there are funds. The Rx Plus Discount Program is self-funding through rebates after initial start-up funds are expended.

Does this bill need CMS approval to go forward?
No. Nothing about this bill requires a Medicaid waiver or CMS approval. DPHHS may ask for a Medicaid state plan amendment to enhance the pharmaceutical company rebates, but it's optional. Similar state plan amendments have been approved and are not a complex process, unlike Medicaid waivers.

AARP is a non-profit, non-partisan organization dedicated to better the lives of people age 50 and over with 143,000 members in Montana.

2004 Federal Poverty Guidelines

Family Size	100%	135%	150%	175%	200%	250%
1	$ 9,310	$12,568	$13,965	$16,293	$18,620	$23,275
2	$12,490	$16,861	$18,735	$21,858	$24,980	$31,225
3	$15,670	$21,154	$23,505	$27,423	$31,340	$39,175
4	$18,850	$25,447	$28,275	$32,988	$37,700	$47,125
For each additional	$3,180	$4,293	$4,770	$5,565	$6,360	$7,950

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LIFE ANSWERS FROM AARP

AARP

medicare changes

that could affect you