



EXHIBIT 7
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Support Big Sky Rx

Prescription Drug Assistance for Seniors

Big Sky Rx has established itself as a popular program and a valuable component of senior services that helps reduce health care costs and increase quality of life for low income elders. Please consider the following points:

- Big Sky Rx helps some of our neediest seniors pay for prescription drugs. Big Sky Rx currently helps nearly 11,000 seniors pay for Medicare Part D Rx coverage. These Montanans have incomes between zero and 200% FPL (that's \$29,140/year for a couple). In fact 47% of recipients are below 150% FPL. These are people living on the margin who will probably not buy prescription drug coverage if not for Big Sky Rx.
- National health care reform will do little for these seniors regarding the cost of prescription drugs. Although the doughnut hole will close by 2020, if these seniors are not on a Part D plan due to cost, closing the donut hole is irrelevant. Big Sky Rx helps low income seniors pay for a Part D plan.
- Big Sky Rx saves money because people who don't have drug coverage cost the health care system much more. Patients who cut pills or don't fill subscriptions have higher rates of hospitalization and may account for wasting around 13% of total health care expenditures, according to the New England Healthcare Institute. Seniors on Big Sky Rx have less concern about paying for drugs so taking meds as prescribed is more likely.
- Our members still say paying for drugs is a top concern for them. In 2004 when seniors voted to approve an increase in the tobacco tax it was because they wanted a program to help them pay for prescription drugs as was specified in the initiative. **Last year, the cost of brand name drugs went up 8.3% when general inflation went down .03%.** No one saw an increase in their Social Security check. It's no wonder that seniors continue to be worried about paying for pharmaceuticals.
- Medicare beneficiaries with incomes at or below 200% of FPL need assistance obtaining necessary prescription drugs. **Average out of pocket costs for Medicare beneficiaries in 2011 are projected to be \$5,114 per person¹. For a couple at 200% FPL, average medical costs consume over 1/3 of their total income. For a couple at 151% FPL, average medical costs exceed 45% of their total income.** Without Big Sky Rx, a couple on Medicare will have to pay \$902 per year for the Part D premium. Some will simply be unable to pay the premiums and, as a result, they will lose access to necessary medications.
- Big Sky Rx is a savings for Medicaid. Today's low-income Medicare population will be tomorrow's Medicaid population without Big Sky Rx. Someone without drug coverage will either pay full retail or likely go without medicine increasing their chance of expensive care. This will increase the number of individuals who spend down to Medicaid income levels. Cost reductions achieved by cutting the number of individuals who now receive Big Sky Rx will likely be exceeded by increased Medicaid costs in short order. As reported by legislative staff, the Montana Medicaid program experienced savings when seniors went on Medicare Part D coverage. Big Sky Rx keeps 11,000 low income seniors on Part D and not a cost to Medicaid.

¹ Medicare Out-Of-Pocket Costs, Eliot Fishman, Dennis Shea and Suzanne Tamang, Commonwealth Fund, 2008, page 14;
http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2008/Mar/Medicare%20Out%20of%20Pocket%20Costs%20%20Ca n%20Private%20Savings%20Incentives%20Solve%20the%20Problem/Fishman_Medicareout%20of%20pocketcosts_1113%20pdf.pdf