
HOUSE RESOLUTION

REQUESTING THE PRESIDENT AND CONGRESS OF THE UNITED STATES TO
ADOPT CHANGES TO THE MEDICARE PART D PROGRAM.

1 WHEREAS, over 40 million Americans, including approximately
2 186,000 Hawaii residents, receive health coverage through
3 Medicare and are currently eligible to purchase prescription
4 drug coverage through the Medicare Part D Program, which began
5 on January 1, 2006; and
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7 WHEREAS, over 6.4 million Americans, including 26,000
8 Hawaii residents, are eligible for both Medicare and Medicaid
9 and are referred to as "dual eligibles"; and
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11 WHEREAS, the dual eligible group, 60 percent of whom live
12 below the poverty line, has more individuals who rely on
13 healthcare than other Medicare beneficiaries, with more than 50
14 percent requiring assistance with activities of daily living or
15 suffering from multiple chronic conditions, such as Alzheimer's
16 disease, diabetes, pulmonary disease, or stroke; and
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18 WHEREAS, the number of elderly residents in the state is
19 expected to rise rapidly over the next two decades with one in
20 four residents over the age of 60; and
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22 WHEREAS, Medicare-eligible individuals enrolling in the
23 Medicare Part D Program after May 15, 2006, face a cumulative
24 one percent late-enrollment penalty for each month between the
25 date they were eligible and the date they enrolled; and
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27 WHEREAS, the enrollment penalty for Medicare Part B is ten
28 percent per year on the standard premium amount, which is more
29 predictable and less severe than the enrollment penalty for
30 Medicare Part D; and
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32 WHEREAS, Medicare beneficiaries must now navigate a new,
33 complex system of multiple health plans to purchase coverage and
34 receive prescription drug benefits; and
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1 WHEREAS, each prescription drug plan has a different
2 formulary, different co-payments, and varied cost-sharing that
3 Medicare beneficiaries must understand to determine which plan
4 has a formulary that not only includes most, or all, of the
5 beneficiaries' drugs, but also offers the best value; and
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7 WHEREAS, beneficiaries face a great deal of uncertainty as
8 each plan is allowed to modify its formulary, including dropping
9 coverage of medications, on a monthly basis, while most Medicare
10 beneficiaries may only change plans once a year during the open
11 enrollment period; and
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13 WHEREAS, a beneficiary who needs a drug that is suddenly
14 dropped by the chosen plan must change to another drug or pay
15 out-of-pocket for the drug; and
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17 WHEREAS, drugs not listed on the formulary that are
18 purchased out-of-pocket by a beneficiary or paid for with a
19 discount card or through a state pharmacy program do not count
20 toward the beneficiaries' cost-sharing under the Medicare Part D
21 plan; and
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23 WHEREAS, plans are not required to disclose complete
24 information about the actual price of the drugs on their
25 formularies nor the cost of these drugs as negotiated by the
26 plan with drug manufacturers, resulting in the opportunity for
27 plans to inflate prices charged to Medicare beneficiaries who
28 will then have a higher total cost-sharing amount; and
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30 WHEREAS, many states will have additional costs associated
31 with the "clawback" provision of the Medicare law, which
32 requires states to reimburse the federal government for the
33 costs of dual eligibles based on a formula that may not
34 accurately reflect actual costs and numbers of these enrollees;
35 and
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37 WHEREAS, states will also incur significant costs if they
38 participate in educational and other efforts necessary to ensure
39 that dual eligibles and other Medicare enrollees do not have a
40 gap in coverage and have adequate information with which to make
41 informed choices between plan options; and



1 WHEREAS, the State initiated a fail-safe program that
2 covered dual eligibles' prescriptions if their claims were not
3 processed through the drug plans offered by the new Medicare
4 Part D Program, and paid 480 claims in a four-day period from
5 January 1, 2006 to January 4, 2006, to ensure that patients
6 received their medications; and

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8 WHEREAS, the Medicare law explicitly prohibits negotiations
9 over the price paid by the federal government for prescription
10 drugs; and

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12 WHEREAS, these same medications currently provided to dual
13 eligibles under Medicaid are subject to price negotiation by the
14 federal government, and the costs of these medications, which
15 will be reimbursed by the states to the federal government, are
16 likely to increase in the absence of price negotiation; and

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18 WHEREAS, according to the Congressional Budget Office, the
19 new Medicare Part D Program is expected to increase spending by
20 \$47 billion in 2006, the first year of implementation, and reach
21 \$174 billion per year in 2015, when it will make up 23 percent
22 of the \$766 billion in total Medicare spending; now, therefore,

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24 BE IT RESOLVED by the House of Representatives of the
25 Twenty-third Legislature of the State of Hawaii, Regular Session
26 of 2006, that the President and Congress of the United States
27 are requested to adopt the following changes to the Medicare
28 Part D Program:

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30 (1) Eliminate the penalty for all Medicare-eligible
31 individuals enrolling after May 15, 2006;
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33 (2) Permit, once a year, prescription drug plans to drop
34 coverage of drugs on their formularies only after
35 advance notice to coincide with the annual open
36 enrollment period, except that drugs that have been
37 determined to be dangerous or have been removed from
38 the market may be dropped from formularies as deemed
39 necessary for safety;
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41 (3) Standardize the formulary design so that each plan has
42 the same number of tiers and requirements for
43 coverage;



