

Savings help the medicine go down

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Prescription drug coverage for low income seniors reduces Medicaid

A new study of state-subsidized pharmacy assistance programs showed that providing prescription drug coverage for low-income seniors reduces Medicaid and Medicare costs. Moreover, needy seniors enrolled in the programs were able to cut their dose skimping and nursing home admissions in half, according to the Brandeis University research.

In 2002, Illinois and Wisconsin implemented state pharmacy assistance programs with joint federal funding. Senior citizens with incomes below 200 percent of the federal poverty level, but not eligible for Medicaid, could join. The Brandeis study evaluated whether these "SeniorCare" programs increased access to prescription drugs and reduced Medicaid enrollment, said lead author Donald Shepard, a health economist at the Heller School for Social Policy and Management at Brandeis.

The study matched 7,699 Illinois and 1,798 Wisconsin so called "buy-in" beneficiaries to similar Ohio controls because the states share many similarities. Since Illinois already had a different prescription program in place its SeniorCare program did not reduce the number of seniors enrolling in Medicaid, but it did reduce how many were admitted to nursing homes and how much enrollees spent on drugs.

For example, in the first year of the Illinois program, nursing home entry was 2.4 percent, compared to 4.4 percent for the Ohio controls. Likewise, Medicaid spending averaged \$631 over Illinois SeniorCare members, versus \$1,605 for Ohio controls, a savings of 61 percent. The

study showed that these savings fell slightly short of the state's first-year program costs of \$1,394 per enrollee.

In Wisconsin, SeniorCare members joined Medicaid at half the rate of the Ohio controls, and had half the rate of nursing home entry. Medicaid spending per enrollee was 81 percent lower than in Ohio. Finally, in Wisconsin, savings exceeded the state's first-year costs per enrollee of \$1,032.

"Our study demonstrates the real value of easily understood drug assistance programs for vulnerable seniors," said Shepard. "Needy elders in both states benefited from the outreach, public subsidies and straightforward design. Medicare Part D plans with similar features might well reduce nursing home admissions and achieve Medicaid savings nationally."

Source: Brandeis University

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