Drug costs for seniors growing

By Julie Appleby, USA TODAY

Elderly and disabled people in Medicare prescription drug plans with the largest enrollments will pay 43% more on average in monthly premiums next year than when the drug program began in 2006, and some enrollees will see increases of as much as 329%, two analyses show.
The rising costs "are wreaking havoc on seniors' wallets and are simply not sustainable in the long run," says Rep. Henry Waxman, D-Calif., who chairs the House Committee on Oversight and Government Reform.

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Overall, the Medicare drug program is costing taxpayers less than originally estimated. The government's drug spending on the program fell by 12% to $44 billion in the fiscal year that ended Sept. 30, largely from the widespread use of low-cost generic drugs. The government pays part of the drugs' costs for seniors and helps subsidize premiums for low-income people.

Still, seniors have seen their actual expenses for premiums and drug co-payments go up each year. Insurers have raised prices for many reasons, including increases to cover higher drug costs and more prescriptions filled.

Monthly premiums in the drug-only plans will go from an average $26.03 in 2006 to $37.10 next year, according to Avalere Health, a private consulting company. People who signed up for a policy marketed as the low-price leader in 2006 — Humana's standard plan — will pay $40.83 next year, up from $9.51 in 2006, according to Avalere's analysis and a similar one from the Kaiser Family Foundation, a non-partisan research group.

Humana raised premiums to reflect its actual costs, according to its government filings. Spokesman Tom Noland says its prices remain competitive with other insurers.

The amounts Medicare beneficiaries pay at pharmacy counters as their share of drug costs, particularly for brand-name products, jumped in many plans as well — from $1 a month per prescription to more than $13 per drug, Avalere reported.

Enrollment for the drug program next year will begin Saturday. About 17 million people are enrolled in drug-only plans and an additional 9 million are in plans that cover both drugs and medical care.

Avalere and Kaiser looked at drug-only plans with the largest enrollments. Kaiser studied six plans nationally that cover about half of all enrollees. Avalere studied plans that cover about 60% of the enrollees.

Medicare spokesman Jeff Nelligan says most beneficiaries should be able to find a plan that is the same price or cheaper than what they're paying now, as long as they are willing to change plans. In some cases, the lower-cost plans cover both medical care and drugs and are offered by private insurers as an alternative to traditional Medicare.

Yet many seniors are worried. Mary Madden, 80, a retired administrator from Cleveland, says her premium will rise next year from $33.70 to $38.20, and the monthly amount she pays for two of her drugs will go from $30 to $38 each.

She's tempted to drop out of the program and go without drug coverage — but she knows she'll face a financial penalty if she rejoins later. "So, I'm leaning (toward) staying in," she says.