

Summary of the Medicare Prescription Drug Simplification Act of 2006

The Medicare Prescription Drug Simplification Act (MPSA) will reduce the confusion and complexity Medicare beneficiaries often face when they seek to participate in the Medicare prescription drug benefit. The bill will make it easier for beneficiaries to make “apples to apples” comparisons among drug plans, so they can make better, more informed choices. The bill will also guarantee that drug plans operate in ways that are more consistent and transparent for consumers.

Simplifying Choices:

Choices among plans will be simpler, more straightforward, and easier to compare. The Secretary of HHS will develop uniform types of benefit packages insurers can offer beginning in 2008. Furthermore, the Secretary will develop uniform presentation language and formats to be used by Medicare plans to facilitate comparison among plans. Additional funds will be provided to states to improve outreach and counseling services to assist beneficiaries in making drug plan choices.

Strengthening Formularies:

The bill will make formularies more stable, consistent and transparent across all prescription drug plans. Plans will be prohibited from removing or limiting access to drugs during the plan year, except when generic equivalents become available or any drugs are deemed unsafe. Also, plans will be required to maintain the current protected drug classes for two years, until the Institute of Medicine recommends a best practice for the Secretary to consider. Plans will have to fully disclose conflicts of interests of members of their Pharmacy and Therapeutics committee and the bases for their formulary decisions.

Protecting and Informing Consumers:

The MPSA will strengthen beneficiary protections. Plans will be barred from engaging in unfair marketing practices that take advantage of vulnerable individuals, just as those practices are now prohibited for the sale of Medigap plans. The National Association of Insurance Commissioners will develop guidelines for adoption and enforcement by states. Beneficiaries will receive more detailed information about plan formularies, including cost and use restrictions, in standardized formats to make it easier to compare plans. Beneficiaries would also get better information about drug coverage, including standard notices about coverage determinations for various drugs and the ability to appeal at the pharmacy counter. Beneficiaries will also be guaranteed a fair, consistent appeal process for all plans and would be able to use standard forms to apply for exceptions or appeals to any plan formulary.

Raising the Bar for Quality:

The bill will raise the bar on quality for plans that are allowed to participate in the drug benefit program. Specific plan performance measures will be included in comparative information provided to beneficiaries. Those same measures will be used by the Secretary to assess plan applications. MedPAC will report options for aligning payments to plans with their performance.