

Pressure builds to cut Medicare patients in on prescription deals

BY SARAH JANE TRIBBLE, KAISER HEALTH NEWS
KAISER HEALTH NEWS VIA THE ASSOCIATED PRESS

Medicare enrollees, who have watched their out-of-pocket spending on prescription drugs climb in recent years, might be in for a break. Federal officials are exploring how beneficiaries could get a share of certain behind-the-scenes fees and discounts negotiated by insurers and pharmacy benefit managers, or PBMs, who together administer Medicare's Part D drug program. Supporters say this could help enrollees by reducing the price tag of their prescription drugs and slow their approach to the coverage gap in the Part D program.

The Centers for Medicare & Medicaid Services could disclose the fees to the public and apply them to what enrollees pay for their drugs. However, there's no guarantee that such an approach would be included in a proposed rule change that could land any day, according to several experts familiar with the discussions.

"It's obvious something has to be done about this. This is causing higher drug prices for patients and taxpayers," Rep. Earl "Buddy" Carter, R-Ga., a pharmacist, said this week. While Medicare itself cannot negotiate drug prices, the health insurers and PBMs have long been able to negotiate with manufacturers who are willing to pay rebates and other discounts so their products win a good spot on a health plan's list of approved drugs.

Federal officials described these fees in a January fact sheet as direct and indirect remuneration, or DIR fees.

In recent years, pharmacies and specialty pharmacies have also begun paying fees to PBMs. These fees, which are different than the rebates and discounts offered by manufacturers, can be controversial, in part, because they are retroactive or "clawed back" from the pharmacies.

The controversy is also part of the reason

advocates, such as pharmacy organizations, have lobbied for this kind of policy change.

PBMs have long contended that they help contain costs and are improving drug availability rather than driving up prices.

Pressure has been building for the administration to take action. Earlier this year, the federal agency's fact sheet set the stage for change, describing how the fees kept Medicare Part D monthly premiums lower but translated to higher out-of-pocket spending by enrollees and increased costs to the program overall.

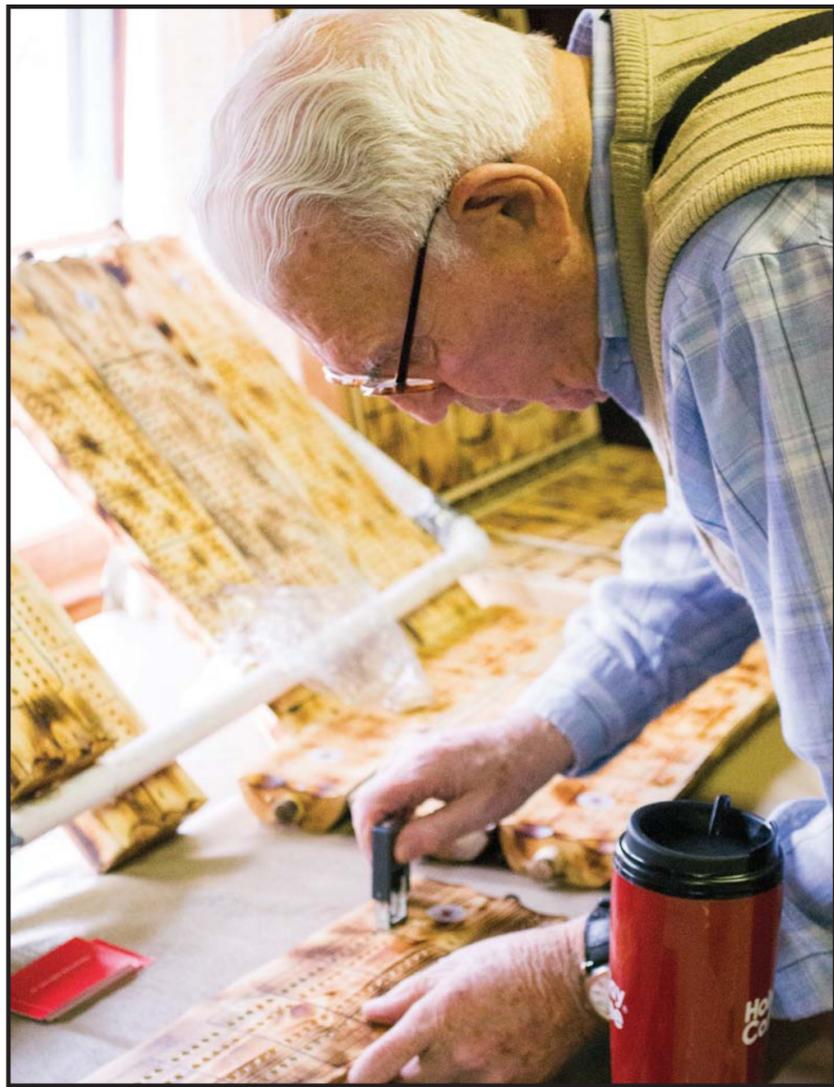
In early October, Carter led a group of more than 50 House members in a letter urging Medicare to dedicate a share of the fees to reducing the price paid by Part D beneficiaries when they buy a drug. Also in the House, Rep. Morgan Griffith, R-Va., introduced a related bill.

On the Senate side, Chuck Grassley, R-Iowa, and 10 other senators sent a letter in July to CMS Administrator Seema Verma as well as officials at the Department of Health and Human Services asking for more transparency in the fees — which could lead to a drop in soaring drug prices if patients get a share of the action.

A response from Verma last month notes that the agency is analyzing how altering DIR requirements would affect Part D beneficiary premiums — a key point that muted previous political conversations.

But advocates say the tone of discussions with the agency and on Capitol Hill have changed this year. That's partly because Medicare beneficiaries have become more vocal about their rising out-of-pocket costs, increasing scrutiny of these fees.

Ellen Miller, a 70-year-old Medicare enrollee in New York City's borough of Queens, sent a letter to the Trump administration demanding lower drug prices. Miller's prescription prices went up this year, sending her into the Medicare "doughnut hole" by April, compared with October in 2016.



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Finishing touches

Bob Farnes puts finishing touches on a cribbage board he made out of wood. Farnes displayed and sold his cribbage boards, made from Wyoming and Montana-sourced wood, at the Big Horn Woman's Club Bazaar Saturday.

Repeal of medical deduction prompts tax bill pushback

WASHINGTON (AP) — The medical expense deduction targeted for repeal by GOP tax writers has helped to offset costs including nursing home care and fer-

tility treatments, laser eye surgery and travel out-of-state for a second opinion on a rare cancer.

Several million people unlucky enough to face big

medical bills not covered by their insurance would lose a valuable deduction under the House GOP bill. Groups representing older people and patients are trying to save it.

"Anybody who is paying for the cost of nursing home care is paying a great deal of money, and they are going to lose that deduction, and their taxes are going to go up," said Thomas DeCoursey, a retired lawyer from Kansas, in his 70s.

He relies on the deduction to help offset costs associated with nursing home care for his wife, who has Alzheimer's. Some of his own medical expenses also factor in. DeCoursey estimates that in a couple of years their annual costs will pass \$100,000.

"There are a lot of people in my shoes," said DeCoursey, who lives in Leawood, a well-to-do Kansas City suburb that voted for President Donald Trump last year.

About 9 million households — 6 percent of tax filers — claim the medical expense deduction, said Gordon Mermin, a senior researcher at the nonpartisan Urban-Brookings Tax

Policy Center. The annual cost to the U.S. Treasury is about \$10 billion, which ranks it as a modest tax break. Those who benefit tend to be middle-income and upper-middle-income people.

"For the people who claim it, it is not a trivial benefit," said Mermin.

The medical expense deduction is also versatile. In addition to nursing home care, not generally covered by medical insurance plans, it can be used for:

- Transportation expenses to a top hospital, like a comprehensive cancer center.

- Some long-term care insurance premiums.

- Installing specialized medical equipment in a patient's home or vehicle.

- Dental procedures.

- Bills from out-of-network doctors.

"When you are faced with large medical costs and don't have a lot of options, this is one that helps people," said Barbara Collura, president of RESOLVE:

The National Infertility Association. Most insurance plans do not cover fertility treatments, which can cost from \$15,000 to \$30,000. The deduction can offset some of

that cost. Advocacy groups pushing back against repeal may get help from the Senate. House Republicans defend their approach.

In a statement, Ways and Means GOP spokeswoman Lauren Aronson said the bill would allow people to "keep more of the money they earn for expenses that arise throughout their lives — such as medical bills — rather than providing a myriad of provisions that many Americans may only use once in their lifetimes, and only if they go through the hassle and frustration of itemizing."

Republicans say doing away with, or curbing, tax breaks creates a big pot of revenue, which can then be used to lower tax rates. The lower rates and higher standard deduction in the GOP bill would compensate for the loss of particular tax breaks, they say.

An argument against the medical deduction is that it can't be easily claimed.

Taxpayers have to have enough deductions to itemize in the first place.

Then there's another step. Taxpayers can only deduct medical expenses that exceed 10 percent of their income, in most cases. Take a hypothetical single man under 65 making \$45,000 a year. If he had \$4,000 of qualifying medical expenses, he could not deduct any of it.

Independent analyst Greg Rosica, a tax partner at the Ernst & Young accounting firm, said tax legislation has to be looked at in its totality, not through the lens of individual tax breaks.

"It is a change," he said of the potential loss of the medical deduction. "It's not necessarily the loss of something, but it's something that's being replaced and changed." Democrats have jumped on the issue, arguing that the medical expense deduction would be sacrificed to reduce taxes for the wealthy.

"One of the challenges Republicans have with this provision is that people can understand it," said Rep. Richard Neal of Massachusetts, senior Democrat on the tax-writing Ways and Means Committee. "Some of this tax stuff is arcane; this is not."

AARP, the seniors lobby, is urging Congress to keep the deduction, saying the vast majority of those who claim it are older people.

"For people who are sick, many of whom are going to be older Americans, this medical expense deduction makes their health care more affordable," said Cristina Martin Firvida, AARP's lead lobbyist on financial security issues. "To them, it is a very big deal."

SENIOR HAPPENINGS

- Shopping Sheridan Days for Tongue River Valley residents are available every first and third Thursday of each month through The Hub on Smith and include trips to Albertson's or to Walmart. We can shop for you, with you or leave you on your own. Call ahead to reserve your spot at 655-9419, Monday through Friday 9 a.m. to 4 p.m. The shopping bus will leave Dayton at 12:30 p.m., pick up riders in Ranchester at 12:45 p.m. and return to Ranchester at 3:45 p.m., and to Dayton at 4 p.m. The cost is \$8 for a round-trip ride.

- Coffee with a Cop will take place at The Hub on Smith Thursday from 8-10 a.m.

- The Grandparents Raising Grandkids support group will meet Wednesday at 5:30 p.m. at The Hub on Smith. Optometrist Dr. Jill Miller will give a presentation at 6 p.m. For additional information, contact Stella Montano at 307-672-2240.

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