



Briefing Note

STRENGTHENING NEW YORK'S EPIC PROGRAM: OPTIONS FOR IMPROVING DRUG COVERAGE FOR MEDICARE BENEFICIARIES

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In the absence of a Medicare drug benefit, some states have chosen to provide prescription drug coverage themselves to low-income elderly or disabled populations. One of the largest and most comprehensive state programs in the nation is New York's Elderly Pharmaceutical Insurance Coverage (EPIC), created in 1986. The Commonwealth Fund report, *Strengthening New York's EPIC Program: Options for Improving Drug Coverage for Medicare Beneficiaries*, offers insights on how EPIC might serve as a model for other pharmacy assistance programs, including Medicare. The report was prepared by Margaret H. Davis, the former deputy director of the Institute for Medicare Practice at New York's Mount Sinai School of Medicine.

Successful Features

EPIC has generous eligibility and benefit standards. Seniors who meet the income criteria and who do not have other drug coverage that pays 80 percent or more of their costs can join. While there is no limit on the amount of benefits provided, out-of-pocket spending by enrollees is capped at 6 to 8 percent of income.

In addition, the EPIC program has an advisory group that monitors patients' drug use to prevent harmful interactions, adverse reactions, medication overuse, and duplications. Rebates for both generic and brand-name drugs are available at levels similar to those provided by Medicaid.

Less-Successful Features

In spite of the program's successes, the study finds room for improvement. Notably, EPIC is not open to adults with disabilities, who make up 14 percent of New York's Medicare population. Many of these individuals are HIV-positive and have limited access to needed drugs.

The program's complexity—including 15 income and fee/deductible categories for single seniors and 21 categories for married seniors—

makes it difficult for New Yorkers to determine whether they would benefit from joining. What's more, limited educational and outreach efforts mean that only one-third of those who are eligible have ever heard of the program.

Policy Options

The report offers policy options for EPIC and other drug programs that could actually save money, as well as options that could be implemented when state budgets improve. One option is to open EPIC to disabled adults, who often have no affordable alternatives for drug coverage. To attract higher enrollment and ensure a balance of high- and low-risk enrollees, the report recommends dismantling EPIC's complex structure of premiums, coinsurance, and deductibles. With an expanded pool of enrollees, program administrators would have more leverage to negotiate further drug rebates. Administrators also could join with other states to form insurance purchasing pools, the report notes. Finally, to further expand and stabilize the program, EPIC could improve outreach activities and coordinate with other state programs that target similar populations.

Facts and Figures

- Enrollment in EPIC nearly tripled between 1998 and 2002, from about 92,000 to 260,000.
- Annual fees, similar to a premium, range from \$8 to \$300 a year in EPIC, depending on income and marital status.
- As a result of EPIC's drug monitoring and pharmacist notification component, more than 135,000 prescriptions were not filled in 2000–01 because of concerns about adverse drug events.