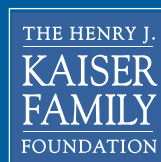


CALIFORNIA SENIORS AND PRESCRIPTION DRUGS



BASED ON FINDINGS FROM A 2001
SURVEY OF SENIORS IN EIGHT STATES

NOVEMBER 2002



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This report is based on a 2001 Survey of Seniors in Eight States conducted by researchers at Tufts-New England Medical Center, the Kaiser Family Foundation, and the Commonwealth Fund.



The Henry J. Kaiser Family Foundation
Tricia Neuman, Michelle Kitchman, and Teresa McMeans

Tufts-New England Medical Center
Dana Gelb Safran, Wenjun Li, and Andrea Bowen

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EXECUTIVE SUMMARY

The absence of a Medicare drug benefit affects seniors nationwide—including the 3.4 million seniors who live in California. In the past, seniors have relied upon a variety of insurance sources to supplement Medicare and help with their drug costs. However, access to drug coverage is on the decline mainly due to the erosion of both employer-sponsored retiree health plans and Medicare+Choice offerings. At the same time, drug costs are rising by double-digits, putting a financial strain on seniors who often rely heavily on multiple medicines to manage their health problems.

As the national debate over a Medicare drug benefit proceeds, this report focuses on seniors in California. The report examines sources of drug coverage, out-of-pocket spending on medications, and the experiences of seniors who are unable to afford their medicines. It also examines the role of Medi-Cal as a source of coverage for low-income seniors as well as California's prescription drugs discount program for Medicare beneficiaries.

The findings are based on a 2001 survey of seniors in eight states that was conducted by researchers at Tufts-New England Medical Center, the Kaiser Family Foundation, and the Commonwealth Fund and published electronically by *Health Affairs* on July 31, 2002. The 2001 survey included four states with subsidized pharmacy assistance programs at that time (PA, NY, MI, IL) and four states without such programs (CA, CO, OH, TX). As little is known about variations in drug coverage, use, and spending for Medicare beneficiaries by state, this report provides new representative state-level data that describe the experiences of seniors in California.

Survey Methods

The 2001 survey consisted of mail and follow-up phone interviews with 10,927 non-institutionalized seniors living in eight states, including 2,498 seniors in California. Because a central goal of the study was to assess the experiences of low-income seniors, we oversampled those enrolled in Medicaid and those residing in low-income neighborhoods. The analysis presented in this report is based on responses from 2,380 California seniors for whom drug coverage information was available.

The eight survey states account for 42 percent of U.S. adults ages 65 and older and 41 percent of low-income elderly adults nationwide. The states vary both in terms of

¹Findings from the 8-state survey were released electronically by *Health Affairs* on July 31, 2002 in an article by Safran et. al entitled "Prescription Drug Coverage and Seniors: How Well are the States Closing the Gap? Findings from a 2001 Survey of Seniors in Eight States" (www.healthaffairs.org/WebExclusives/Safran_Web_Excl_073102.htm) and a report released by the Kaiser Family Foundation and the Commonwealth Fund on the same date entitled, "Seniors and Prescription Drugs: Findings from a 2001 Survey of Seniors in Eight States."

geography and their programs and policies to meet the needs of low-income seniors (Table 1). The survey was conducted between May 15, 2001 and August 23, 2001. After accounting for beneficiaries excluded due to death, institutionalization, relocation, non-English/Spanish language, or severe cognitive or physical impairment, the survey response rate for all eight states was 55 percent and 52 percent for California. For all results based on the full sample, the 95 percent confidence interval is plus or minus 2 percentage points. For results based on subgroups, the margin of sampling error is wider.

The survey instrument included questions related to prescription drug coverage, use, and out-of-pocket spending, and included additional questions on health status, income, and other sociodemographic characteristics, drawing from instruments that had been extensively tested and validated. For beneficiaries reporting more than one source of prescription coverage, a primary coverage source was assigned based on the following hierarchy: Medicaid, employer-sponsored, HMO, Medigap, state prescription program, Veteran's Administration (VA)/Department of Defense, and other.

Survey Findings

Prescription Drug Coverage. The majority of seniors in California had some form of prescription drug coverage when surveyed (Spring 2001). Still, nearly one in five (18%) were without insurance to help pay for their drug expenses. Lack of drug coverage was a particular concern for those with modest incomes.

Medicare+Choice HMOs were a primary source of drug coverage in California, assisting 30 percent of all seniors in 2001, and provided drug coverage to a larger share of seniors in California than in any of the other surveyed states. Employer plans provided drug coverage to another 30 percent of California seniors, but covered a much smaller share than in states with a high concentration of automobile, steel, and other manufacturers that typically offer retiree health benefits (Ohio and Michigan).

California's Medicaid program, Medi-Cal, played a key role in providing drug coverage to seniors with low incomes, although more than four in ten seniors with incomes below the federal poverty level did not get drug coverage under this program. Black, Hispanic, and Asian/Pacific Islander seniors had relatively high rates of drug coverage under Medi-Cal, due partly to the higher poverty rates among seniors of racial/ethnic groups.

Variations in Financial Protections. High out-of-pocket prescription costs are reported by many seniors in California. More than one in seven (16%) California seniors reported spending \$100 or more per month out-of-pocket on drugs in 2001, with higher rates reported by seniors with three or more chronic conditions (27%) and those ages 85 and older (22%).

Lack of drug coverage exposes seniors to high out-of-pocket drug costs. Nearly 40% of seniors without drug coverage reported spending \$100 or more per month on their medications, while 11% of those with coverage reported spending that much. And, while having some drug coverage is better than having none, Medigap provided substantially less financial protection than all other sources. More than a quarter (28%) of California

seniors with Medigap drug coverage paid \$100 or more per month for medications, compared with roughly one in ten seniors with drug coverage under Medicare+Choice, Medi-Cal, or employer plans, despite the comparable number of medications being used by seniors in these subgroups.

Skipping Doses or Not Filling Prescriptions Due to Cost. Overall, more than one in six California seniors (18%) reported either not filling a prescription due to cost or skipping doses to make their medicine last longer, with higher rates reported among seniors with incomes below the federal poverty level (28%) and seniors with three or more chronic health conditions (26%).

When it comes to taking medications as prescribed, having coverage makes a difference. Nearly twice the share of California seniors without drug coverage reported foregoing medications as did seniors with some form of drug coverage (29% vs. 16% respectively). Seniors with serious chronic conditions, but without drug coverage, were particularly at risk. More than a third of seniors with congestive heart disease (37%), diabetes (40%), or hypertension (35%) who lacked drug coverage said they didn't fill a prescription or skipped doses to make their medications last longer.

Medi-Cal. California's Medicaid program, Medi-Cal, provided drug coverage to more than half (56%) of all California seniors with incomes below poverty and about a quarter (24%) of near-poor seniors (income between 100 and 200 percent of poverty), far greater shares than were reported in the other states that were included in this survey.

Medi-Cal provides low-income seniors with substantial protection against high drug costs. Seniors with Medi-Cal were less likely to report high out-of-pocket drug costs than were California seniors with other sources of drug coverage, despite their greater disease burden and relatively heavy reliance on prescription drugs. Eight percent of seniors with Medi-Cal reported spending \$100 or more per month on medications, compared with 11 percent of California seniors in Medicare HMOs, and 28 percent of those with Medigap drug coverage.

When the experiences of seniors with Medi-Cal are compared with elderly Medicaid enrollees in the other survey states, the story is somewhat mixed. With respect to high out-of-pocket drug costs, seniors with Medi-Cal fared better than did seniors with Medicaid in some states (OH, TX, and IL), but not as well as those in others (NY, MI, and CO). Similarly, seniors with Medi-Cal were less likely than Medicaid beneficiaries in Texas to forego medications, but more likely to do so than those in four of the survey states (CO, MI, NY and PA). These findings suggest that drug coverage under California's Medicaid program may be less generous than Medicaid in some of the other survey states. This may be due to restrictions intended to help control costs, including MediCal's closed formulary (requiring prior authorization) and monthly limit on prescriptions (Table 1).

California Prescription Drug Discount Program. In 1999, California enacted a prescription drug discount program to help Medicare beneficiaries with their drug bills. Under the program, beneficiaries who show their Medicare card at the pharmacy are entitled to receive a discount so they pay no more than the Medi-Cal reimbursement rate.

However, this survey finds that the majority of California seniors—both those with and without drug coverage—were unaware of the program. Even among California seniors who have heard of the state’s drug discount program, only one-third said they ever received a discount under the program. More than four in ten of those who never used the prescription drug discount program said they got a better discount using other insurance.

Conclusion

A large percentage of California seniors surveyed in 2001 lacked prescription drug coverage—though California seniors had higher rates of drug coverage than those in the other seven survey states. California seniors without drug coverage—including those with serious health problems such as diabetes and heart disease—were more likely than those with drug coverage to report high out-of-pocket drug costs and not filling a prescription or skipping doses because of cost.

In 2001, Medicare+Choice played a key role providing drug coverage to California seniors relative to the other survey states. However, the withdrawal of Medicare HMOs nationwide, and in California, could result in a growing number of seniors without drug coverage in the state.

Among the eight survey states, Medi-Cal was the only state Medicaid program to provide drug coverage to more than half of all seniors with incomes below the federal poverty level and was notable for its relatively high rates of coverage for many seniors with incomes just above the poverty level, due to the state’s relatively high income-eligibility levels. At the same time, the survey suggests that Medi-Cal’s drug coverage may offer less protection than some of the other state Medicaid programs represented in this survey, both in terms of guarding against high out-of-pocket drug costs and limiting the extent to which seniors forego medications due to cost. The capacity of states to maintain or expand drug coverage for low-income seniors while providing meaningful benefits poses an ongoing challenge in the absence of a Medicare drug benefit.

At the time this survey was conducted in Spring of 2001, knowledge of California’s prescription drug discount program—enacted in 1999—was not widespread. Less than a quarter of all California seniors said they had heard about the state’s drug discount program. Of those that knew about the program, only one-third indicated that they had used it.

Despite efforts in both California and the other survey states to improve drug coverage for seniors, this study finds that substantial gaps remain. Seniors who lack coverage, or who have inadequate drug coverage, are vulnerable to high drug spending and risk going without needed medications due to cost. Results from this study underscore the challenge facing states in providing drug coverage for seniors and the need for a national policy solution.



SURVEY FINDINGS



PRESCRIPTION DRUG COVERAGE

Nearly one in five seniors in California lack drug coverage. California seniors had the highest rate of drug coverage among seniors in the eight survey states. Medicare HMOs played a key role in providing drug coverage to seniors in California, relative to the other survey states, pointing to wide differences in coverage options across states. (Sources of coverage for each of the eight states surveyed can be found in Table I).

Several factors influenced sources of prescription drug coverage for various groups of California seniors. Seniors living in poverty and minority seniors were more likely to have drug coverage through California's Medicaid program, Medi-Cal, while higher-income seniors and white non-Hispanic seniors were more likely to have drug coverage through employer plans or Medicare HMOs.

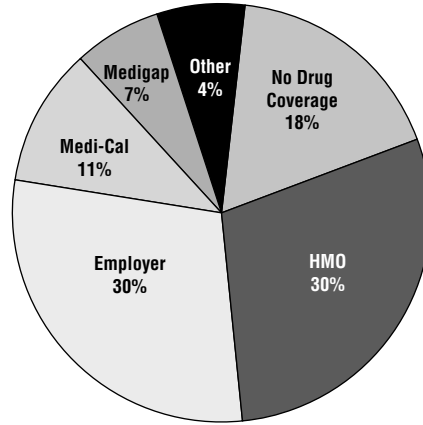
- The majority (82%) of seniors in California had some form of prescription drug coverage in 2001. Employer plans and Medicare HMOs were the primary sources of drug coverage, each assisting 30 percent of California seniors. A smaller share of seniors had prescription drug coverage through Medi-Cal (11%), Medigap (7%), or other sources (4%) (Figure 1).
- A substantial share of seniors in all states reported having no drug coverage, ranging from a low of 18 percent (CA) to a high of 31 percent (TX and IL) (Figure 2).¹
- Medicare HMOs played a major role in providing drug coverage to seniors in California compared with the other 7 survey states ($p < 0.01$) (Figure 3).
- California seniors below the federal poverty level were less likely than both the near poor (101%-200% of poverty) and those with higher incomes (>200% of poverty) to have drug coverage through employer-sponsored plans (8% vs. 17% vs. 37%) or Medicare HMOs (14% vs. 28% vs. 32%) (Figure 4).
- Lack of drug coverage affects California seniors at all income levels, although the near poor were at greatest risk for going without insurance to help pay for medicines. The near poor were less likely than those living below the federal poverty level to have Medi-Cal and less likely than higher-income seniors to have retiree health benefits (Figure 4).

¹Differences between California and each of the other states (except New York and Pennsylvania) were statistically significant at $p < .05$.

- White non-Hispanic seniors in California were more likely to lack drug coverage than were racial or ethnic minority seniors. Medi-Cal played a key role in providing drug coverage to black seniors (27%), Hispanic seniors (36%), and Asian/Pacific Islander seniors (44%), but covered only 5 percent of white non-Hispanic seniors (Figure 5). Relatively low Medicaid enrollment rates among non-Hispanic whites may be due to uncertainty about their potential eligibility for benefits under the program, among other factors.

Figure 1

Sources of Prescription Drug Coverage Among California Seniors

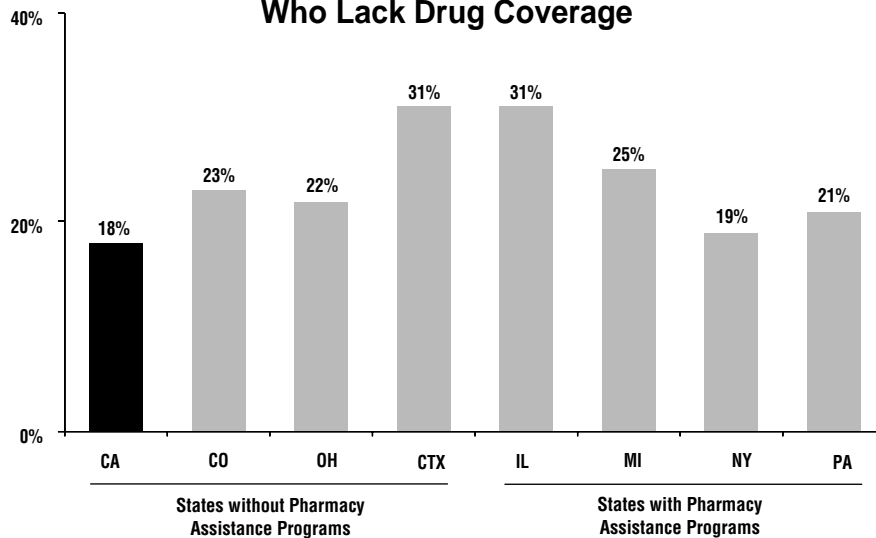


Note: Analysis includes seniors in sample with classifiable drug coverage (n=2380). "Other" includes those with drug coverage through VA/DOD. Medi-Cal is California's Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 2

Percent of Seniors in California and 7 Other States Who Lack Drug Coverage

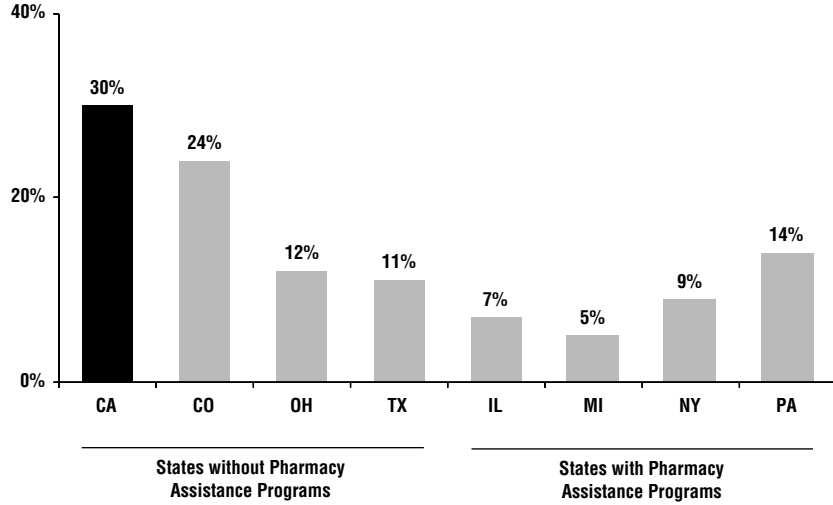


Note: Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 3

Percent of Seniors in California and 7 Other States with Drug Coverage through Medicare HMOs

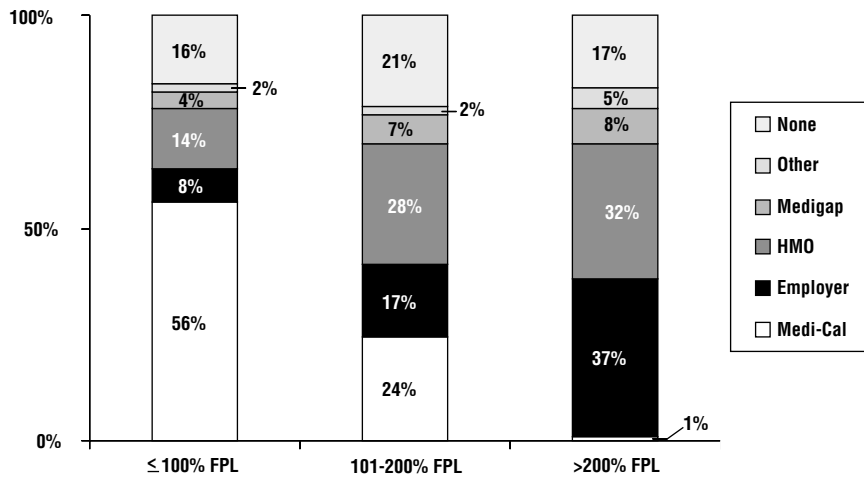


Note: Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 4

Sources of Prescription Drug Coverage for Seniors in California, by Poverty Level

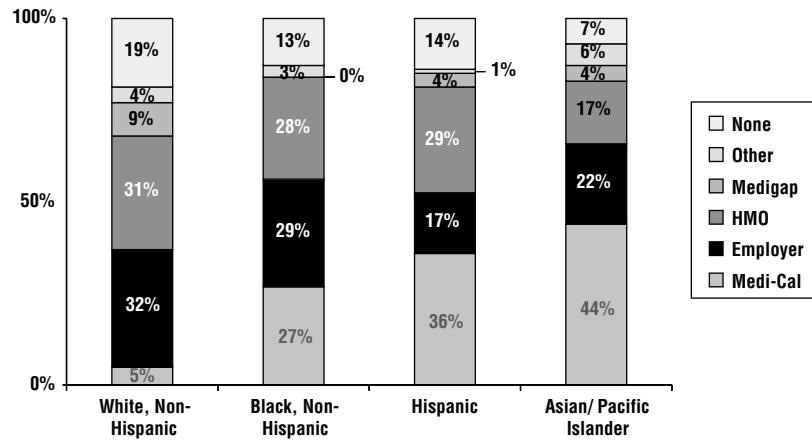


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Analysis includes seniors in sample with classifiable drug coverage. "Other" includes those with drug coverage through VA/DOD. Medi-Cal is California's Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 5

Sources of Prescription Drug Coverage for Seniors in California, by Race/Ethnicity



Note: Analysis includes seniors in sample with classifiable drug coverage. "Other" includes those with drug coverage through VA/DOD. Medi-Cal is California's Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.



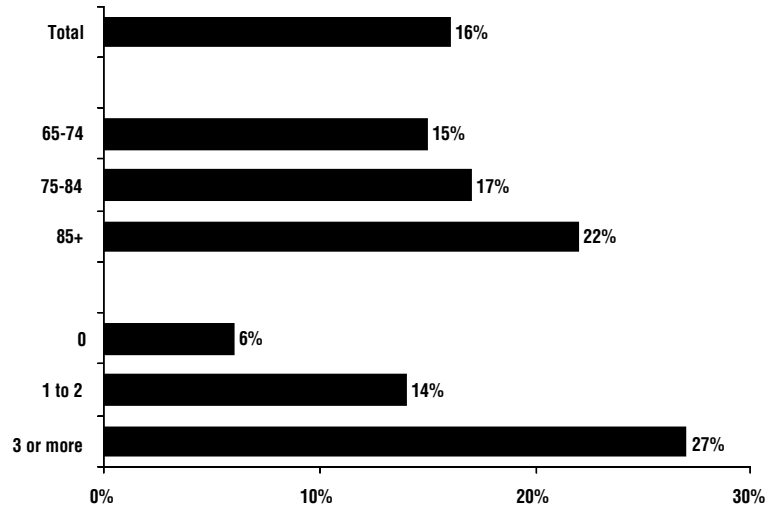
VARIATIONS IN FINANCIAL PROTECTIONS

Out-of-pocket drug spending for seniors in California varied considerably by age and health status. California seniors ages 85 and older had higher out-of-pocket drug spending than younger seniors, and those with multiple chronic conditions spent more on prescriptions than healthier seniors. California seniors without drug coverage reported substantially higher out-of-pocket drug costs than their counterparts with drug coverage. At the same time, the level of protection offered by the various sources of drug coverage varied widely. A larger share of California seniors with Medigap drug coverage reported spending \$100 or more per month on drugs than did seniors with any other form of drug coverage. Overall, 16 percent of California seniors reported spending \$100 or more per month on prescription drugs in 2001. Higher rates were reported by seniors ages 85 and older (22%) (Figure 6).

- Out-of-pocket spending varied substantially by number of chronic conditions reported. A larger share of seniors with 3 or more chronic conditions reported spending \$100 or more per month out-of-pocket on prescription drugs (27%) than did seniors with 1 to 2 conditions (14%) or no reported conditions (6%) ($p < 0.01$) (Figure 6).
- California seniors without drug coverage reported far higher out-of-pocket drug costs than their counterparts with drug coverage. Nearly 4 in 10 seniors in California lacking drug coverage (39%) reported spending \$100 or more per month on medicines, compared to 11 percent of those with drug coverage (Figure 7).
- Among seniors with supplemental drug coverage, Medigap offered the least financial protection. More than a quarter of California seniors with Medigap drug coverage (28%) reported spending \$100 or more per month on drugs, compared with about 10 percent of seniors with Medicare HMO, employer-sponsored or Medi-Cal drug coverage (Figure 8).
- Overall, seniors in California had the lowest rates of spending \$100 or more per month on prescription drugs ($p < 0.01$) among the 8 survey states. Sixteen percent of California seniors reported spending at least \$100 per month out-of-pocket on drugs, compared with 20 percent (CO) to 31 percent (TX) of seniors in the other 7 survey states.

Figure 6

Percent of California Seniors Who Spend \$100+ Per Month on Medicines, by Selected Characteristics

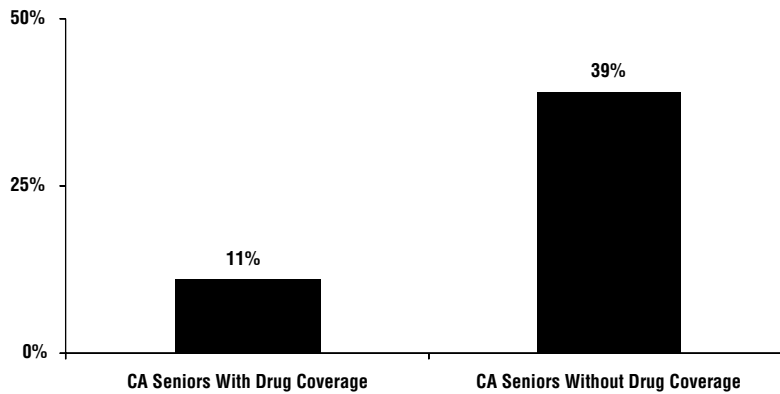


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Out-of-pocket drug costs exclude premiums.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 7

Percent of California Seniors Who Spend \$100+ Per Month on Medicines, by Drug Coverage

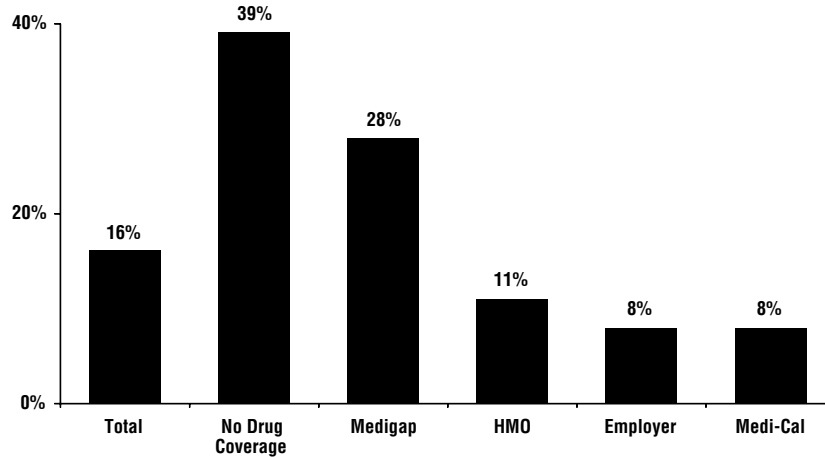


Note: Analysis includes seniors in sample with classifiable drug coverage. Out-of-pocket drug costs exclude premiums.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 8

Percent of California Seniors Who Spend \$100+ Per Month on Medicines, by Source of Drug Coverage

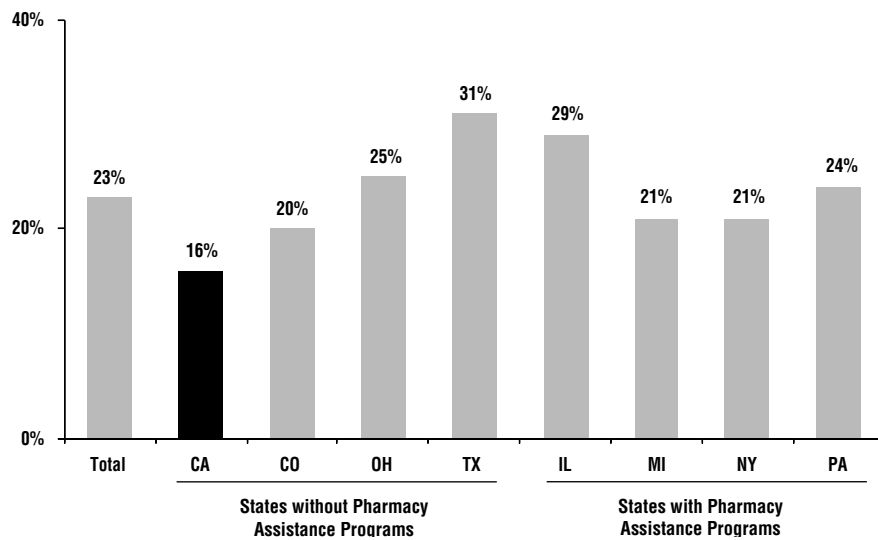


Note: Analysis includes seniors in sample with classifiable drug coverage. Excludes seniors with “other” sources of drug coverage such as VA/DOD. Out-of-pocket drug costs exclude premiums. Medi-Cal is California’s Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 9

Percent of Seniors in California and 7 Other States Who Spend \$100+ Per Month on Drugs



Note: Out-of-pocket drug costs exclude premiums.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.



SKIPPING DOSES OR NOT FILLING PRESCRIPTIONS DUE TO COST

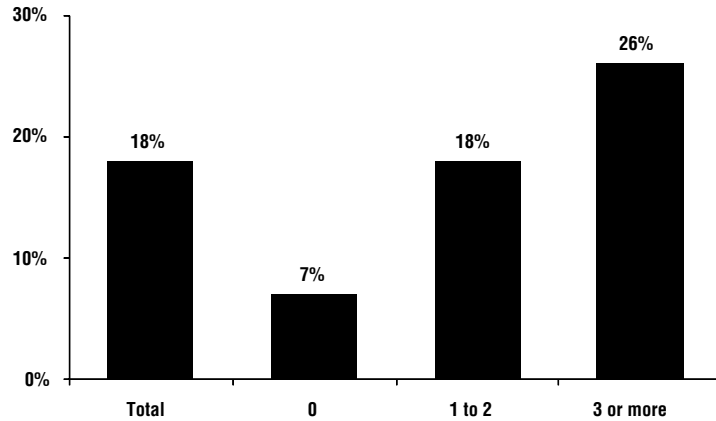
California seniors without drug coverage were more likely than those with drug coverage to report skipping doses of medicines to make them last longer or not filling a prescription due to cost. Seniors with three or more chronic conditions were more likely than healthier seniors to report foregoing medications in order to save money. As might be expected, low income seniors were more apt to report skipping medications or not filling prescriptions than were higher income seniors.

- More than 1 in 6 seniors in California (18%) reported either not filling a prescription due to cost or skipping doses of a medicine to make it last longer, with higher rates reported by seniors with 3 or more chronic conditions (26%) ($p < 0.01$) (Figure 10).
- Seniors in California who lack drug coverage were substantially more likely than those with drug coverage to report either not filling prescriptions or skipping doses (29% vs. 16%, respectively) (Figure 11).
- California seniors with chronic conditions reported high rates of skipping doses or not filling prescriptions, with considerably higher rates reported by those lacking drug coverage. Among California seniors with chronic heart failure, diabetes, and hypertension, 35 to 40 percent of those lacking drug coverage reported foregoing medicines, compared with 17 to 18 percent of seniors with drug coverage (Figure 12).
- In all income groups, seniors without drug coverage reported higher rates of skipping doses or not filling their prescriptions than did seniors with some form of drug coverage. Among California seniors living on incomes below the federal poverty level, 35 percent of those lacking drug coverage did not fill prescriptions or skipped doses due to cost, compared with 27 percent of those with drug coverage (Figure 13).
- Rates of not filling prescriptions or skipping doses also varied by source of drug benefits for seniors in California. More than a quarter of seniors without drug coverage (29%) or with Medi-Cal drug coverage (26%) reported not filling prescriptions or skipping doses due to cost. Those with drug benefits from HMOs (19%), Medigap (15%), and employer-sponsored plans (9%) were less likely to forego needed medications (Figure 14).
- More than 1 in 6 seniors in California (18%) went without filling prescriptions or skipped pills due to cost. In the other 7 survey states, the share of seniors foregoing medications ranged from 16 percent (MI) to 31 percent (TX) (Figure 15).²

²Differences between California and Illinois, Ohio, and Texas were statistically significant at $p < 0.01$.

Figure 10

Percent of California Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, by Number of Chronic Conditions

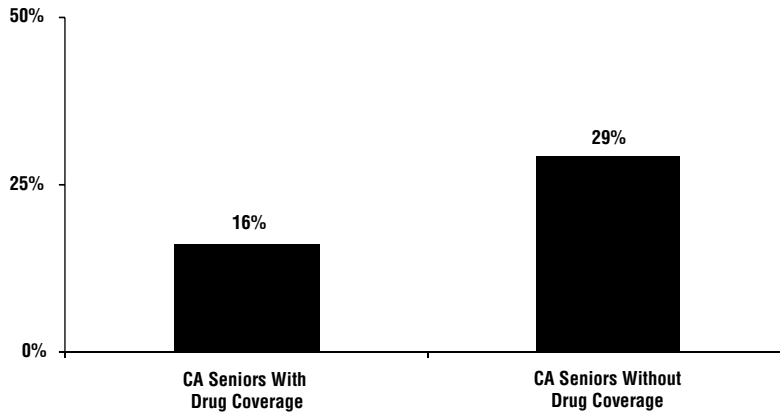


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple).

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 11

Percent of California Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, by Drug Coverage

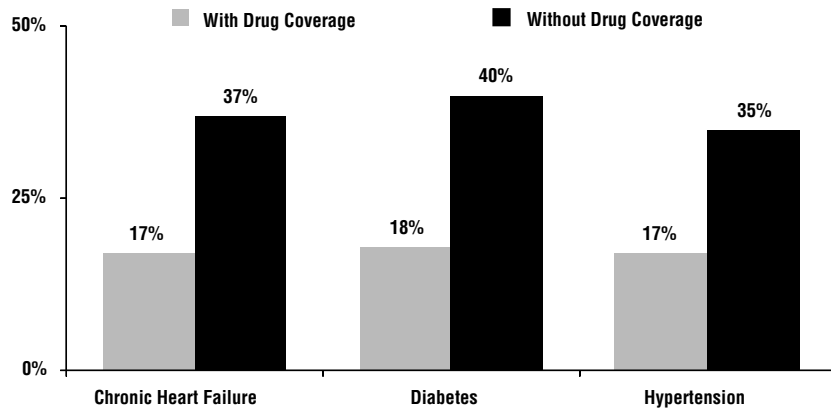


Note: Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 12

Percent of California Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, by Chronic Condition and Drug Coverage

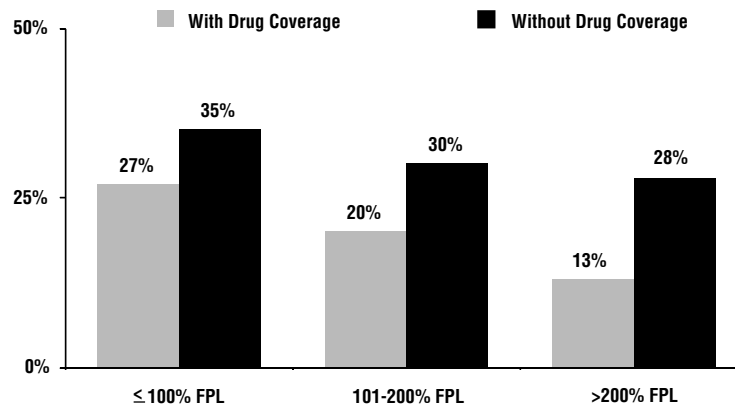


Note: Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 13

Percent of California Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, by Poverty Level and Drug Coverage

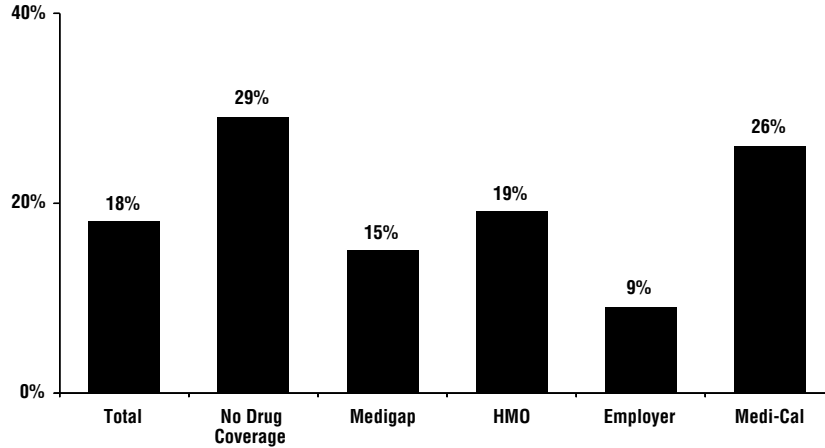


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 14

Percent of California Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, by Source of Drug Coverage

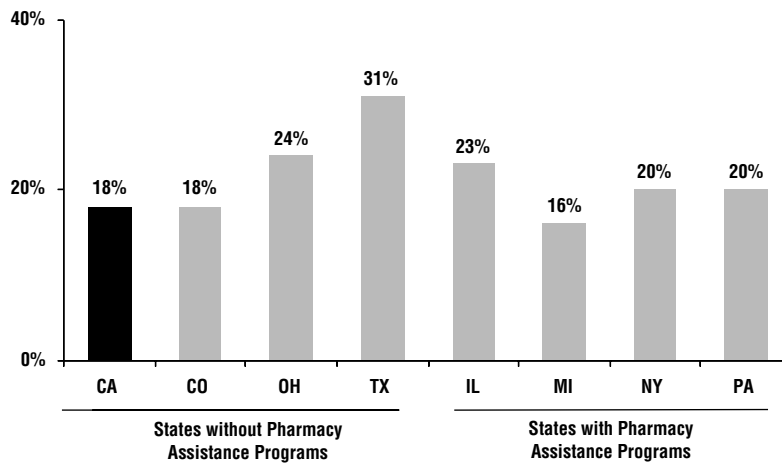


Note: Analysis includes seniors in sample with classifiable drug coverage. Excludes seniors with "other" sources of drug coverage such as VA/DOD. Medi-Cal is California's Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 15

Percent of Seniors Who Either Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medicine to Make it Last Longer, in California and 7 Other States



SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.



ROLE OF MEDI-CAL

Among the eight survey states, California's Medicaid program, Medi-Cal, provided prescription drug coverage to the largest share of seniors with incomes below the federal poverty level. Medi-Cal also provided drug coverage to more near-poor seniors in California than programs in any of the other seven states.

Medi-Cal coverage is especially important because those who have Medi-Cal struggle to manage on low incomes and tend to have more serious health problems than do seniors with other sources of drug coverage (Table 3). Close to half of all seniors with incomes below the federal poverty level were not covered by Medi-Cal. The majority of these seniors said they were not enrolled in Medi-Cal because they thought they had too much money to qualify.

Drug coverage through Medi-Cal provides substantial financial protection against out-of-pocket spending for drugs. Seniors with Medi-Cal reported lower rates of out-of-pocket spending than did beneficiaries in Medicaid programs in Ohio, Texas, and Illinois, but higher rates of spending than their counterparts in Colorado, Michigan, New York, and Pennsylvania. Compared with the other seven survey states, seniors with Medi-Cal reported relatively high rates of skipping doses of medicine or not filling prescriptions.

- Medi-Cal provided drug coverage to over half (56%) of California's non-institutionalized senior population with incomes at or below the federal poverty level in 2001—a higher share than in the other 7 survey states ($p < 0.01$) (Figure 16).
- Due to Medi-Cal's relatively high-income eligibility requirements, California's near-poor seniors were also more likely to have prescription drug coverage than were near-poor seniors across the other 7 states surveyed. Nearly 1 in 4 near-poor seniors in California (24%) had Medi-Cal prescription drug coverage, compared with less than 4 percent in each of the other survey states ($p < 0.01$) (Figure 17).
- Eight percent of California seniors with Medi-Cal drug coverage reported spending \$100 or more per month on prescription drugs. Among the other survey states, the share of seniors with Medicaid who reported spending this amount on medicines ranged from 4 percent (MI, NY, PA, and CO) to 14 percent (TX), 16 percent (IL), and 18 percent (OH) (Figure 18).³
- More than a quarter (26%) of seniors with Medi-Cal reported skipping doses or not filling prescriptions due to cost. Seniors with Medi-Cal were less likely than their

³Differences between California and each of the other states (except Pennsylvania) were statistically significant at $p < .05$.

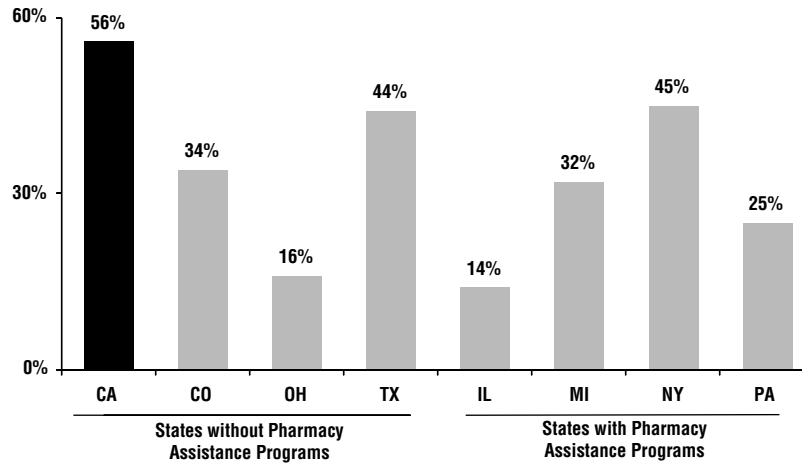
counerparts in Texas to forego medications, but more likely to do so than their counterparts in four of the survey states (CO, MI, NY and PA). The rates of skipping or not filling ranged from a low of 13 to 16 percent (CO, MI, NY, PA) to a high of 35 percent (TX) (Figure 19).⁴

- When California seniors who live in poverty were asked why they were not enrolled in Medi-Cal, more than a quarter (29%) said they had never thought about applying, 23 percent reported that they thought they had too much money to qualify, and 15 percent said they did not want help from a welfare program (Figure 20).

⁴Differences between California and each of the other states (except for Illinois and Ohio) were statistically significant at $p < .05$.

Figure 16

Percent of Seniors in California and 7 Other States with Incomes at or Below 100% of Poverty with Medicaid Drug Coverage, by State

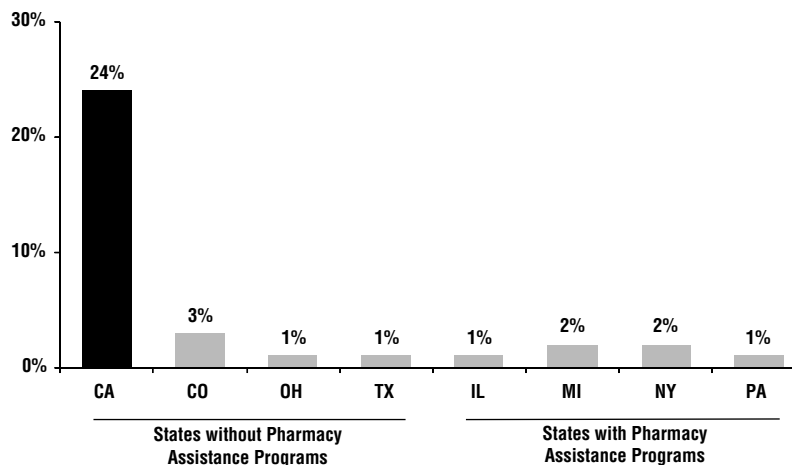


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 17

Percent of Seniors with Incomes Between 100-200% of Poverty with Medicaid Drug Coverage, in California and 7 Other States

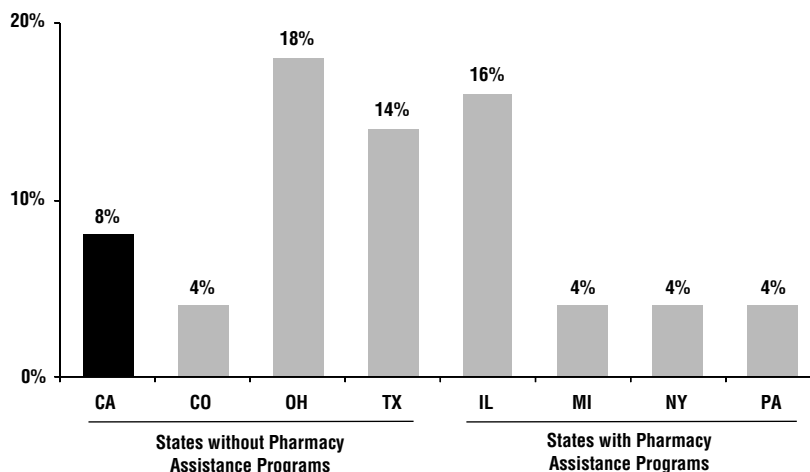


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 18

Percent of Seniors with Medicaid Drug Coverage Who Spend \$100+ Per Month on Drugs, in California and 7 Other States

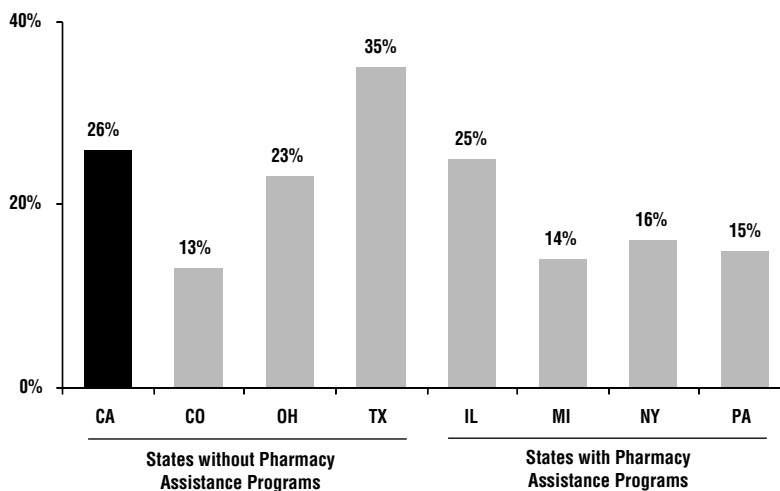


Note: Analysis includes seniors in sample with classifiable drug coverage. Out-of-pocket drug costs exclude premiums.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 19

Percent of Seniors with Medicaid Drug Coverage Who Didn't Fill a Prescription 1 or More Times or Skipped Doses of a Medication to Make It Last Longer, in California and 7 Other States

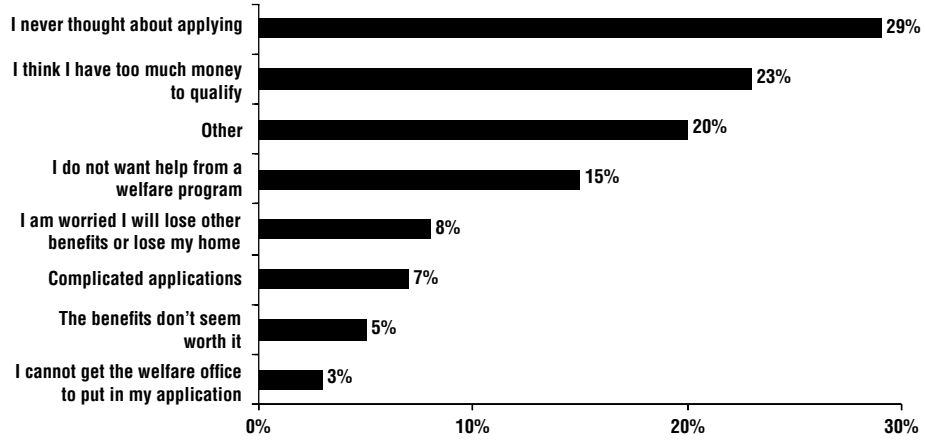


Note: Analysis includes seniors in sample with classifiable drug coverage.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 20

Reasons California Seniors Below Poverty Are Not Enrolled in Medi-Cal



Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple). Analysis includes seniors in sample with classifiable drug coverage. Medi-Cal is California's Medicaid program.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.



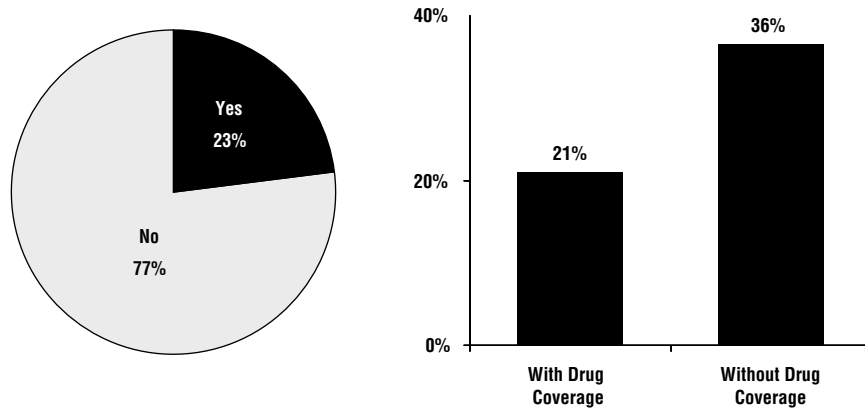
CALIFORNIA PRESCRIPTION DRUG DISCOUNT PROGRAM

In 1999, California enacted a prescription drug discount program to help reduce Medicare beneficiaries' out-of-pocket drug costs. Under this program, beneficiaries who show their Medicare card to the pharmacy are entitled to receive a discount when they fill their prescriptions so that their cost is not greater than the Medi-Cal reimbursement rate.

- Over three quarters of seniors in California (77%) reported never having heard of the state's drug discount program for seniors. California seniors who lack drug coverage were more likely to be aware of the program than those with coverage. Nearly one-third of California seniors without drug coverage (36%) reported having heard of the discount program, while only 21 percent of those with coverage had knowledge of it (Figure 21).
- Among California seniors who said they had heard of the state prescription drug discount program, only about one-third (35%) reported having received a discount on their medications through the program (Figure 22).
- Among California seniors who were aware of the state discount program, the principal reason seniors cited for not using the program was that they got a better discount using other insurance (42%) (Figure 23).
- Among seniors in California who reported having heard of the state's drug discount program, the main sources of information were pharmacists (35%), newspaper or radio (27%), and TV (23%). Other important sources were friends, neighbors, or family members (10%), and doctors' offices (10%) (Figure 24).

Figure 21

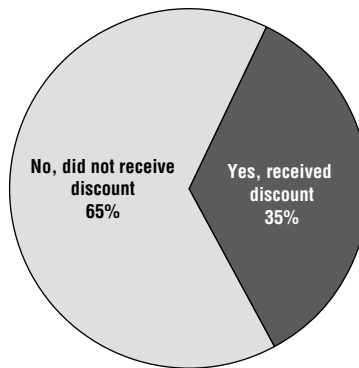
Percent of California Seniors Who Reported Ever Hearing of California's Prescription Drug Discount Program for Medicare Beneficiaries



SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 22

Among California Seniors Who Reported Hearing of the State Prescription Drug Discount Program, Percent Who Received a Discount

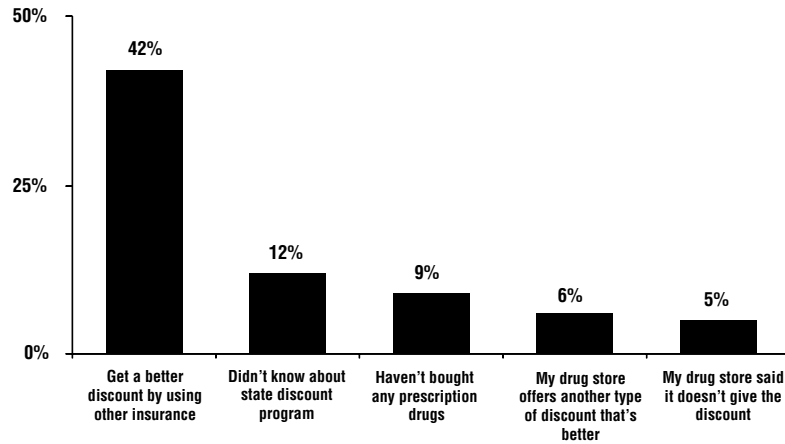


Note: Analysis includes seniors in sample who reported ever hearing of the state discount drug program, excluding nonrespondents (n=522).

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 23

Among California Seniors Who Had Heard About the State's Prescription Drug Discount Program, Reasons Reported for Not Receiving the Discount

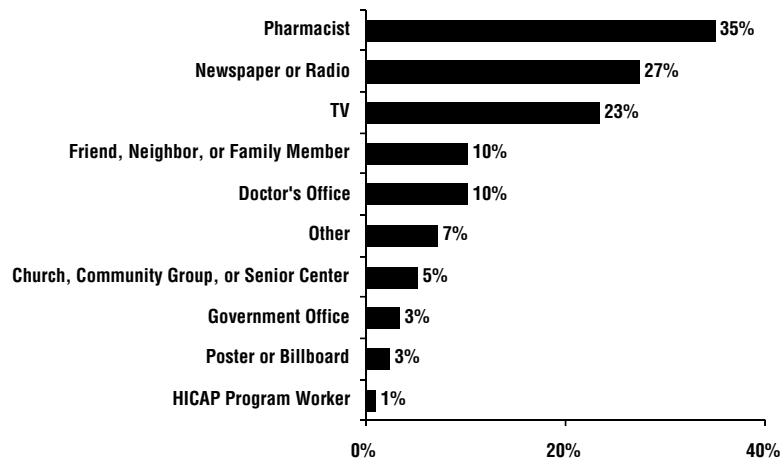


Note: 2001 federal poverty guidelines: \$8,590 (single); \$11,610 (couple).

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

Figure 24

Sources of Information About California's Prescription Drug Discount Program for Medicare Beneficiaries



SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.



APPENDIX

TABLE 1

Selected Demographics, Medicaid Program, and Pharmacy Assistance Program Characteristics for the Eight Study States

	STATES							
	CA	CO	OH	TX	IL	MI	NY	PA
DEMOGRAPHICS								
Number 65+ (in millions)	3.4	0.4	1.4	1.9	1.3	1.2	2.4	1.7
Percent 65z+ below poverty	13%	8%	10%	19%	13%	11%	18%	11%
PROGRAM FEATURES								
MEDICAID								
Income Eligibility (% of FPL) ^a	135%	79%	67%	74%	85%	100%	87%	100%
Medically Needy (% of FPL) ^a	84%	No program	No program	No program	40%	57%	87%	59%
Rx Benefits								
Formulary	Closed	Closed	Closed	Closed	Closed	Closed	Open	Open
Monthly Rx Limit ^b	6	None	None	3	None	None	None	None
STATE PHARMACY PROGRAM								
Enrollment ^d					145,089	12,000	234,916	0234,711
Eligibility—single (% of FPL) ^a					≤247%	≤150%; Monthly Rx costs >10% of income	≤407%	≤186%
Annual Enrollment Fee					\$5 or \$25	None	\$8-\$300 ^e	None
Limits on Benefit (beyond copayments, deductibles and formularies)					Only select conditions covered; Senior pays 20% after \$2,000 paid by program	Coverage limited to 3 months per year	None	None

^aNotes: For states where 2001 income eligibility requirements were in dollar terms, they were converted to a percentage of the 2001 Federal Poverty Level, which was \$8,590 for singles and \$11,610 for couples.

^bThe monthly Rx limit for California Medicaid may be overridden with prior authorization from a physician. The monthly Rx limit for Texas Medicaid is fixed, although a six-month supply may be obtained and only counts toward one month's allocation.

^cCalifornia offers a discount on retail price of drugs for Medicare beneficiaries but does not subsidize the purchase of drugs and thus is not considered a state pharmacy assistance program for the purposes of this study.

^dThe number enrolled in Illinois' program includes non-elderly disabled. All other state program enrollment figures reflect elderly only.

^eFor beneficiaries with income between 233% and 407% of FPL, a deductible (\$530-\$1,715) is charged instead of the enrollment fee.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States. State data derived from Urban Institute & Kaiser Commission on Medicaid & the Uninsured analysis of 1998, 1999, and 2000 Current Population Surveys; National Association of State Medical Directors, "Aged, Blind & Disabled State Summaries," October 2001, <medicaid.apisa.org/research/ABD/abd.htm> (25 June 2002); National Pharmaceutical Council, "Pharmaceutical Benefits Under State Medical Assistance Programs, 2000," <www.npcnow.org/issues_productlist/medicaidpharmaceutical.asp> (25 June 2002); National Governor's Association, "State Pharmaceutical Assistance Programs," December 2001, <www.nga.org/cda/files/STATEPHARM.pdf> (25 June 2002); National Conference of State Legislatures, "State Senior Pharmaceutical Assistance Programs," July 2001, <www.ncsl.org/programs/health/drugaid.htm>. (15 December 2001 and 25 June 2002). Personal communication with state Medicaid offices.

TABLE 2

Number of Seniors in the Eight Study States, by Income Level and Source of Prescription Drug Coverage

	STATES								
	TOTAL	CA	CO	IL	MI	NY	OH	PA	TX
TOTAL	10,927	2,500	1,238	1,051	1,176	1,691	1,070	1,117	1,084
INCOME (#)									
≤100% of poverty	2,868	436	322	283	353	546	279	319	330
101–200% of poverty	3,256	801	347	306	346	442	367	375	272
>200% of poverty	4,803	1,263	569	462	477	703	424	423	482
DRUG COVERAGE (#)									
Total	10,416	2,380	1,181	1,004	1,128	1,605	985	1,085	1,048
Medicaid	2,420	637	292	123	280	426	198	256	208
Employer-Sponsored	2,909	551	282	278	420	507	346	269	256
HMO	1,297	589	210	55	41	102	91	113	96
Medigap	806	142	83	78	97	115	80	121	90
State Pharmacy Program	374	N/A	N/A	133	10	133	N/A	98	N/A
Other	470	79	67	43	30	70	47	46	88
No Drug Coverage	2,140	382	247	294	250	252	223	182	310
DRUG COVERAGE (%)									
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicaid	23%	11%	4%	2%	4%	7%	2%	3%	7%
Employer-Sponsored	28%	30%	32%	38%	50%	42%	47%	33%	31%
HMO	12%	30%	24%	7%	5%	9%	12%	14%	11%
Medigap	8%	7%	10%	9%	11%	10%	11%	14%	10%
State Pharmacy Program	4%	N/A	N/A	8%	1%	9%	N/A	9%	N/A
Other	5%	4%	7%	5%	3%	5%	5%	5%	10%
No Drug Coverage	21%	18%	23%	31%	25%	19%	22%	21%	31%

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

TABLE 3
Health Status of Seniors in California, by Source of Drug Coverage and Poverty

	Source of Drug Coverage				
	Medicaid	Employer-Sponsored	HMO	Medigap	None
TOTAL (N=2,380)	n=637	n=551	n=589	n=142	n=382
Percent with health problem:					
% Fair or Poor health	61.5	27.8	28.7	30.8	37.7
% CHF	13.0	6.8	8.8	8.3	5.6
% Diabetes	23.0	16.2	18.3	9.6	8.6
% Hypertension	64.0	56.1	53.3	58.3	50.3
% 3+ chronic conditions	40.0	26.2	24.3	23.1	21.4
≤ 200% FPL (N=1,159)	n=611	n=110	n=198	n=42	n=178
Percent with health problem:					
% Fair or Poor health	61.7	38.5	41.7	51.2	50.4
% CHF	13.0	11.2	10.4	11.1	8.3
% Diabetes	23.0	18.8	15.5	12.2	13.4
% Hypertension	63.8	58.8	50.4	44.5	57.5
% 3+ chronic conditions*	39.3	27.4	24.8	27.5	27.2

*The survey asked about eight different chronic or serious health conditions: congestive heart failure, diabetes, hypertension, heart attack, asthma/emphysema/COPD, arthritis, any cancer, and depression.

SOURCE: Kaiser/Commonwealth/Tufts-New England Medical Center 2001 Survey of Seniors in Eight States.

The Henry J. Kaiser Family Foundation

2400 Sand Hill Road
Menlo Park, CA 94025
(650) 854-9400 Fax: (650) 854-4800

Washington Office:

1450 G Street NW, Suite 250
Washington, DC 20005
(202) 347-5270 Fax: (202) 347-5274

www.kff.org

As of January 1, 2003:

1330 G Street, NW
Washington, DC 20005
(202) 347-5270 Fax: (202) 347-5274

Tufts-New England Medical Center

The Health Institute
750 Washington Street
Boston, MA 02111
(617) 636-8636 Fax: (617) 636-8351

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