

New Yorkers For Accessible Health Coverage

29 November 2007

Member Organizations

- American Association of Kidney Patients, New York chapter
- American Cancer Society
- American Diabetes Association
- Brain Tumor Foundation
- Cancer Care
- Care for the Homeless
- The Center for Independence of the Disabled, NY
- Cystic Fibrosis Foundation, Greater New York chapter
- Disabled in Action of Metropolitan New York
- Epilepsy Foundation of Greater New York
- Gay Men's Health Crisis
- Hemophilia Association of New York
- Huntington's Disease Society of America, New York and Long Island chapters
- Interagency Council of Mental Retardation and Developmental Disabilities
- Leukemia & Lymphoma Society, New York City chapter
- Mental Health Association of New York City
- Mental Health Association of Westchester County
- National Alliance for the Mentally Ill - New York State
- National Aphasia Association
- National Marfan Association
- National Multiple Sclerosis Society, Capital, Long Island, New York City, Southern, and Upstate chapters
- New York AIDS Coalition
- New York Association of Psychiatric Rehabilitation Services
- SHARE: Self-Help for Women with Breast and Ovarian Cancers
- SLE Foundation
- West Islip Breast Cancer Coalition for Long Island

Cooperating Organizations

- Alliance of Resident Theaters of New York
- Brooklynwide Interagency Council of the Aging
- Citizen Action of New York
- Commission on the Public's Health System
- Community Healthcare Network
- Dance Theater Workshop
- Greater New York Labor-Religion Coalition
- Institute for Puerto Rican and Hispanic Elderly
- Joint Public Affairs Committee for Older Adults
- Lambda Legal Defense and Education Fund
- Long Island Progressive Coalition
- Medicare Rights Center
- Metro New York Health Care for All Campaign
- National Association of Social Workers, New York City chapter
- New York State Health Care Campaign
- New York State Nurses Association
- New York State Psychological Association
- New York Statewide Senior Action Council
- Senior Services
- Society for Hospital Social Work Directors, Metropolitan New York chapter
- South Fork Community Health Initiative
- William F. Ryan Community Health Center

**TESTIMONY OF MARK SCHERZER, LEGISLATIVE COUNSEL
BEFORE THE NEW YORK STATE DIVISION OF THE BUDGET**

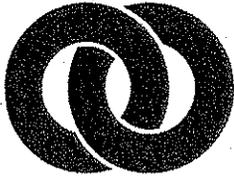
Thank you for the opportunity to testify before New York State Division of the Budget with respect to budget priorities for 2008. New Yorkers for Accessible Health Coverage (NYFAHC), a coalition of more than 50 statewide voluntary health and social service organizations, has for over 15 years fought for the interests of the seriously and chronically ill, the elderly and disabled, in New York's health care and health insurance system. We see many areas in which individuals' budgetary crises arising out of unaffordable health insurance could be ameliorated through State spending, including expansions of opportunity to enroll in public programs like Family Health Plus and state subsidy for private insurance coverage in the direct pay market, which suffers from an underfunded stop-loss pool.

One of our highest priorities, however, is helping people meet the high costs of prescription drugs. We believe that it is long past time for New York to bring equity to the EPIC program, by expanding this life-sustaining drug access program to disabled people under the age of 65.

While EPIC is now limited to people age 65 and over, people with severe and permanent disabilities under age 65 are just as needy as New York's seniors. They, too, almost invariably live on fixed incomes and often have significant prescription drug needs. Indeed, on average disabled Medicare beneficiaries have lower incomes and much poorer physical, mental and functional levels than their elderly counterparts. Disabled beneficiaries are more than twice as likely to report being in fair or poor health than the elderly (59% vs. 23%) and are twice as likely to have trouble performing at least one "activity of daily living."

Currently, many individuals living with serious illnesses and disabilities who receive Social Security Disability and Medicare benefits are forced to purchase and retain high priced private insurance policies for their prescription drug coverage. The premiums for these direct pay market insurance policies currently cost from \$500 to \$1500 per month in New York City to cover an individual, and significantly more to cover a married couple or family with children.

The combination of poor health status, high drug utilization and low income makes paying for prescription medications particularly burdensome for people with disabilities. A Kaiser Foundation national survey in December 2003 found that nine out of ten people with disabilities used at least one prescription medication on a regular basis. Almost a third of them (32%) identified cost as a barrier to obtaining necessary prescription drugs, more than the share who reported problems with any other medical benefit. Among the uninsured in the survey, 60 percent skipped doses, split pills, or did not fill a prescription due to cost. Not surprisingly, "improving prescription drug coverage" was named by 41.



percent of respondents as the "most important disability-related issue for government to address."

The Part D drug benefit introduced in the Medicare program in 2006, while better than the complete absence of outpatient drug coverage which preceded it, does not adequately meet the needs of adults with disabilities, for several reasons:

(a) Some non-elderly adults with disabilities are not eligible for Part D because they are in the two-year waiting period for Medicare.

(b) Some non-elderly adults cannot afford the Part D cost sharing, which requires individuals to expend in excess of \$3,600 per year in deductibles, co-payments and the "donut hole" before they reach the level of catastrophic drug coverage that resembles a private health insurance policy. In 2006, we calculated that a non-elderly disabled consumer with an annual income of \$17,550 (approximately 188% of the Federal Poverty Level) and \$4000 in yearly drug expenses for a single drug would have \$ 2,920 in out-of-pocket costs, including premiums, under the Medicare drug benefit. This person would have to spend nearly \$3 of his or her own money for every \$1 in coverage. If this person were 65 years or older and enrolled in EPIC, yearly out-of-pocket costs would be \$410 under EPIC's current structure. This is a difference of over \$2500. Since then, the cost sharing obligations of Medicare Part D have only grown.

(c) Some non-elderly adults cannot obtain all of the drugs they need through Part D due to coverage or formulary restrictions imposed by Part D plans.

What the introduction of Medicare Part D has done is to create an opportunity to expand EPIC to people with disabilities at a lower cost to the State than ever before. Part D would bear a significant portion of the costs of an EPIC expansion, and Part D is relieving the EPIC program of significant expenditures itself. The State Division on Budget projected EPIC savings of \$120 million in 2006 and another \$143 million this year. As a result, there are more than adequate funds available to support this expansion, even at full implementation.

While EPIC is one of New York's great success stories, its exclusion of people with disabilities is a shameful relic of discrimination that must be corrected. At least 15 other states, including Massachusetts, New Jersey, and Connecticut, have implemented pharmacy assistance programs that cover non-elderly adults with disabilities.

Bills have been introduced in both houses of the Legislature in recent years to effect this expansion, but have languished in part because of lack of support from the Executive. While we applaud and appreciate the State's current steps toward comprehensive universal coverage, those steps will not resolve the barriers to drug access faced by underinsured New Yorkers on Medicare. EPIC expansion would provide desperately needed coverage to many New Yorkers and help correct and equalize our patchwork coverage system.