

Coalition Chronicle

Report to the National Industrial Base Workforce Coalition

Special Edition

Saving Pharmacies

Workforce Coalition at Forefront: Healthcare Reform – Saving Pharmacies

Healthcare—especially the rising cost of prescription drugs—is the most important domestic issue that the U.S. Congress will tackle between now and the 2004 presidential election. According to the AARP, lawmakers are expected to move quickly to try to pass a Medicare drug benefit this year. **Sen. Chuck Grassley (R-IA)**, who will chair the powerful Senate Finance Committee in the new congress, says a benefit will rank “second after tax legislation” in his committee’s priorities. Congressional leaders are split on whether a benefit should be for all Medicare beneficiaries or only for those with low incomes. In providing this new entitlement for Medicare seniors, proposed reforms will run the gamut from a private sector approach all the way to price controls on prescription drugs.

Rising healthcare costs have affected every major labor contract negotiation throughout the industrial base. Therefore, the *National Industrial Base Workforce Coalition*, for the past two years, has been

involved in the public policy debate to create a Medicare prescription drug benefit. *Coalition* members joined this debate because proposals were made to provide a prescription drug benefit that would be managed by HMO-style middlemen called pharmacy benefit managers. This type of system would not have protected the patient’s right to fill a prescription at his or her local drugstore.

This special edition of the *Coalition Chronicle* outlines the activities and efforts of unions in twenty states fighting for a pharmacy benefit that preserves the personal relationship that seniors have with their individual pharmacists.

The entire labor movement has an enormous stake in the outcome of this public policy debate. Union involvement in the Medicare prescription drug debate will increase in 2003 with *Coalition* members eager to testify before the relevant congressional committees on this issue. The *Workforce Coalition* will be at the forefront of this debate every step of the way. ❖

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Unions Mobilize to Save Community Pharmacies

Virtually all of the nation's labor unions have a vested interest in the congressional debate concerning the cost of prescription drugs and the impact on Medicare seniors. This subject is extremely important to current and future union retirees. Hence the *National Industrial Base Workforce Coalition* leadership watched with interest on July 15 as the Department of Health and Human Services (HHS) announced a Prescription Drug Discount Card Program for senior citizens on Medicare.

Because the proposed plan is intended to be a temporary measure until Congress can undertake major Medicare reform, discounts for prescription drugs will not be directly offered by Medicare. Instead, under the administration's plan, HHS selected five private companies called Pharmacy Benefit Managers (PBMs) to administer the proposed plan. These PBMs were originally set up to administer prescription drug claims, track physician prescribing patterns, and provide education to improve efficiency and cost effectiveness of the process.

Under the HHS proposal, the

PBMs would negotiate reduced prices for Medicare patients with pharmaceutical manufacturers. To receive the savings, Medicare patients would have to buy a discount card from one of the 5 PBMs. This is a new function for the PBMs that creates a potential problem for seniors. Historically there have been only two agents that impact seniors obtaining prescription drugs: the drug manufacturers and their local community drug store. In the HHS prescription drug discount card program, the PBMs would act as a middleman, somewhat like an HMO for prescriptions.

Various groups and political leaders immediately attacked the program.



Bill Boetger, Coalition's Regional Coordinator and **Linda Alegria**, President IAM Local Lodge 575 meet with **Lisa Ellman**, District Director for U. S. Representative Henry Waxman (D-CA) in his Los Angeles office.

AFL-CIO President **John Sweeney** came out in opposition to the HHS-sponsored discount program. Congressman **Henry Waxman** (D-CA), who has spent his career focusing on health care issues, argued that the discount card program saved very little if anything after the cost and the drug choices were considered, that is generic vs. brand names. Representative Waxman shared the data with unions in California when his District Director, **Lisa Ellman** met with **Bill Boetger**, the *Coalition's* Regional Coordinator, and **Linda Alegria**, President IAM Local Lodge 575, on August 21 in his California district office.

Congressman Waxman pointed out other problems with the prescription drug card program. Seniors would be required to pay a fee to join one of

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Coalition member, **David Lalich** poses a question to the panel at the Alliance for Health Reform Symposium, November 19, 2001.

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Workforce Coalition members with U. S. Senator Bill Frist (R-TN) after the Symposium. (Left to right) Matt Biggs, Legislative Rep IFPTE, Jennifer Scalzo, Ohio Pharmacist, Senator Frist, Joseph Smarrella, steelworker and *Coalition's* Regional Coordinator, and David Lalich, retired steelworker and active community leader from Ohio.

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the 5 PBMs, which could offset any discounts they might receive from the card. Pharmacies would also have to pay a fee in order to participate and demonstrate that they have the financial means to help fund the operations of the card program. Union members in Georgia, Tennessee, West Virginia and other rural states feared that their small community pharmacies would not be able to qualify for the program. They contacted their congressional delegations and were assured by Senators Max Cleland (D-GA), Jay Rockefeller (D-WV) and Bill Frist (R-TN) that their small communities would be protected.

Coalition leaders learned that the 5 PBMs also coincidentally represent 90% of the mail-order pharmacy market, which raised still other questions. If local pharmacies do not participate or are not allowed to participate in this program, will seniors in those communities still be able to receive these discounts? Apparently not. Hence, to use the discount card, seniors would be forced to rely on mail-order by using the Internet or an 800 number.

And that raised yet other questions about the HHS program. What about those seniors who are not com-

puter literate or do not own a computer? In fact, many seniors have difficulty even dialing telephone numbers. As one union retiree and active community leader from the small town of Steubenville, Ohio told the city council, "If you put some Vaseline on your glasses and Band-Aids on all of your fingers, you would begin to see what it would be like for seniors who tried to punch in a series of numbers on the phone or computer." Most seniors have difficulty dialing one phone number. Imagine the error rate when dialing an 800 number, followed by a social security number, a prescription number, their telephone number, a membership number, and who knows how many other numbers!

But *Coalition* members believed the real danger of a mail-order discount program was its impact on the relationship between seniors and their local community pharmacist. The PBMs indicated that a pharmacist would be on duty at all times answering patient questions concerning their prescriptions. But, that policy assumes that the patient would know what questions to ask in the first place. The senior and his/her medical and prescription history would be an unknown to the PBM pharmacist, merely

a membership number. On the contrary, local druggists know their patients and can provide informed advice about the medication being prescribed by their doctors. Moreover, many seniors often rely on family members to interact with the druggist on their behalf. This provides another measure of communication and safety for the senior. In a mail-order program, all of the personal relationships will be gone. You cannot replace a 40-year face-to-face relationship of service and trust with an impersonal voice over the phone or mail-order service.

Yet another consideration of the local pharmacist is the importance of his/her skills and knowledge in this time of an increased threat of biological and chemical terrorist attacks upon the United States. Here, the local pharmacist becomes an important asset to our national security. Senator Joseph Biden (D-DE) said on one of the Sunday talk shows that the local pharmacy will be the front line of our national security because druggists can be trained to report the occurrence of symptoms that might indicate a terrorist biological attack. In a mail-order world, there would be no local pharmacy to sense such an attack.

It is clear to members of the *National Industrial Base Workforce Coalition* that if HHS is going to aggressively promote a mail-order prescription drug program, local pharmacies will be threatened with a reduction of business, resulting in the possible closure of many community pharmacies. Thus, senior citizens will be affected as will every individual who is a client of the pharmacies threatened with closure.

As union concerns began mounting, *Coalition* members immediately initiated outreach to all congressional committees with jurisdiction over Medicare. We began a massive letter writing and telephone mobiliza-

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Defense Budget Press Conf.



(Left to right) Reps. Joe Wilson (R-SC), Rep. Randy Forbes (R-VA), Matt Biggs, Legislative Rep. IFPTE, Rep. Dunan Hunter (R-CA), Rep. Curt Weldon (R-PA), Mike Balzano, Executive Director *National Industrial Base Workforce Coalition*, Denny Wilderson, President S.E.A., Rep. Roscoe Barlett (R-MD), Rodney Denton, President IBEW 1805, Jerry Robinson, SPEEA Communications Chairman and Rep. Rob Simmons (R-CT).

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equipment “right now,” and they were short on ammunition, “right now.” Rep. Hunter called for support in maintaining the President’s top line of the defense budget because there could be no more delays in getting the necessary resources to our troops in action.

The primary goal of these congressional members was to guarantee that the \$10 billion was spent for defense and nothing else. “We cannot

allow these funds to be used as a piggy-bank for non-defense programs... underfunding our military is no longer an acceptable option following September 11,” exclaimed Weldon.

The congressmen identified various key defense areas with identified budget shortfalls including shipbuilding, aircraft purchases and space-based capabilities – all are areas extremely important to the preservation of the industrial base. *Coalition* members appreciated being included

at such an important news conference and were impressed that members of both parties came together as a bipartisan group with one message. *Workforce* leaders were also pleased that by the end of the month the House passed the President’s budget, reserving the \$10 billion contingency fund for the war on terrorism. Concerned lawmakers received the assurance that these defense dollars would be used only for defense needs and that some of the money would be used for weapons procurement. Unfortunately, the final bill from the House and Senate conferees did not contain the \$10 billion contingency fund sought by the administration.

The legislators are seeking the creation of a multi-state, multi-union workforce coalition to help with the defense budget battles that will come in the FY04 budget.

Nevertheless, members of this bipartisan legislative group have kept in contact with members of the *Workforce Coalition* stating their concern about the procurement budget in the upcoming legislative cycles. They are particularly concerned with how the procurement budget will fair with all of the other domestic priorities that must be considered before the next presidential election. The legislators are seeking the creation of a multi-state, multi-union workforce coalition to help with the defense budget battles that will come in the FY04 budget. We will monitor and report the activities of this bipartisan group of legislators and report to our member unions as the defense debates unfold. ❖



Rep. Curt Weldon (R-PA) opens the press conference in support of the war contingency fund.

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Coalition Continues to Fight for Community Pharmacies

Last year we reported on *Workforce Coalition* activity aimed at preserving the local community pharmacies that serve union retirees and their families. The workforce effort over the past year and a half was initiated in response to the administration's Prescription Drug Discount Card Program. The program was designed to give prescription drug coverage to low-income Medicare seniors until Congress could undertake a Medicare overhaul, which would include a prescription drug benefit. However, despite the administration's good intentions, union members realized that the discount card would have threatened the existence of the community pharmacy by handing over control of the Prescription Drug Discount Card Program to HMO-style middlemen called Pharmacy Benefit Mangers (PBMs). The PBMs would have limited the number of community pharmacies that could take part in the program, effectively forcing seniors to use complicated and impersonal computer or mail order services, thereby possibly eliminating the druggist-patient relationship altogether.



Coalition Regional Coordinator, **Joseph "Slugs" Smarrella** testifying before the Alliance for Health Reform Symposium in November 2001.

Union members wrote, called and visited members of Congress to bring attention to the negative effects of the discount card. The unions contacted all of those congressional committees with jurisdiction over Medicare, stating that they did not want a discount drug program that would sacrifice the relationship of trust between retirees and their druggists. They asked elected of-

ficials why the government was attempting to impose such an important interim drug discount card program without holding congressional hearings where union leaders could testify.

You will recall that in last year's *Chronicle*, we reported that *Coalition* members attended a symposium in November 2001 in Washington D.C. that was sponsored by the *Alliance for Health Reform* to examine prescription card discount cards. Workforce leaders presented **Senator Bill Frist** (R-TN) with a packet of letters from union members around the country. Senator Frist chaired the symposium and is the leader in the Senate in seeking reform of Medicare to provide a prescription drug benefit. At this symposium, union leaders also asked questions of the panel of experts. This symposium was the only opportunity in 2001 where public comment was allowed and where union members could stand up and voice their concerns. Senator Frist was most congenial and spoke freely to the union leaders, assuring them that the Senate did not want to harm the community phar-



Rep. Charlie Norwood (R-GA) (3rd from left) met with **Jim Carroll**, PResident IAM Local 709 (3rd from right) Marietta, Georgia, **Carl Mason** (Left), **Jerry Kelley** (2nd from left) and other union members regarding their concerns about House bill H.R. 4954 that uses Pharmacy Benefit Managers (PBMs) to administer a prescription drug benefit to Medicare Seniors.

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macy. On the other hand, **Tom Scully**, the administration's architect of the PBM policy and Director of Center for Medicare and Medicaid Services (CMS), would not address the union concerns and would not even speak with *Coalition* members.

The 2001 debate ended with the discount card being stopped in federal court. However, in 2002, the debate over prescription drug coverage shifted to the Congress. Because this was an election year, prescription drug coverage was a hot topic. Both political parties wanted to take credit for some reform that would help senior citizens pay for the outrageously high price of medicines. Lawmakers urgently wanted to pass something before the elections. Therefore, *Workforce Coalition* members closely monitored the debates to detect whether any newly proposed bill would threaten community pharmacies.

Union leaders waited patiently as Congress reconvened in January 2002. *Coalition* members were preparing to testify at congressional hearings on a Medicare prescription drug benefit after having identified a bipartisan bill, H.R. 3626 introduced by **Representatives Jo Ann Emerson (R-MO)** and **Mike Ross (D-AR)**, which provided comprehensive Medicare reform to include a prescription drug benefit without using PBMs. Union representatives contacted congressional members to support Emerson-Ross because it guaranteed seniors the flexibility of using any pharmacy of their choice. They hoped to testify at the appropriate hearings, however, it soon became clear that none would be held. In fact, nothing happened for months as congressional leaders chose not to start a debate on Emerson's bill or any other legislation.

On May 2, both political parties rolled out competing prescription drug coverage proposals. **Speaker of the House Dennis Hastert (R-IL)** unveiled the Republican proposal for the House side while **Senators Bob Graham (D-**



A crowd gathers outside the Arrow Prescription Center in New Britain, Connecticut at a press conference calling for congressional support of community pharmacies inclusion in any Federal prescription drug benefit program.

FL) and **Zell Miller (D-GA)** revealed a Democratic plan on the Senate side. The normal partisan bickering ensued. Democrats claimed the Republican's bill was inadequate and did not spend enough money on the problem. The Republicans claimed the Democrats' bill

Union representatives contacted congressional members to support Emerson-Ross because it guaranteed seniors the flexibility of using any pharmacy of their choice.

was too costly and irresponsible. *Coalition* leaders took their cue from their local pharmacies and looked more closely at both proposals. Unfortunately, BOTH the Republican and Democrat bills placed the programs under the control of the PBMs. Once again, local pharmacies, and their trusted personal service to union retirees, were threatened by the potential passage of either of these bills. As union leaders often commented, any PBM-based system threatens the very existence of local drugstores that are unable to qualify for participation in

the federal program.

Because the House Republican leadership backed their PBM-based bill, H.R. 4954, and they controlled the agenda, they pushed this bill through to committee the week after the plan was announced and brought it to the floor with record speed. To pass the legislation, Republicans needed the support of virtually every House member. Since the GOP leadership was quickly moving the bill through the legislative process, *Coalition* members immediately began writing and calling members of Congress. However, when contacting House members, union leaders conveyed their support for the Emerson/Ross H.R. 3626 bill and opposition to any bill that favors a PBM-based prescription drug plan like the GOP leadership bill. Also, while monitoring the media, a *Coalition* member read that **Representative Charlie Norwood (R-GA)** had misgivings about the Republican bill. *Coalition* members from Georgia, in Washington, D. C. at the time on other business, went to see Norwood in his Capitol Hill office to ask him to stand his ground in opposition of the bill.

As the union leaders soon discovered, clearly, legislators did not understand the issue or the devastating
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From PHARMACIES, page 6 effect of their bills on the community pharmacy. The potential destruction of the community pharmacy was never discussed in the media coverage of the prescription drug bills. To respond to this void, one *Coalition* leader, in June, spoke at a press conference in New Britain, CT. Flanked by representatives of union retiree organizations, **Jim Parent, Jim Parent**, President of the IAM Connecticut State Council of Machinists, addressed the crowd of senior citizens and pharmacists saying, *“We can’t support any bill that will force our union retirees into an HMO-style plan in order to get prescription drug coverage...PBM’s are in the business of mail order drug services and won’t be happy until every senior citizen on Medicare is getting prescriptions through the PBM’s 800 numbers and Internet websites.”* Unfortunately, the Republican leadership forced a vote as quickly as possible, and the House passed the GOP bill only two days after the Connecticut press conference.



Jim Parent, President, IAM Connecticut State Council of Machinists at the Connecticut press conference speaking against a federal drug discount program that would force senior citizens into using prescription mail order services.

Since there was no companion bill in the Senate, congressional debate centered around amendments to a bill sponsored by **Senators John McCain** (R-AZ) and **Charles Schumer** (D-NY), dealing with patent laws and generic drugs. Three different amendments were introduced: one by Republicans, another by Democrats (the Graham-Miller bill mentioned earlier), and a third that was labeled the “Tri-Partisan bill” because of its support by Democrats, Republicans and Independents. Although different in many ways, each bill incorporated PBMs.

Fearing that the Senate could pass a PBM-based bill like the House did, union leaders contacted Senators to voice their opposition to any PBM-based program and argued for a senior citizen “pharmacy benefit” that would allow retirees to fill prescriptions wherever they choose.

Each amendment was voted down one by one; however, these votes were largely on partisan lines. There is still a large void in the knowledge on

the Hill and in the general public about the dangerous impact that PBM-based legislation will have on community pharmacy and union families. Moreover, because the Republicans now control both the House and the Senate, it is certain that they will try to enact some kind of PBM-based legislation early in 2003. In fact, there is talk already on the Hill of congressional members resurrecting the Tri-Partisan bill. *Coalition* members are preparing now for any attempted assault on the community pharmacy.

At the same time, the AFL-CIO will be very involved in the 2003 Medicare prescription drug debates as will the state federations and their senior affiliate groups. The enormous cost of prescription drugs will continue to drive the debate toward major federal intervention, which could include a single-payer, government-sponsored discount card program. It could even include price controls to make life-saving drugs affordable to the average Medicare recipient.

Union leaders realize that the only way to increase congressional and public knowledge about the threat to their local pharmacies is to bring the story to the local communities. Therefore, the *Workforce Coalition* plans to duplicate the Connecticut press conference in other states and congressional districts. *Coalition* leaders are also preparing to testify before Congress in opposition to any PBM-based legislation as well as to advocate a Medicare prescription drug benefit that allows seniors to use any pharmacy they choose.

We are now less than two years away from the next presidential election. Pressure on politicians to enact some prescription drug legislation will continue to grow as each month passes. Union members will be at the forefront of the fight to protect the pharmacies that serve their retirees. The trusted relationship between patients and their pharmacists must be protected in any law that intends to address rising prescription drug costs!❖

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