The American Legion

bulletin

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NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION

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For God and Country

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New Medication Co-Pay Regulations Published in *Federal Register*

A proposed Department of Veterans Affairs (VA) regulation that will increase the copayment some veterans make for outpatient prescriptions was published in the *Federal Register* today.

For the past decade, veterans have paid $2 for each 30-day supply of medication furnished on an outpatient basis for treatment of a nonservice-connected condition. This will increase to $7, with a maximum annual out-of-pocket payment of $840 for veterans in certain enrollment categories.

In 1990, VA spent $715 million for pharmaceuticals. While copayments remained the same during the next 10 years, the cost for medicines rose to $2.1 billion in 2000. Under the new regulation, copayments could increase with inflation, along with caps, based on the Prescription Drug portion of the Consumer Price Index.

Certain veterans currently do not have to make medication copayments and the proposed regulation would not change that. The following veterans are exempt from the regulations proposed today:

- Veterans who have a service-connected disability rating of 50 percent or more,
- Veterans who are receiving medication for a service-connected disability,
- Veterans with incomes below the maximum amount of VA pensions,
- And a limited number of other veterans exempt by public law.

During fiscal year 2000, 1.1 million veterans received medication from VA, averaging 47 prescriptions (30-day supply) each. VA collected $101 million in fiscal year 2000 for medication copays. It is anticipated that the same number of veterans will continue to use VA at the new copayment rate, generating an increase in payments of $250 million annually. Every dollar collected will be returned to the VA facility where the veteran received medical care.

VA believes that the proposed $7 medication copayment would be lower than or equal to most medication copayments charged by the private health care industry. The purpose of the annual cap is to help eliminate financial hardships for veterans who in unusual circumstances need a significant number of prescriptions. The cap is based on a veteran who averages more than 10 prescriptions a month.

The copayment cap would not apply to veterans in priority category 7. Congress has determined that these veterans have sufficient resources to pay for VA inpatient and outpatient care.

In written response to the Office of Regulations Management, The American Legion has opposed this proposed 250% increase in copayment. Citing other options, The American Legion favors looking at Medicare subvention and expanding the authority of the VA Pharmacy Benefits program to fill outside prescriptions as alternative actions that could improve the availability of pharmaceuticals, prompt savings and generate additional revenue in lieu of this dramatic copayment increase for veterans.

Veterans and other interested parties have 60 days to submit comments to: Director, Office of Regulations Management (02D), Department of Veterans Affairs, 810 Vermont Ave., NW, Washington, DC 20420; or fax comments to (202) 273-9289; or email to OGCRegulations@mail.va.gov.

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