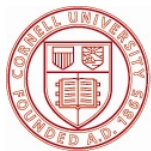


MEDICARE PART D RESEARCH FACTS

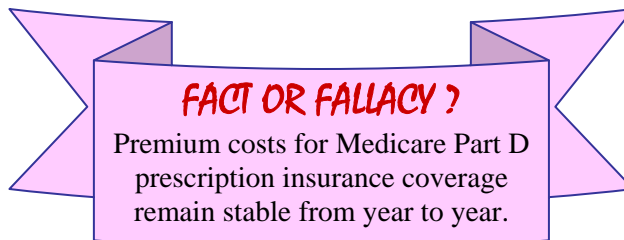
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Cornell University
College of Human Ecology

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**Cornell University Resource Education
for Medicare Part D**



2009 LANDSCAPE OF PLANS

A new coverage year for Medicare Part D plans starts on January 1, 2009. Each year, beneficiaries should re-evaluate their coverage to select the most cost-effective plan, even if they have been satisfied with their coverage over the past year. Within the guidelines of Part D legislation, insurers may change their benefit packages and formularies each year. Running from November 15th through December 31, the Annual Coordinated Election Period offers the only opportunity for most beneficiaries to change plan enrollment.

CMS is expected to post drug pricing changes for the new plan year to the web-based plan finder tool on the medicare.gov website on October 9th of this year. In advance of updating the plan finder information, CMS has provided the Landscape of Plans.¹ Also available are fact sheets describing the type of Part D coverage available in each state.²

Data in the landscape file is provided as of September 18, 2009. Several interesting changes are noted. We provide here an early look at the 2009 Part D stand alone PDP options and our own additional analysis of the offerings.

In 2009, there will be 1689 plans offered. This is 7.4% less than the 1824 plans offered last year but 18.2% more than the 1429 plans offered at the program's inception, perhaps indicating some stabilization Of the national plans, the lowest premium is \$10.30, being offered in New Mexico and the highest premium is \$136.80, being offered in New York. The average premium of all the plans being offered nationally is \$45.45. The base beneficiary premium, which represents a weighted

average of the standard benefit and is used to calculate the late enrollment penalty, is \$30.36.

It is expected that there will be 308 plans nationally that qualify for a \$0 premium for full low income subsidy eligible beneficiaries. There will be no initial deductible for 934 plans and the full \$295 deductible will be applied for 566 plans.

This year, CMS has revised the descriptions of gap coverage to indicate the percentage of generic or brand products that are covered:

- All: 100% of drugs covered through the gap
- Many: 65% to <100% of drugs are covered
- Some: 10% to <65% of drugs are covered
- Few: >0% to <10% of drugs are covered
- No Gap Coverage: 0%, or 15 or less drugs

There must be more than 15 drug products with gap coverage for the designation of "few" to apply.

While 416 plans will be offering coverage in the gap in 2009, only 108 of them will be offering coverage of all generic medications. One plan, in Michigan will offer coverage of all generics and few brand name medications. Two plans, one each in Florida and in Wisconsin, will offer coverage of many generics and few brands. Gap coverage comes at a much higher cost, however; on average the premium is over twice that of having no gap coverage.

The chart on the next page summarizes some of the important findings.



¹ <http://www.cms.hhs.gov/prescriptiondrugcovgenin/>

² <http://www.cms.hhs.gov/Partnerships/STDrugPlanInfo/list.asp>

| FOUR YEAR COMPARISON OF MEDICARE PDPs | | | | | |
|--|-------------------|-------------------|--------------------|--------------------|---------------------------------|
| | 2006 | 2007 | 2008 | 2009 | % change 2008 - 2009 |
| Number of national plans | 1429 | 1875 | 1824 | 1689 | -7.40% |
| Plans with zero premium for LIS | 409 | 483 | 495 | 308 | -37.78% |
| Plans with gap coverage | 220 | 538 | 529 | 416 | -21.36% |
| Plans with no initial deductible | 834 | 1129 | 1065 | 934 | -12.30% |
| National premium range | \$1.87- 104.89 | \$1.90- 135.70 | \$9.80- 107.50 | \$10.30- 136.80 | - |
| National average base beneficiary premium⁴ | \$32.20 | \$27.35 | \$27.93 | \$30.36 | 8.70% |
| Average premium | \$37.43 | \$36.79 | \$40.02 | \$45.45 | 13.57% |
| Average deductible | \$92.25 | \$84.89 | \$105.00 | \$115.00 | 9.52% |
| Premium for plans with gap coverage | \$49.71 | \$53.24 | \$63.15 | \$73.76 | 16.80% |
| Premium for plans with no gap coverage | \$35.20 | \$30.17 | \$30.62 | \$36.33 | 18.65% |
| Number of New York State (NYS) plans | 46 | 61 | 55 | 51 | -7.3% |
| NYS average premium | \$33.68 | \$32.50 | \$38.16 | \$45.04 | 18.03% |
| NYS premium range | \$4.10- 85.02 | \$9.50- 82.10 | \$16.70- 107.50 | \$19.60- 136.80 | - |
| NYS premium subsidy amount for LIS⁴ | \$29.83 | \$24.45 | \$24.18 | \$27.71 | 14.60% |

⁴ Available at the following link: <http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/Downloads/PartDandMAbenchmarks2009.pdf>

During the upcoming annual enrollment period (November 15th - December 31st) beneficiaries should take the time to reconsider their options. Many new plans have entered the market, and some have dropped out. Plans which remain in the Part D market are allowed to make significant changes to the benefit parameters, structure, and characteristics. Even if a plan name is the same, it can look very different the next year.

Most importantly, total annual costs to the consumer may change very significantly each year. Some

drugs may be dropped from the formulary and others added. Plans may also change how they design their formularies, into which tier a medication is placed, and the cost sharing for a drug.

All of this may have a large impact on the beneficiary, but the details will not be known until specific information is available on the plan finder. At this time of year, every year, the importance of reviewing prescription drug plan coverage to find the most suitable Medicare Part D prescription drug plan cannot be stressed enough.

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