

MEDICARE PART D RESEARCH FACTS



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ASSESSING COVERAGE ACCESS

Access to prescription medications varies considerably across elderly Medicare beneficiary populations. For some, it is possible that the donut hole may impede access. About one-fourth of the plans offer some coverage in the gap, but typically it is only for generic drugs. These plans also tend to have higher premiums, putting them out of reach for lower-income beneficiaries. Additionally, deductibles may play a role because of higher costs at the start of the year.

Despite auto-enrollment in stand-alone PDP's, and automatically receiving the low income subsidy, duals seem to have had much greater problems affording prescription medications than did other populations. Additionally, the LIS benefit eliminates deductibles and premiums for the standard benefit, provides coverage in the donut hole, and limits beneficiary cost sharing.

Still, in 2007, 21.3% of elderly beneficiaries dually eligible for Medicare and Medicaid reported difficulty affording their prescription drugs. This is an approximate two-fold increase from 2003, when 10.8% of the same population reported unmet prescription drug needs. Furthermore, many LIS eligible beneficiaries remain unenrolled in the new program.

Dually eligible beneficiaries received drug coverage through Medicaid in 2003, but the advent of the new Medicare drug benefit in 2006, shifted their coverage to Part D. The decline in access may also be attributed to the switch in the administration of prescription drug benefits from the more liberal state Medicaid programs and formularies to the more restrictive

private plans and limited formularies under Part D. Duals are also often facing higher costs than they had experienced with Medicaid.

In contrast, elderly Medicare beneficiaries with employer drug coverage in 2007 reported a 2.5% level of unmet prescription drug needs, the lowest of any group studied. Benefit coverage for this group tends to be more generous and typically does not have a donut hole. People in this group also tend to have higher incomes and fewer health problems than other beneficiaries.

Between these two extremes, 8.7% of seniors with Part D coverage who are not dually eligible reported not filling a prescription due to cost in 2007. This is about the same level for those over 65 who did not have prescription drug coverage in the same year, 9.0%.

Despite these discouraging statistics, there is some encouraging data which indicates a positive effect of the Part D program. Roughly the same proportion of elderly beneficiaries – about 8% - went without filling a prescription in 2003, before the start of the program, as well as in 2007, after its implementation. During the same periods, the rate of working age adults going without a prescription increased from 8.8% to 10.8%. This suggests the Medicare drug benefit may have had a preventative effect on further deterioration in access for the elderly.

PART D FACT

During fiscal year 2008, generic medications accounted for about 64% of all Part D prescriptions, less than the 61% reported for private sector plans.

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