

MEDICARE PART D RESEARCH FACTS

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Cornell University Resource Education
for Medicare Part D

PART D FACT

In 2006, the number of independent Pharmacies in the United States declined from 24,500 to 23,348, a 5% drop. It is speculated that implementation of Medicare Part D might be responsible.

SIMPLIFYING COMPLICATION

Experience with the Medicare Part D program to date has suggested that beneficiaries are unlikely to change plans from year to year. The complexity of the program may be contributing to this reluctance despite the significant potential for financial gain by switching to a different plan.

Often, a plan that is inexpensive for a beneficiary one year may be associated with far greater costs the following year. However, this may not be readily apparent by looking at the premium. Insurers change formulary requirements and the prices of their drugs vary substantially from year to year. This can have a significant impact on total costs. Additionally, an individual's medication regimen often changes from year to year.

Though tedious, an annual review of coverage is necessary but often neglected. Evidence suggests that less than 10% of beneficiaries actively seek to switch plan coverage each year during the annual open enrollment period. Yet, one study demonstrated that the increase in total costs for a plan often exceeded \$1000 for a given individual from 2007 to 2008.

In most states, there are as many as 50 or more stand alone prescription drug plans to choose from. Including Medicare Advantage plans can more than double that amount in some areas. Given the different deductibles, cost-sharing

amounts, formularies, and coverage rules, plans are difficult to compare.

Finding just the 'right' plan, and switching to that plan, requires considerable time and research which, by many, would be considered an overly burdensome task. Additionally, after having gone through such effort, there remains the possibility that the beneficiary may encounter another whole set of problems with the new plan, such as customer service issues, for example.

In one survey sample, more than 80% of adults felt that Medicare Part D was too complicated. Reform, in the form of simplification, is favored by many adults.

In addressing this concern through public policy, about two-thirds felt the government should simplify Part D by reducing the number of plans available. More than four-fifths would like to see the government have much greater involvement, favoring a proposal to allow beneficiaries an option to purchase a prescription drug benefit plan directly from the government rather than from a private insurer.



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