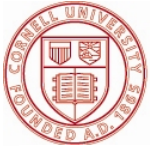


MEDICARE PART D RESEARCH FACTS

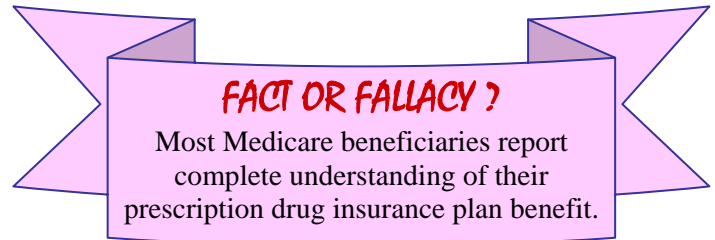
Volume 2 Number 7



Cornell University
College of Human Ecology

CUR_xED

Cornell University Resource Education
for Medicare Part D



THE BENEFIT OF EDUCATION

Before the implementation of Medicare Part D, there were significant concerns for runaway costs and budget underestimates. With more than two years of experience, this has not yet proven to be the case.

Savings produced by Part D may be attributable to several factors: insurance plan competition, competitive drug pricing, increased use of generic drugs, and more. In 2006, data indicates that Part D has been associated with a 16% decrease in out-of-pocket spending on medications by seniors, in the face of a 6.5% increase in the number of prescriptions filled.

Despite this progress, and the fact that most enrollees rate their Part D plans favorably, there are still gains to be realized. Recalling the complex process of choosing a plan for the first time, participants would rather make do with their current plan than to revisit that decision process. At the same time, they express concerns over increasing premiums and co-payments, and having to switch medications.

Lack of knowledge is a similar concern. Surveyed in early 2007, only 40% of Medicare Advantage plan beneficiaries were aware of a coverage gap in their plan. Of those who were aware of it, 50% had an understanding of where the gap started and only 21% had an idea of where it ended.

Many beneficiaries are unaware of cost sharing details until they are experienced directly. Failure to understand complex benefit structures limits their ability to manage their medications and the associated costs. This limited knowledge was shown to be associated with reports of financial hardship. Thirty-six percent changed their behaviors because of increased costs during the gap, most going without a necessity.

Certainly, public educational efforts have been successful at reaching beneficiaries about Part D plan choices. More than 40 million beneficiaries have creditable prescription drug insurance. More knowledgeable beneficiaries are less likely to report financial burden.

Policies to protect insurance plans from significant gains or losses have encouraged many companies to enter into the market, though there has been much criticism of this generosity. This strategy, however, and public educational initiatives to help consumers sort out the resulting differences, may have become the cornerstones which will determine the future success or failure of this important legislation.



CUR_xED Cornell University Resource Education for Medicare Part D

www.CURxED.human.cornell.edu/

email: CURxED@cornell.edu

This material is based upon work supported by a grant from the Dean of the College of Human Ecology and Smith Lever funds from the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.