

MEDICARE PART D RESEARCH FACTS

Volume 1 Number 4



CU_RxED

**Cornell University Resource Education
for Medicare Part D
COLLEGE OF HUMAN ECOLOGY**

FACT OR FALLACY ?

A plan may not change the level of coverage for a medication from year to year, only the premium.

2008 LANDSCAPE OF PLANS

The 2008 annual enrollment period starts November 15th 2007, and that date is fast approaching. CMS is expected to activate the medicare.gov web-based plan finder tool with information for the new plan year in mid-October. According to CMS, the target date for this year is October 11th.¹

In advance of updating the plan finder information, CMS publishes the Landscape of Plans. This file shows some pertinent characteristics of the plans for the upcoming year, and reflects contracts finalized as of September 25, 2007.² CMS has also released some fact sheets that summarize the changes.³ We present here our own additional analysis of the data files to provide an early look at the Part D stand alone Prescription Drug plan offerings for 2008 and how they compare to offerings in 2007 and 2006.

The average monthly premium for all PDPs in 2008 is expected to be \$40.02, up from \$36.79 in 2007. Relative to 2006, the 2008 average premium represents a 6.92% increase from \$37.43 in 2006. There is expected to be 1,824 plans being offered nationally in 2008 of which 495 will be available at zero premium for the Low Income Subsidy eligible population and 529 plans will cover at least some generics in the “gap” (donut hole).

Looking across 2006-2008, there are 1113 plans have been in the market all three years. In terms of the transition from 2007 to 2008, there are 1622 plans that were present in 2007 that will continue in 2008. Of these 1622 plans, the average increase in premium

from 2007 to 2008 is \$5.10. Note that plans are allowed to change other characteristics (e.g. deductible) as well, even if they continue to be in the market from one year to the next.

The most significant changes in premiums appear to be in plans that cover medications in the gap. There are 529 plans offering gap coverage in 2008, compared to 220 in 2006 and 538 in 2007. However, there has been an increase in premiums associated with such plans; on average, plans with gap coverage cost \$49.71 in 2006, \$53.24 in 2007, and \$63.05 in 2008. There is some evidence that the depth of gap coverage (among gap plans) is also becoming less generous. Plans without gap coverage have seen premium decreases over the three years- \$35.20, \$30.17, and \$30.62 in 2006, 2007 and 2008.

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



¹ Noted at <http://www.cms.hhs.gov/partnerships/downloads/2007OutreachPartnerTimeline.pdf>

² Available at <http://www.cms.hhs.gov/prescriptiondrugcovgenin/>

³ Available at <http://www.cms.hhs.gov/center/openenrollment.asp>

THREE YEAR COMPARISON OF MEDICARE PDPs

	2006	2007	2008	% change from 2006 to 2008
Number of national plans	1429	1875	1824	27.64%
Plans with zero premium for LIS	409	483	495	21.03%
Plans with gap coverage	220	538	529	140.45%
National premium range	\$1.87-104.89	\$1.90-135.70	\$2.60-107.50	-
National average base beneficiary premium⁴	\$32.20	\$27.35	\$27.93	-13.26%
Average premium	\$37.43	\$36.79	\$40.02	6.92%
Average deductible	\$92.25	\$84.89	\$105.03	13.85%
Premium for plans with gap coverage	\$49.71	\$53.24	\$63.05	26.84%
Premium for plans with no gap coverage	\$35.20	\$30.17	\$30.62	-13.01%
Number of New York State (NYS) plans	46	61	55	21.03%
NYS average premium	\$33.68	\$32.50	\$38.16	13.30%
NYS premium range	\$4.10-85.02	\$9.50-\$82.10	\$16.70-107.50	-
NYS premium subsidy amount for LIS⁴	\$29.83	\$24.45	\$24.18	-18.94%

⁴ Available at the following link

<http://www.cms.hhs.gov/medicareadvtspecraterstats/rsd/itemdetail.asp?filterType=none&filterByDID=0&sortByDID=1&sortOrder=descending&itemID=CMS1198057&intNumPerPage=10>

During the upcoming annual enrollment period (November 15th - December 31st) beneficiaries should take the time to reconsider their options. Some new plans have entered the market, while others have dropped out. Those plans which remain in the Part D market are allowed to make significant changes to the plan parameters, structure, and characteristics. Even if a plan name is the same, it can carry with it substantially different costs into the next year.

Plans are allowed to change the premium only at this time. Drug costs may change throughout the plan

year but open enrollment is the time of year when there may be more significant changes. Drugs may be placed in a different tier, affecting the cost of that medication. Likewise, the cost sharing amount of a given tier may change at this time. Plans may also include certain new drugs on its formulary and exclude coverage of others with the change in the plan year.

It is important for a beneficiary to review his or her coverage each year. Make sure that the plan is appropriate for the medication regimen and be certain that there is not a different plan that is more suitable

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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.