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Fact Sheet

GAO: Medicare's Prescription Drug Plan Call Centers Frequently Provide Inaccurate Information

On July 10, 2006, GAO released a new report analyzing the quality of information available from the private drug plans that are providing the new Medicare drug benefit.¹ Specifically, GAO examined “the extent to which [prescription drug plan] sponsors provide accurate and complete information to Medicare beneficiaries and other callers.”²

GAO Methodology

In conducting the study, GAO made 900 calls to ten leading prescription drug plan providers in March 2006. On each call, the providers were asked one of five basic questions about their plan offerings. These questions focused on which plan offered by the sponsor had the lowest costs; whether plans without premiums were available for low-income beneficiaries; how plan sponsors treated nonformulary drugs; and how plan sponsors' utilization management techniques functioned.

GAO Findings

Overall, GAO concluded that although the Medicare providers answered phone calls promptly, they “did not consistently provide callers with accurate and complete information.”³ GAO found:

- **Two-thirds of phone calls were not answered completely or accurately.** The phone centers operated by private Medicare providers gave accurate and complete answers on only 34% of calls. The centers provided no information at all on 15% of calls; inaccurate information on 22% of calls; and incomplete information on 29% of calls.
- **Some Medicare drug plan providers gave out inaccurate information even more frequently.** GAO found that two drug plan providers gave inaccurate or incomplete information at least 75% of the time. Only one drug plan provider gave beneficiaries accurate information more than 50% of the time.
- **Medicare drug plan providers were unable to provide critical cost information for beneficiaries to choose among plans.** Each of the providers called by GAO offered several different plan choices. Two GAO questions focused on which of these plan offerings would provide beneficiaries with the lowest out-of-pocket costs and what these

GAO: MEDICARE'S PRESCRIPTION DRUG PLAN CALL CENTERS FREQUENTLY PROVIDE INACCURATE INFORMATION

costs would be. Medicare providers failed to give accurate or complete answers to these questions more than 70% of the time, and often severely underestimated the actual out-of-pocket costs beneficiaries would face. Ten times, sponsors' call centers underestimated costs by at least \$1,000. On one phone call, the cost estimates provided by the plan sponsor were over \$6,000 less than the actual costs under the plan.

- **Low-income beneficiaries often received inaccurate information.** Another question asked by GAO sought information about which plans offered by the provider were available to low-income beneficiaries with no premium. This question was answered incorrectly or inaccurately 66% of the time.
- **Medicare drug plans often provided inconsistent information.** Providers often gave different answers to the same question — for example, saying that one of their plans was the least expensive on one call, then saying that a different plan was the least expensive on a separate call.

Other Relevant GAO Work

This is the second GAO report analyzing the drug plan information available to Medicare beneficiaries. In May 2006, GAO analyzed the information provided to beneficiaries by the Centers for Medicare and Medicaid Services (CMS). That report concluded that CMS “has not ensured that its communications to beneficiaries and their advisers are provided in a manner that is consistently clear, complete, accurate, and usable. ... [T]heir limitations could result in confusion among those seeking to make coverage decisions.”⁴

Conclusions

Overall, GAO concluded that although plan providers “are expected to provide answers to drug benefit questions and comparative information about their ... offerings,” they provided “accurate and complete responses to only about one-third” of the basic questions that they were asked in the GAO survey.⁵ As a result, “Medicare beneficiaries face challenges in obtaining the information needed to make informed choices about the prescription drug plan that best meets their needs.”⁶

This is the second GAO report analyzing the drug plan information available to Medicare beneficiaries. In May 2006, GAO analyzed the information provided to seniors by the federal Center for Medicare and Medicaid Services, concluding that this information was frequently confusing, inaccurate, or incomplete. The new GAO findings show that the private plans are also failing to answer seniors' questions, leaving millions of seniors unable to get accurate answers to their questions about the Medicare drug plans.

GAO: MEDICARE'S PRESCRIPTION DRUG PLAN CALL CENTERS FREQUENTLY PROVIDE INACCURATE INFORMATION

¹ GAO, *Medicare Part D: Prescription Drug Plan Sponsor Call Center Responses Were Prompt, but Not Consistently Accurate and Complete* (GAO-06-710) (June 2006).

² *Id.*, at i.

³ *Id.*, at 12.

⁴ GAO, *Medicare: Communications to Beneficiaries on the Prescription Drug Benefit Could Be Improved*, at 8 (GAO-06-654) (May 2006).

⁵ GAO, *supra* note 1 at 20.

⁶ *Id.*