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MEDICARE DRUG PLANS STRONG AND GROWING Beneficiaries Compared Plans and Continued to Sign Up for Prescription Drug Coverage

HHS Secretary Mike Leavitt today announced that more than 1.4 million beneficiaries have enrolled in Medicare's Part D program since June of 2006, bringing the total number of people with Medicare now receiving comprehensive prescription drug coverage to more than 39 million.

"The introduction of this benefit a year ago created an unprecedented opportunity for millions to receive help paying for their medications," Secretary Leavitt said. "Over 90 percent of all people eligible for the Medicare prescription drug benefit are receiving the prescription drug coverage they need and are leading healthier, better lives. It's not surprising that five separate surveys show that more than 75 percent of beneficiaries are satisfied with the program."

December 31, 2006 marked the end of a 45-day open enrollment period, the second successful open enrollment period for Part D. Beneficiaries eligible for the low-income subsidy and those aging into the Medicare program can enroll without penalty in 2007.

The second enrollment period was preceded by a multi-faceted outreach campaign nationally and locally to encourage beneficiaries to compare their 2006 plans with 2007 plan options in order to make a confident decision in health and drug coverage plan selection. This effort included 12,700 events coordinated with 40,000 partners in hundreds of cities across the nation.

About 88.5 percent of all beneficiaries who enrolled in a prescription drug plan for 2007 chose a plan that offers coverage other than the standard benefit, such as no deductible or coverage in the "donut hole." Most beneficiaries who enrolled in Medicare Advantage plans are also getting more comprehensive drug coverage than the standard plan. Enrollment in Medicare Advantage plans has increased by over 900,000, bringing the total number of beneficiaries enrolled in Medicare Advantage plans to 8.3 million. Open enrollment for Medicare Advantage continues through March 31, 2007.

"These strong efforts to get beneficiaries to prepare and compare paid off," said Leslie V. Norwalk, Acting Administrator of the Centers for Medicare and Medicaid Services. "Our tracking surveys conducted this month indicate that 85 percent of seniors were aware of the open-enrollment period and over 50 percent reviewed their current coverage. Among the 600 seniors surveyed, 34 percent reported comparing plans, and over half of these seniors evaluated premium, deductible or copays, and coverage—that is, their comparisons appeared to be thorough."

The survey further noted that while only 6 percent reported switching plans during the open enrollment period, 2 out of 3 switchers reported reviewing their coverage and comparing plans, and 4 out of 5 switchers were satisfied with the process.

Overall, about 2.4 million (10 percent) of Part D enrollees changed plans, including those who selected some coverage in the gap. Of those who changed, 1.1 million were beneficiaries receiving the low-income subsidy (LIS) who were moved so they would not have to pay increased premiums. About 7 percent of all non-LIS beneficiaries enrolled in Part D changed plans. Overall, during the 45-day open-enrollment period, there were about 900,000 enrollments, including 350,000 that were done online.

In addition to strong participation during the enrollment periods, the implementation of the Part D program, with hundreds of thousands of newly-enrolled beneficiaries going to pharmacies for the first time, went smoothly in January 2007. Even before the new year began, CMS officials worked with pharmacies and drug plans to closely monitor the program as it entered its second year.

“After one month, we continue to see operations run smoothly. Whether it’s pharmacists at the drug store or beneficiaries filling their prescriptions, very few of the problems people encountered at the program’s implementation have been experienced this year,” said Norwalk, “And we remain vigilant, working to locate and solve any problems that do arise.”

CMS continues to make additional efforts to encourage enrollment among the hard-to-reach low income subsidy eligible population. “Earlier this month, we waived the 2007 late enrollment penalty for low-income beneficiaries who are traditionally harder to reach. We have also been paying close attention to the approximately 632,000 beneficiaries who lost their low-income eligibility status. So far, 35 percent have regained their deemed status or have applied and qualified for the low-income subsidy,” said Norwalk.

About 10 million low-income beneficiaries are getting comprehensive drug coverage for little or no cost, including 9.1 million who are enrolled in Medicare Part D.

In addition to beneficiary participation, the program has also excelled in beneficiary savings and reduced cost to taxpayers. Beneficiaries are saving an average of \$1,200 a year, with the estimated premiums for 2007 expected to average \$22 a month, down from an average of \$23 a month in 2006 and 42 percent lower than originally estimated. Moreover, CMS actuaries recently estimated that payments to Part D plans are projected to be \$113 billion lower over the next ten years. Importantly, of the \$113 billion reduction in cost, \$96 billion is a direct result of competition and significantly lower Part D plan bids.

“Despite this solid record, we will continue to improve the program by working with community partners to find, fix, and eliminate any problems as well as to reach out to low income beneficiaries who will save the most with Part D coverage,” concluded Norwalk.

Nearly 24 million beneficiaries are enrolled in Part D (PDP or MA-PD); 7 million retirees are enrolled in employer or union-sponsored retiree drug coverage that receives the Retiree Drug Subsidy (RDS); 3 million are in Federal retiree programs such as TRICARE and Federal Employees Health Benefits Plans (FEHBP); and 5 million are receiving drug coverage from alternative sources, including 2 million who have coverage through the Veterans’ Administration.

Total Medicare Beneficiaries with Drug Coverage

As of 1-16-2007

Description	Beneficiaries with Drug Coverage
	(millions)
Drug Coverage from Medicare or Former Employer	
Stand-Alone Prescription Drug Plan (PDP)	10.98
Medicare Advantage with Prescription Drugs (MA-PD)	6.65
Medicare-Medicaid (Automatically Enrolled)	6.27
Medicare Retiree Drug Subsidy (RDS)	6.94
FEHB Retiree Coverage	1.47
TRICARE Retiree Coverage	1.86
TOTAL	34.17
Additional Sources of Creditable Drug Coverage	
Veterans Affairs (VA) Coverage	1.85
Indian Health Service Coverage	0.03
Active Workers with Medicare Secondary Payer	2.57
Other Retiree Coverage, Not Enrolled in RDS	0.10
State Pharmaceutical Assistance Programs	0.31
TOTAL	4.86

LIS-Eligible Medicare Beneficiaries with Drug Coverage

As of 1-16-2007

Description	Total LIS-Eligible Beneficiaries
	(millions)
Total Beneficiaries Eligible for Low-Income Subsidy 1/	13.20
Less: Drug Coverage from Medicare or Former Employer 2/	9.18
SSA LIS Approved	2.30
Other Deemed Full/Partial Duals and SSI Recipients	6.88
Less: Additional Sources of Creditable Drug Coverage 3/	0.72
Veterans Affairs (VA) Coverage	0.56
Indian Health Service Coverage	0.03
SPAP Wraparound Coverage	0.13
Less: Anticipated Facilitated Enrollments 4/	0.03
TOTAL Remaining LIS-Eligible Beneficiaries 5/	3.27
<p>1/ CMS estimate based on analysis of updated SIPP and CPS survey data. 2/ CMS Management Information Integrated Repository (MIIR), January 16, 2007. 3/ CMS estimate based on results of VA person-level data match and updated information from IHS, January 2007. 4/ LIS-approved beneficiaries expected to be included in the next round of facilitated enrollments. CMS Management Information Integrated Repository (MIIR), January 16, 2007. 5/ This number may include some LIS-eligible beneficiaries who have not yet regained their deemed status or been approved for the LIS by the SSA, but are still receiving drug coverage through Medicare Part D.</p>	

State Enrollment in Prescription Drug Plans- January, 2007
As of 1/16/2007

State	Stand-Alone Prescription Drug Plan	Medicare Advantage with Prescription Drugs	Medicare-Medicaid (Automatically Enrolled)	Medicare Retiree Drug Subsidy	Estimated Federal Retirees (Tricare,FEHBP)	Total
Alabama	233,166	89,753	104,362	124,236	90,462	641,979
Alaska	9,880	167	11,926	12,456	8,264	42,693
Arizona	146,832	262,697	69,461	104,335	83,189	666,514
Arkansas	185,540	23,575	73,611	52,625	44,498	379,849
California	623,751	1,321,828	940,312	427,286	321,904	3,635,081
Colorado	113,831	144,271	47,378	76,699	66,751	448,930
Connecticut	163,407	41,871	70,106	113,599	20,672	409,655
Delaware	50,564	1,293	11,397	32,769	11,402	107,425
District Of Columbia	11,398	5,148	16,197	3,956	21,022	57,721
Florida	652,990	685,760	385,277	473,079	288,179	2,485,285
Georgia	383,777	64,377	164,680	133,977	115,296	862,107
Hawaii	38,186	56,515	25,204	8,315	32,647	160,867
Idaho	66,452	21,846	20,818	20,432	19,166	148,714
Illinois	569,312	89,356	263,160	353,439	67,822	1,343,089
Indiana	324,733	29,955	109,306	203,038	42,181	709,213
Iowa	230,178	27,809	59,667	55,352	24,410	397,416
Kansas	173,769	22,168	43,046	31,876	34,878	305,737
Kentucky	239,065	37,915	98,502	127,373	42,749	545,604
Louisiana	151,222	85,154	124,943	93,869	43,353	498,541
Maine	82,696	2,104	48,524	29,039	21,157	183,520
Maryland	192,427	33,989	64,962	147,936	121,367	560,681
Massachusetts	191,215	143,390	195,656	193,802	52,664	776,727
Michigan	305,782	178,355	204,412	472,574	45,950	1,207,073
Minnesota	242,602	147,642	72,542	78,221	33,779	574,786
Mississippi	150,134	10,350	131,388	30,577	42,617	365,066
Missouri	266,650	130,437	152,983	124,398	67,662	742,130
Montana	58,991	9,798	16,473	15,061	14,461	114,784
Nebraska	118,690	16,240	33,096	25,595	20,216	213,837
Nevada	55,422	88,748	23,438	41,049	34,322	242,979
New Hampshire	59,265	2,036	21,211	35,789	17,113	135,414
New Jersey	384,718	93,488	143,992	287,847	60,559	970,604
New Mexico	59,229	54,089	38,967	39,921	34,594	226,800
New York	375,098	481,196	547,469	576,824	92,571	2,073,158
North Carolina	396,945	124,516	231,549	206,359	108,216	1,067,585
North Dakota	58,261	2,932	11,543	4,997	7,082	84,815
Ohio	375,261	260,227	202,382	525,005	81,878	1,444,753
Oklahoma	187,259	49,185	80,194	53,014	65,759	435,411
Oregon	164,169	131,292	45,691	46,769	44,170	432,091
Pennsylvania	521,340	555,023	174,160	327,632	114,839	1,692,994
Rhode Island	31,522	53,907	27,456	12,655	13,020	138,560
South Carolina	187,009	37,631	122,997	119,731	75,312	542,680
South Dakota	64,536	5,322	13,164	6,661	11,354	101,037
Tennessee	235,118	117,599	225,655	123,417	70,447	772,236
Texas	780,684	297,847	363,889	423,086	267,353	2,132,859
Utah	72,082	31,775	22,895	32,427	34,216	193,395
Vermont	35,910	298	17,097	18,130	6,172	77,607
Virginia	327,334	56,264	116,170	122,003	184,374	806,145
Washington	232,162	92,584	105,586	115,166	101,599	647,097
West Virginia	115,004	15,637	48,984	87,657	19,835	287,117
Wisconsin	195,557	85,042	114,419	142,641	33,572	571,231
Wyoming	31,097	1,960	6,264	7,779	7,125	54,225
Puerto Rico	45,909	329,783	3,379	12,105	11,695	402,871
Virgin Islands	3,793	68	40	3,274	239	7,414
Other ^	4,982	2,161	2,174	0	31,759	41,076
	10,976,906	6,654,373	6,270,154	6,937,852	3,327,893	34,167,178

^Other includes other territories and beneficiaries whose address information is unknown.