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TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
Monthly Report for May 2008

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PROGRAM STATUS: PRIVATE PLAN OFFERINGS, ENROLLMENT, AND CHANGE

Enrollment and Penetration, by Plan Type	Current Month: May 2008	Change From Previous Month*	Same Month Last Year	
			May 2007	Change From May 2007- 2008
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs):	17,333,720	-4,076	16,898,195	+435,525
General	17,210,241	-43,963	16,775,009	+435,232
Employer/Union Only Direct	123,479	-113	123,186	+293
Duals Auto Enrolled in PDPs**	Not Available	6,180,053	Not Available	Not Available
All others Enrolled in PDP		11,048,642		
Total Medicare Advantage (MA)	10,018,162	+176,895	8,622,976	+1,395,186
Medicare Advantage-Prescription Drug (MA-PD)	8,296,089	+98,432	7,207,871	+1,088,218
Medicare Advantage (MA) only	1,722,073	+78,463	1,415,105	+306,968
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans** *	7,036,172	+70,667	6,176,316	+859,856
Health Maintenance Organizations (HMOs)	6,381,638	+43,684	5,707,869	+673,769
Provider Sponsored Organizations (PSOs)	17,880	+762	74,010	-56,130
Preferred Provider Organizations (PPOs)	636,605	+26,228	391,131	+245,474
Regional Preferred Provider Organizations (PPO)	278,492	+8,701	147,635	+130,857
Medical Savings Account (MSA)	3,503	-30	2,261	+1,242
Private Fee For Service (PFFS)	2,253,530	+100,101	1,558,371	+695,159
General	2,240,627	+100,069	1,547,827	+692,800
Employer Direct PFFS	12,903	+32	10,544	+2,359
Cost	271,484	+458	307,379	-35,895
Pilot****	82,244	-2,737	123,920	-41,676
Other*****	92,737	+265	307,094	-214,357
General vs Special Needs Plans**** **				
Special Needs Plan Enrollees	1,166,671	+20,267	842,840	+323,831
Dual-Eligibles	844,010	+14,517	Not Available	Not Available
Institutional	133,982	-2,269	Not Available	Not Available
Chronic or Disabling	188,679	+8,019	Not Available	Not Available
Other Medicare Advantage Plan Enrollees	8,851,491	+156,628	7,665,704	+1,185,787
Penetration (as percent beneficiaries)*******				
Prescription Drug Plans (PDPs)	39.4%	No Change	38.4%	+1.0% points
Medicare Advantage Plans (MA)	22.7%	+0.4% points	19.6%	+3.1% points
Medicare Advantage-Prescription Drug Plans (MA-PDs)	18.8%	+0.2% points	16.4%	+2.4% points
Local Health Maintenance Organizations (HMOs),	14.5%	+0.2% points	13.0%	+1.5% points
Preferred Provider Organizations (PPOs)	1.4%	No Change	0.9%	+0.5% points
Provider Sponsored Organizations (PSO)	0.04%	No Change	0.2%	-0.16% points
Private Fee For Service (PFFS)	5.1%	0.2% points	3.5%	+1.6% points

May 2008 data is from the 5.08.08 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations—Monthly Summary Report released by CMS on its website at:
(**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
* The April 2008 data is from data released by CMS on 4.22.08 also on its website
**The data for dual eligibles automatically enrolled in PDPs comes from CMS released data "2008 Enrollment-Final LIS by State"-January 2008 also on its website. (http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/01_Overview.asp)
***The data for the breakdown of MA Local Coordinated Care Plans is from the 5.08.08 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations-Monthly Report by Contract. The total for each CCP plan by type does not sum to the total CCP because the breakdown totals do not include enrollment numbers for contracts whose enrollment is less than 10**.** ((**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
****CMS is now including Pilot enrollees in this count. The Pilots refer to contracts to provide care management services for fee-for-service beneficiaries with chronic condition. CMS reports that this data is being included in their monthly count since they are part of the total monthly Medicare payment. However, beneficiaries for whom such payments are made are in the traditional Medicare program. Hence, users probably should exclude these enrollees from analysis and trending.
*****Other includes Demo contracts, HCPP and PACE contracts.
******The SNP total for May is from the SNP Enrollment Comprehensive Monthly Report released by CMS on 5.08.08 and includes counts of 10 or less. (See: **(http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
*******Penetration is calculated using the number of eligible beneficiaries reported in the December 2005 State/County File.

DEFINITIONS: Coordinated Care Plans, or CCPs, include health maintenance organizations (HMOs), provider-sponsored organizations (PSOs) and preferred provider organizations (PPOs). The Medicare preferred provider organization demonstration began in January 2003. PFFS refers to private fee-for-service plans. Cost plans are HMOs that are reimbursed on a cost basis, rather than a capitated amount like other private health plans. Other Demo refers to all other demonstration plans that have been a part of the Medicare+Choice / Medicare Advantage program. "Special needs individuals" were defined by Congress as: 1) institutionalized; 2) dually eligible; and/or 3) individuals with severe or disabling chronic conditions.

Summary of MA contracts in May:

Plan Participation, by type	CURRENT MONTH: MAY 2008*	SAME MONTH LAST YEAR	
		MAY 2007	CHANGE FROM MAY 2007– 2008
MA Contracts			
Total	727	603	+124
Local Coordinated Care Plan	510	410	+100
Health Maintenance Organizations (HMOs)	369	291	+78
Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs))	141	119	+22
Regional Preferred Provider Organizations (rPPOs)	14	14	0
Private Fee For Service (PFFS)	79	48	+31
General	77	47	+30
Employee Direct	2	1	+1
Cost	25	27	-2
Medicare Savings Account (MSA)	9	2	+7
Special Needs Plans	443	Not Available	Not Available
Dual-Eligible	270		
Institutional	66		
Chronic or Disabling Condition	107		
Other**	79	88	-9

*Contract counts for May 2008 are from the 5.08.08 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations—Monthly Summary Report released by CMS on its website at: ((**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)) and the SNP Comprehensive Monthly Report also released on its website at: ((**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
**Other includes Demo contracts, Health Care Prepayment Plans (HCPP), and Program for all-inclusive care of Elderly (PACE)

NEW ON THE WEB FROM CMS

Relevant to Both Medicare Advantage and Prescription Drug Plans

- This month CMS has published two proposed new rules pertaining to Medicare Advantage and the Prescription Drug program.

    - On May 8, 2008, CMS released a proposed new regulation on Medicare Advantage and Prescription Drug Plans. The goal of the proposed regulation is to tighten marketing standards and protect beneficiaries against inappropriate cost sharing. The proposed regulation combines existing requirements that CMS has already imposed through operational guidance as well as the introduction of several new MA and PDP requirements. For example, in regard to marketing, the proposed regulation would require MA organizations to establish commission structures for sales agents and brokers that are level across all years and across all MA plans; prohibit cold calls and place more restrictions on door-to-door solicitation as well as ban cross-selling of non-health care products (such as life insurance) among others. The CMS regulation also proposes that MA organizations who use independent agents to market their MA and PDP plans use State-licensed agents for such marketing and to report this information to States consistent with State laws. In addition, the proposed regulation would also provide CMS with more flexibility in determining penalty amounts (with authority to levy a penalty up to 25,000 for each enrollee affected or likely affected by the violation) and provide new protections for beneficiaries enrolled in special need plans (SNPs). Any comments on the proposed regulation must be submitted by July 15, 2008. The proposed regulation is available to view and comment on the CMS website at: http://www.cms.hhs.gov/HealthPlansGenInfo/. In addition, the press release (titled "CMS Proposes New Protections for Medicare Beneficiaries in Medicare Advantage and Prescription Drug Programs") pertaining to this proposed regulation is at: http://www.cms.hhs.gov/apps/media/press_releases.asp

    - CMS has also proposed a new rule to increase data collection from MA organizations. Previously CMS required MA organizations to submit an "abbreviated" set of data (limited risk adjustment data, primarily diagnosis data) but nothing on service utilization and expenditures. The proposed rule would now allow CMS to collect each item and service provided to an MA plan enrollee. This proposed rule is within the hospital payment rule published in the Federal Registrar on April 30, 2008 (see: http://edocket.access.gpo.gov/2008/pdf/08-1135.pdf)

- This month CMS has released additional data including updated plan level data and data regarding employer plan enrollees, SNPs and Medicare eligibles. We are still reviewing the implications of these data and how CMS intends to continue them in the future but the releases appear to include the following.

    - CMS has released an updated plan data in the Enrollment by Plan report (updated from June 2007). This data file is on CMS's website at: http://www.cms.hhs.gov/MCRAdvPartDEnrolData/EP/list.asp#TopOfPage

- CMS has included in their Monthly Summary Report new information that includes a breakdown of employer plan enrollees by contract. The report indicates 1,733,896 employer plan enrollees (800 series plans) from the total MA enrollees (10,018,162) and 876,739 PDP enrollees from the total PDP enrollees (17,333,720). The report also breaks out SNPs from regular MA enrollment by plan type. Total SNP enrollment within MA plans (1,162,379) includes local CCP (1,086,953), rPPOs (73,235) and demos (2,191). The total included in this file (1,162,379) for May 2008 does not match the total for May 2008 released in the SNP monthly comprehensive report (1,166,671) by 4,292 enrollees. It is unclear why there is a difference in the totals of the two May reports released by CMS. CMS staff indicated to us upon inquiry that the disparity could be due to differences in enrollment cutoff dates between the two reports and that CMS is currently investigating the reason. http://www.cms.hhs.gov/MCRAdvPartDEnrolData/MCESR/list.asp#TopOfPage

- CMS has released updated MA and PDP eligible counts in the MA and PDP State/County penetration file (44,629,588 total eligible including Puerto Rico and other territories; 43,962,819 not including them). CMS does not provide a detailed definition to the Medicare eligibles used in this count. The December 2005 file used to calculate penetration rates in the current Monthly Tracking Report includes beneficiaries eligible for Parts A *or* B. MPR is reviewing these changes to determine whether any modifications should be made in the summary table we provide at the outset of the Monthly Tracking Reports. The MA and PDP State/County Penetration data files are on CMS's website at: http://www.cms.hhs.gov/MCRAdvPartDEnrolData/MASCPen/list.asp#TopOfPage

Relevant to Medicare Advantage

- None

Relevant to Prescription Drug Plans

- On May 22, 2008, CMS released a final rule regarding the use of Part D data for research, quality improvement and other purposes. This rule will go into effect June 27, 2008. The rule states that CMS will now release the Part D claims data to other Federal government agencies, States, external researchers, and beneficiaries for their personal health records. In regards to researchers, more guidelines will be released in the upcoming months on how they will be able to access and use this database. CMS stated in their related fact sheet that additional information will be made available from their research data assistance center at: www.resdac.umn.edu. The website currently states that the new database will be available around October or November 2008 and that interested researchers are encouraged to submit requests for the

database via email and include a brief paragraph on research objectives, data elements needed, dissemination strategies among other items. The full rule is available at: http://edocket.access.gpo.gov/2008/pdf/08-1298.pdf. The CMS fact sheet pertaining to the rule is available at: http://www.cms.hhs.gov/HealthPlansGenInfo/. Also included on CMS's website are the Prescription Drug Event (PDE) data elements as well as question/answer document pertaining to the PDE data is at: http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/08_PartDData.asp#TopOfPage

  - In addition, CMS will be conducting an open door forum on June 11, 2008 to discuss this rule and answer questions from the public. Dial-in as well as other information regarding this session is available on CMS's website at: http://www.cms.hhs.gov/OpenDoorForums/Downloads/PartDClaimsDataRule061108.pdf

- CMS released information this month on their upcoming low-income subsidy (LIS) Outreach Campaign. The goal of the outreach is to increase awareness and LIS applications submitted to the Social Security Agency (SSA). CMS has put together a 2008 LIS Outreach toolkit, which is available on the CMS website. The toolkit includes an overview document as well as data targeting estimates of potentially eligible LIS beneficiaries at the state, county, and zip-code level (including Medicare beneficiaries not currently enrolled in the Part D benefit but may be eligible based on the median income of where they live). The toolkit includes maps portraying targeted estimates by county (by both percentage and by estimated numbers). In addition, the toolkit includes findings from a qualitative study discussing reasons why some beneficiaries who are eligible for the low-income subsidy do not enroll. The findings are from a series of focus groups and one-on-one interviews conducted with low-income seniors not yet enrolled in the subsidy. Findings included that in many cases these individuals were wary of sharing personal information necessary to enroll in the program or found talking to the CMS or SSA intimidating. Other low-income seniors interviewed felt they were in good health and did not feel they needed to enroll in a prescription drug benefit. The toolkit is available on CMS's website at: http://www.cms.hhs.gov/Partnerships/Toolkits/itemdetail.asp?itemID=CMS1188820.

Of General Interest

- None

Relevant to Special Needs Plans Specifically

- Within the proposed regulation that CMS released on May 8, 2008 (see: http://www.cms.hhs.gov/HealthPlansGenInfo/), certain provisions pertain specifically to SNPs. The provisions require that 90 percent of new enrollees in SNPs be special needs individuals and that providers "more clearly establish and clarify" that they are providing additional benefits to beneficiaries of the plans. The provisions also aim to protect enrollees from being billed for cost sharing that isn't their responsibility. Specifically for dual eligible SNPs, the MA organization must now have a

documented relationship (e.g. MOU etc) with the State Medicaid agency for the State in which the dual eligible SNP is operating.

OTHER ITEMS OF RELEVANCE

Briefings and Hearings:

- None

Other

- This month, MedPAC released a contractor report on results from focus groups with beneficiaries, physicians, and pharmacists on their experiences with the Part D drug benefit. Overall, physicians and beneficiaries reported being satisfied with the program but remained concerned about specific issues such as coverage gap and specific events such as a prescription being rejected at the pharmacy counter or not being able to reach a customer service representative to have a question answered. Pharmacists were less likely to be satisfied with their experience of filling prescriptions under Part D. In particular, pharmacists cited frustration because they tend to bear the responsibilities for addressing the issues when a prescription cannot be filled and have to communicate that to the beneficiaries. The low-income subsidy was also discussed in the focus groups. The contractors found that few beneficiaries and physicians understood fully or were aware of the low-income subsidy for Part D. While pharmacists tended to be more aware of the subsidy, they often did not discuss it with their patients for fear of offending them (although a few pharmacists in the group had taken a more active role in discussing it with patients). These focus groups were conducted by NORC at the University of Chicago and Georgetown and included 13 discussions in Colorado; Virginia and Maine between July and October 2007. The full report is available at: http://www.medpac.gov/

- This month the Commonwealth Fund released three issue briefs on Medicare Advantage and the Prescription Drug program. All issue briefs are available on the Commonwealth Fund's website (http://commonwealthfund.org):

    - One issue brief, titled "Medicare Part D: Simplifying the Program and Improving the Value of Information for Beneficiaries," discusses the complexities of the Part D program and suggests ways to simplify the program to make it easier for beneficiaries to make good choices among the many plans available to them. These suggestions include: 1) standardizing the benefit parameters and procedures used by plans and the Medicare program; 2) further standardization of plan's benefit parameters including the rules for cost-sharing and 3) making changes to the plan formulary rules currently used by CMS. This issue brief is available at: http://commonwealthfund.org/publications/publications_show.htm?doc_id=687820

    - A second issue brief, titled "Medicare Part D: State and Local Efforts to Assist Vulnerable Beneficiaries," discusses how state and local government

agencies and other organizations across the country have made significant efforts to help Medicare Part D and LIS work effectively for vulnerable Medicare beneficiaries. The authors suggest that wider use of these efforts made by such organizations could continue to substantially improve the program even more. The authors cite that state coalitions, for example, have benefited older and disabled state residents. States that do not currently have active coalitions could work toward building such coalitions. The issue brief also suggests that the federal government needs to continue to provide support for state and local efforts to help beneficiaries. Suggestions include translating model forms and notices into other languages to make these tools available nationwide and monitoring closely plans' ability to provide culturally and linguistically appropriate assistance to enrollees and perspective enrollees. The issue brief is at: http://www.commonwealthfund.org/publications/publications_list.htm?attrib_id=15310

- A third issue brief released this month from the Commonwealth Fund is titled "Medicare Part D: How Do Vulnerable Beneficiaries Fare?" This issue brief details suggestions for improving certain policy and procedures of the Medicare program pertaining to the LIS subsidy from counselors and others who work directly with vulnerable Medicare beneficiaries. These suggestions include simplifying the Medicare Part D LIS application process and support one-on-one counseling. The issue brief is available at: http://www.commonwealthfund.org/publications/publications_list.htm?attrib_id=15310