

# TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS

## Monthly Report for June 2006

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as part of work commissioned by the Kaiser Family Foundation*

### PROGRAM STATUS: PRIVATE PLAN OFFERINGS, ENROLLMENT, AND CHANGE

Enrollment and Penetration, by Plan Type	Current Month: June 2006	Change From Previous Month (from April 2006)	Same Month Last Year	
			June 2005	Change From June 2005- 2006
<b>Enrollment</b>				
<b>Total Stand-Alone Prescription Drug Plans (PDPs):</b>	16,435,850	+2,537,767	Not Applicable	Not Applicable
Duals Auto Enrolled in PDPs	6,066,938	+ 240,149	Not Applicable	Not Applicable
All others Enrolled in PDP	10,368,912*	+2,297,618		
<b>Total Medicare Advantage (MA)</b>	Not available**	Not available	5,740,004	Not Available
Medicare Advantage-Prescription Drug (MA-PD)	6,039,643***	+120,081	Not Applicable	Not Applicable
Medicare Advantage (MA) only	Not available**	Not available	5,740,004	Not Available
<b>Medicare Advantage (MA) by Type****</b>	Not Available			Not Available
MA Local Coordinated Care Plans	Not Available	5,679,600	4,905,690	Not Available
Health Maintenance Organizations (HMOs)	Not Available	5,335,225		
Provider Sponsored Organizations (PSOs)	Not available	76,946		
Preferred Provider Organizations (PPOs)	Not Available	267,429		
Regional Preferred Provider Organizations (PPO)	Not Available	54,378	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	Not Available	579,041	108,631	
Cost	Not Available	313,312	321,853	
Other*****	Not Available	205,295	281,705	
<b>General vs Special Needs Plans</b>	Not Available	Not Available	Not Available	Not Available
Special Needs Plan Enrollees				
Other Medicare Advantage Plan Enrollees				
<b>Penetration (as percent beneficiaries)*****</b>				
Prescription Drug Plans (PDPs)	37.3%	+5.7% points	Not Applicable	Not Applicable
Medicare Advantage Plans (MA)	Not Available	Not Available	13.2%	+3.0% points
Medicare Advantage-Prescription Drug Plans (MA-PDs)	13.7%	+0.3% points	Not Applicable	Not Applicable
Local Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs) or Provider Sponsored Organizations (PSO)	Not Available	Not Available	11.6%	Not Available
Private Fee For Service (PFFS)	Not Available	Not Available	0.3%	Not Available

MA and PDP data for June 2006 is based on data from CMS with a cited date of June 11, 2006. (CMS 6/14/06 press release). April 2006 data for MA is based on tabular information from CMS with a cited date of April 2006. PDP data for April 2006 is as of April 18<sup>th</sup> (CMS 4/20/06 press release)

\*The total for all others enrolled in stand-alone PDPs includes 2.2 million enrollees receiving the limited income subsidy.

\*\*CMS's press release indicates that "about 1.1 million" are enrolled in MA only plans in June 2006 but the release does not provide a specific figure and CMS does not post such a figure elsewhere.

\*\*\*CMS's June 14, 2006 press release indicates that MA-PD enrollment as of 6/11/06 includes 925,000 enrollees receiving the low income subsidy, including about 500,000 dual eligibles.

\*\*\*\*MA by plan type enrollment numbers for last month are from data released from CMS with a cited date of April 2006

\*\*\*\*\*Other includes Demo contracts and PACE contracts.

\*\*\*\*\*Penetration rates for June 2006 are calculated using the number of eligible beneficiaries reported in the December 2005 State/County File. Penetration rates for June 2005 are calculated using the number of eligible beneficiaries reported in the December 2004 State/County File.

DEFINITIONS: Coordinated Care Plans, or CCPs, include health maintenance organizations (HMOs), provider-sponsored organizations (PSOs) and preferred provider organizations (PPOs). The 2005 data include the PPO demonstration. 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. For April 2006, these include ESRD, SHMO, WI Partnership, and National PACE. Special Needs Plans refers to Medicare Advantage coordinated care plans focused on individuals with special needs. "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 June:**

Plan Participation, by type	CURRENT MONTH: JUNE 2006*	Change From Previous Month	SAME MONTH LAST YEAR	
			JUNE 2005	CHANGE FROM JUNE 2005- 2006
<b>MA Contracts (excluding SNPs)</b>				
Total	Not Available	Not Available	340	Not Available
Total excluding Other **	354	Not Available	238	+116
Local Coordinated Care Plan	306	Not Available	197	+109
Health Maintenance Organizations (HMOs)	200	Not Available	Not Available	Not Available
Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs))	106	Not Available	Not Available	Not Available
Regional Preferred Provider Organizations (rPPOs)	11	Not Available	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	21	Not Available	12	+9
Cost	16	Not Available	29	-13
Other***	Not Available	Not Available	68	Not Available

\*Contract counts for June 2006 are based on the October 2005 release of the CMS's Medicare Personal Plan Finder as analyzed by Mathematica Policy Research for Kaiser Family Foundation.

\*\*Other includes Demo contracts, Health Care Prepayment Plans (HCPP) and Program for all-inclusive care of Elderly (PACE) contracts. The total also excludes SNP contracts. As of January 1, 2006, there were 164 MA contracts, which offered one or more SNPs (final SNP factsheet and summary released on 2/14/06)

**Pending Applications**

- None Available

**Summary of new MA contracts announced in June:**

- None

## NEW ON THE WEB FROM CMS

### Relevant to Both Medicare Advantage and Prescription Drug Plans

- On June 14, 2006, the Department of Health and Human Services released a press release titled “Over 38 Million People with Medicare Now Receiving Prescription Drug Coverage.” The press release included enrollment numbers updated through June 11, 2006. The enrollment numbers included state level information on stand-alone PDPs, MA-PDs dual enrollees as well as Medicare Retire Drug Subsidy and FEHBP enrollment numbers. (see above enrollment and penetration table for exact numbers). The release did not include enrollment numbers for Medicare Advantage plans by type. The press release is available at <http://hhs.gov/news/press/2006pres/20060614.html>
- On June 8, 2006, CMS released a fact sheet titled “Drug Benefit Enrollment Up, Costs Down From Competition and Beneficiary Choices: Lower Costs Support Low Income Beneficiary Options and Strong Competition.” The fact sheet details how a surge of enrollment within the last two weeks before the May 15<sup>th</sup> deadline included many beneficiaries with good health status. The press release states that this as well as beneficiaries overwhelmingly choosing plans with premium costs less than the average premium has allowed cost of drug coverage to remain low for beneficiaries. The press release also states that CMS will continue to use its authority to allow for zero premium drug plan options for low income beneficiaries next year. This fact sheet is available at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1876>
- On June 5, 2006, CMS Administrator Mark McClellan released a statement on protecting Medicare Beneficiaries’ personal information. The press release states that in two unrelated incidents Humana Health Plans violated personal privacy violations: In one incident, Humana did not maintain the personally identifiable information of 17,000 Medicare beneficiaries enrolled in its plans in a secure location and in a second incident approximately 250 Humana member applications were stolen from an agent’s vehicle. The press release details that CMS issued enforcement actions to the plan requiring them to implement a corrective action plan including 1) calling and informing all beneficiaries affected; 2) providing them to free access to a credit monitoring service for one year; and 3) writing a business plan on how the plan will insure privacy information is not violated again. McClellan’s statement is available at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1875>.
- CMS recently released guidance for Medicare Advantage Medical Savings Account (MSA) plans (either in June or possibly earlier but not reported in the last tracking report). The guidance includes information on plan and benefit design; provider, payment and marketing issues, as well as bidding and contract information among other items. It includes for example plan design information on whether or not MSA plans can be regional plans stating that MSA plans can only be local plans since MSA plans are not coordinated care plans. Other information includes that MSA members can purchase a PDP independently since MSA plans cannot offer prescription drug coverage. The guidance is available online on CMS’s website at: [http://www.cms.hhs.gov/MedicareAdvantageApps/Downloads/2007\\_MSA\\_Useful\\_Information.pdf](http://www.cms.hhs.gov/MedicareAdvantageApps/Downloads/2007_MSA_Useful_Information.pdf)

## Relevant to Medicare Advantage

- CMS released an updated MA payment guide for out-of-network payments on June 15, 2006. The guide provides general information to help MA plans in situations where they must pay out-of-network providers the original Medicare rate. It includes information on hospital services, home health, skilled nursing facilities and physician services among others. It also provides links for where to find more detail on payment descriptions, Medicare Pricers, Medicare cost reports, coverage decisions, payment policies and rural health services. The payment guide is updated periodically and is available on CMS's website at <http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/downloads/oon-payments.pdf>.

## Relevant to Prescription Drug Plans

- On June 29, 2006, CMS released a press release titled "Medicare Details Steps Taken to Improve Customer Service by Drug Plans: Data Shows Improvements in Plan Call Center Wait Times." The press release details CMS's oversight actions with drug plans to improve drug plans' performance. The oversight actions include CMS issuing over 1,000 compliance actions since January to various drug plans. Other oversight actions by CMS included sending warning letters to plans for posting errors on the Medicare Personal Plan Finder and requests for plans to submit more detailed steps on how they could improve performance (such as lowering call center wait time and submitting correct information on the Medicare Personal Plan Finder). The press release stated that after issuing compliance actions to drug plans that in most cases the problem was resolved however in some cases further enforcement actions were given (such as restricting a plan's ability to enroll beneficiaries) when plans did not respond promptly to the compliance action. Other actions included removing information about the plan from the Personal Plan Finder until performance was corrected (CMS took this action on 75 occasions) and terminating contracts with certain plans for persistent failure to comply with requirements. This press release is available at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1890>
- This month, CMS released a fact sheet titled "Large Negotiated Price Discounts Continue in Medicare Part D." The fact sheet provides updated findings from a report CMS released in March on prescription drug savings under the new Part D benefit. The analysis is based on 16 drug profiles commonly used by Medicare beneficiaries for chronic conditions. The fact sheet states that CMS' analysis found that Part D drug prices have increased less than the average wholesale prices (AWPs) for the drugs in the sample. This fact sheet is available at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1886>
- On June 14, 2006, Secretary of Health and Human Services, Mike Leavitt, released a fourth progress report on the Medicare Prescription Drug Benefit. The progress report states that 90 percent of beneficiaries or 38.2 million individuals now have prescription drug coverage. Of the 4.4 million Americans who are not enrolled in a Part D plan, over 3 million are expected to qualify for the low income subsidy. These individuals are allowed to continue to sign up for coverage with little or no premium and should continue to have access to multiple zero-premium plans next year. The progress report also provides a 10 year estimated cost of Part D (746 billion dollars) and states that the average 2006 Part D premium is 40 percent lower than originally estimated because of competition and beneficiaries choosing plans with premiums under the average. (The average premium is less than twenty-four dollars). The progress report is available at <http://www.hhs.gov/medicare4.pdf>

- On May 23, 2006, CMS Deputy Administrator, Leslie Norwalk, testified at the House Health Subcommittee of the Committee on Energy and Commerce. In her testimony she discussed the CMS-pharmacist partnership in implementing the Medicare prescription drug benefit. She described in detail both pre and post-implementation efforts CMS has taken to work successfully with pharmacists including continual outreach and data system improvements. Norwalk also described efforts that are currently underway to reduce both administrative burdens and pharmacists' costs such as standardizing the electronic claims process. The full testimony is available at <http://www.cms.hhs.gov/apps/media/press/testimony.asp?Counter=1864>

### **Relevant to Special Needs Plans Specifically**

- None