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# TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
# Monthly Report for July 2007

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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: July 2007 | Change From Previous Month** | Same Month Last Year | |
|---|---|---|---|---|
| | | | July 2006 | Change From July 2006- 2007 |
| **Enrollment** | | | | |
| **Total Stand-Alone Prescription Drug Plans (PDPs):** | 16,973,908 | +55,738 | 16,213,157 | +760,751 |
| General* | 16,850,205 | +55,319 | Not Available | Not Available |
| Employer/Union Only Direct | 123,703 | +419 | Not Available | Not Available |
| Duals Auto Enrolled in PDPs*** | Not Available | (Total Enrollees) 6,270,154 | Not Available | Not Available |
| All others Enrolled in PDP | | 10,360,026 | | |
| **Total Medicare Advantage (MA)** | 8,790,422 | +112,198 | 7,274,299 | +1,516,123 |
| Medicare Advantage-Prescription Drug (MA-PD) | 7,318,237 | +83,817 | 6,278,020 | +1,040,217 |
| Medicare Advantage (MA) only | 1,472,185 | +28,381 | 996,279 | +475,906 |
| **Medicare Advantage (MA) by Type** | | | | |
| MA Local Coordinated Care Plans** * * | 6,223,265 | +31,961 | 5,813,218 | +410,047 |
| Health Maintenance Organizations (HMOs) | 5,743,022 | +23,727 | 5,416,562 | +326,460 |
| Provider Sponsored Organizations (PSOs) | 78,058 | +676 | 87,789 | -9,731 |
| Preferred Provider Organizations (PPOs) | 402,165 | +7,564 | 308,858 | +93,307 |
| Regional Preferred Provider Organizations (PPO) | 167,481 | +10,836 | 83,294 | +84,187 |
| Medical Savings Account (MSA) | 2,252 | +3 | Not Applicable | Not Applicable |
| Private Fee For Service (PFFS) | 1,661,078 | +69,111 | 763,559 | +897,579 |
| General | 1,650,439 | +69,046 | Not Available | Not Available |
| Employer Direct PFFS | 10,639 | +65 | Not Available | Not Available |
| Cost | 308,930 | +1,652 | 313,510 | -4,580 |
| Pilot***** | 120,779 | -1,521 | Not Applicable | Not Applicable |
| Other****** | 306,637 | +156 | 307,718 | Not Available |
| **General vs Special Needs Plans******* ** | | | Not Available | Not Available |
| Special Needs Plan Enrollees | 958,566 | +28,553 | | |
| Dual-Eligibles | 697,796 | +13,653 | | |
| Institutional | 143,443 | +486 | | |
| Chronic or Disabling | 117,327 | +14,414 | | |
| Other Medicare Advantage Plan Enrollees | 7,831,856 | +83,645 | | |
| **Penetration** (as percent beneficiaries)******** | | | | |
| Prescription Drug Plans (PDPs) | 38.5% | +0.1% | 37.3% | +1.2% |
| Medicare Advantage Plans (MA) | 20.0% | +0.3% | 16.3% | +3.7% |
| Medicare Advantage-Prescription Drug Plans (MA-PDs) | 16.6% | +0.2% | 14.2% | +2.4% |
| Local Health Maintenance Organizations (HMOs), | 13.0% | No Change | 12.3% | +0.7% |
| Preferred Provider Organizations (PPOs) | 0.9% | No Change | 0.7% | +0.2% |
| Provider Sponsored Organizations (PSO) | 0.2% | No Change | 0.2% | No Change |
| Private Fee For Service (PFFS) | 3.8% | +0.2% | 1.3% | +2.5% |

July 2007 data is from the 6.25.07 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/PrescriptionDrugCovGenIn/02_EnrollmentData.asp**)
*CMS did not provide a breakdown of general and employer/union only direct plans until August 2006.
** The June 2007 data is from data released by CMS on 6.5.07 also on its website
***The data for dual eligibles automatically enrolled in PDPs comes from CMS released data "State Enrollment in Prescription Drug Plans-January 2007 also on its wesbite.
****The data for the breakdown of MA Local Coordinated Care Plans is from the 6.5.07 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/PrescriptionDrugCovGenIn/02_EnrollmentData.asp).
*****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 July is from the 2006 SNP Enrollment Comprehensive Monthly Report released by CMS on 6.27.07 and includes counts of 10 or less. (See: **http://www.cms.hhs.gov/MCRAdvPartDEnrolData/SNP/list.asp#TopOfPage**))
********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 July:

| Plan Participation, by type | CURRENT MONTH: JULY 2007* | SAME MONTH LAST YEAR | |
|---|---|---|---|
| | | JULY 2006 | CHANGE FROM JULY 2006– 2007 |
| **MA Contracts (excluding SNP only contracts)** | | | |
| Total | 602 | 512 | +90 |
| Local Coordinated Care Plan | 410 | 367 | +43 |
| Health Maintenance Organizations (HMOs) | 291 | Not Available | Not Available |
| Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs)) | 118 | Not Available | Not Available |
| Regional Preferred Provider Organizations (rPPOs) | 14 | 11 | +3 |
| Private Fee For Service (PFFS)<br>General<br>Employee Direct | 48<br>47<br>1 | 25<br>Not Available<br>Not Available | +23<br>Not Available<br>Not Available |
| Cost | 27 | 28 | +1 |
| Medicare Savings Account (MSA) | 2 | Not Available | Not Available |
| Special Needs Plans<br>Dual-Eligible<br>Institutional<br>Chronic or Disabling Condition | 313<br>205<br>65<br>43 | Not Available | Not Available |
| Other** | 88 | 81 | +7 |

*Contract counts for July 2007 are from the 6.25.07 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/PrescriptionDrugCovGenIn/02_EnrollmentData.asp**) and the SNP Comprehensive Monthly Report also released on its website at: (**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/SNP/list.asp#TopOfPage**)
**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

- On Friday, July 26, 2007, CMS announced it terminated America's Health Choice of Medicare Advantage plans affecting nearly 12,000 beneficiaries from the Vero Beach, Florida area. CMS stated that the plans were terminated because of delays and denials in medical care. These beneficiaries automatically were transferred to coverage by UnitedHealthcare's Secure Horizons until September 30, 2007 at which time they will be able to switch to another plan or traditional Medicare. More information on this is available on CMS's website at: http://www.cms.hhs.gov/apps/media/press_releases.asp

- On July 30, 2007, Mike Leavitt, Secretary of Health and Human Services released a statement on the 42nd Anniversary of Medicare and Medicaid. In his statement, he addressed the major changes over the last few years in Medicare including the prescription drug benefit and the Medicare Advantage program. He stated these programs focus more on preventive care and have high beneficiary satisfaction ratings. This press release is available on the DHHS website at: http://www.hhs.gov/news/press/2007pres/07/pr20070730b.html

### Relevant to Medicare Advantage

- None

### Relevant to Prescription Drug Plans

### Of General Interest

- CMS released a fact sheet on July 2, 2007 titled "E-prescribing and computer-generated fax exemption". The fact sheet describes a CMS proposed rule that CMS stated would encourage the adoption of e-prescribing rather than paper prescribing, which all Medicare Advantage-Prescription Drug Plans (MA-PDs) and other part D sponsors would be required to comply with. The fact sheet is available at: http://www.cms.hhs.gov/apps/media/fact_sheets.asp

### Relevant to Special Needs Plans Specifically

- CMS has started releasing a Special Needs Plan Comprehensive Report monthly on its website. The report provides aggregate information on the number of contracts and plans as well as enrollment information for each SNP type. The report also provides more detailed information for each SNP contract, including the type of SNP (i.e. chronic or disabling, dual eligible or institutional), the contract name, organization type, plans ID, plan name, plan type (i.e. HMO, Local PPO etc), plan geographic name, enrollment number and, for the SNP chronic or disabling condition plans, it also lists the specialty diseases it covers (such as obesity, hypercholesterolemia;

congestive heart failure; etc). The report also includes information for SNPs with enrollment of less than 11. The report is available at: **http://www.cms.hhs.gov/MCRAdvPartDEnrolData/SNP/list.asp#TopOfPage)**

**OTHER ITEMS OF RELEVANCE**

**Briefings and Hearings:**

- None

**Other**

- The Kaiser Family Foundation released a new Medicare Advantage Tutorial this month. In the tutorial, Michelle Kitchman Strollo of the Kaiser Family Foundation presents an overview of the Medicare Advantage program as well as more detailed information on the policy issues surrounding MA plans such as the payment system, plan benefits and the impact these plans have made. This Tutorial can be viewed at http://www.kaiseredu.org/tutorials/medicareadvantage/player.html

- The Kaiser Family Foundation also released this month an updated version of their Medicare Part D: Low-Income Assistance fact sheet. The updated version includes more recent estimates of the number of seniors eligible and the number enrolled in the low-income benefit. The fact sheet also provides general information on the benefit such as how it works, how CMS determines eligibility, how seniors can apply as well as future challenges to the benefit. The updated fact sheet is available on the Kaiser Family Foundation website at: http://www.kff.org/medicare/upload/7327_03.pdf

- On July 16, 2007 the Alliance for Health Reform and the Kaiser Family Foundation held a briefing titled: "Medicare Advantage: Whose Cost, Whose Benefit?" The briefing covered payment issues including overpayment, payment cuts as well as to whether the program should exist at all. The moderators for the session were Diane Rowland of KFF and Ed Howard of Alliance for Health Reform. Speakers at the briefing included: 1) Karen Ignagni, America's Health Insurance Plans; 2) John Rother, AARP; 3) Joseph Antos, American Enterprise Institute and 4) Jeanne Lambrew, George Washington University. Speaker presentations, transcript and webcast/podcast as well as background material is available at http://www.allhealth.org/briefing_detail.asp?bi=110.

- This month, the General Accountability Office (GAO) released a report titled "Medicare Advantage: Required Audits of Limited Value." The report examined whether CMS met the requirement within the Balanced Budget Act (BBA) of 1997, which states that CMS is to annually audit one-third of the financial records supporting submissions of Medicare Advantage plans (the submissions are called the Adjusted Community Rate or ACR). The report also examined what information audits provided and how CMS used them. The GAO found that CMS did not document its process to determine whether it met the requirement for auditing ACRs for one-third of the participating MA organizations for years 2001-2005. In addition,

CMS does not complete the financial reviews until almost 3 years after the bid, which GAO stated affects its ability to address deficiencies in a timely manner. The GAO makes five recommendations to CMS for meeting its audit requirement and improving the audit process. This report is available at: http://www.gao.gov/cgi-bin/getrpt?GAO-07-945.

- The Alliance for Healthcare Reform released a toolkit this month on Medicare Private Fee for Service Plans (PFFS). The toolkit provides information and web links on PFFS including recent publications such as Marsha Gold's Health Affair article (see below) as well as testimony from recent Congressional hearings. It also includes a list of PFFS experts and their telephone numbers. The expert list includes analysts/advocates as well as government officials and stakeholders. This toolkit is available at: http://www.allhealth.org/publications/Medicare/Medicare_Private_Fee-for-Service_Plans_65.pdf

- The July/August version of Health Affairs includes a web exclusive by Marsha Gold. The report is titled "Medicare Advantage in 2006-2007-What Congress Intended? (vol 26, no. 4)." In the report, Gold provides an analysis on whether beneficiaries have been well served by the recent policy changes in MA. She states that the MA program has succeeded, at least in the short term, by providing beneficiaries with increased choices in benefits, especially in rural areas. Much of the gain in choices has been in through expansion of PFFS plans and it is difficult to tell whether this has been due to beneficiary preferences or the way the firms have marketed these options. She stated that such changes, however, underscore the fact that the MA market is evolving in ways that warrant serious policy discussion. This report is online at: http://content.healthaffairs.org/cgi/content/abstract/26/4/w445?etoc