

## TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS

### Monthly Report for August 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: August 2007	Change From Previous Month*	Same Month Last Year	
			August 2006	Change From August 2006- 2007
<b>Enrollment</b>				
<b>Total Stand-Alone Prescription Drug Plans (PDPs):</b>	17,102,001	+128,093	16,263,386	+838,615
General	16,977,707	+127,457	16,149,038	+828,669
Employer/Union Only Direct	124,294	+591	114,348	+9,946
Duals Auto Enrolled in PDPs**	Not Available	(Total Enrollees)	Not Available	Not Available
All others Enrolled in PDP		6,270,154		
<b>Total Medicare Advantage (MA)</b>	8,865,325	+74,903	7,405,327	+1,459,998
Medicare Advantage-Prescription Drug (MA-PD)	7,360,314	+42,077	6,419,886	+940,428
Medicare Advantage (MA) only	1,505,011	+32,826	985,441	+519,570
<b>Medicare Advantage (MA) by Type</b>				
MA Local Coordinated Care Plans** *	6,238,646	+15,381	5,921,837	+316,809
Health Maintenance Organizations (HMOs)	5,749,846	+6,824	5,510,645	+239,201
Provider Sponsored Organizations (PSOs)	78,573	+515	91,083	-12,510
Preferred Provider Organizations (PPOs)	410,202	+8,037	320,100	+90,102
Regional Preferred Provider Organizations (PPO)	182,931	+15,450	89,492	+93,439
Medical Savings Account (MSA)	2,272	+20	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	1,709,785	+48,707	802,068	+907,717
General	1,699,099	+48,660	Not Available	Not Available
Employer Direct PFFS	10,686	+47	Not Available	Not Available
Cost	309,274	+344	298,902	+10,372
Pilot****	115,889	-4,890	Not Applicable	Not Applicable
Other*****	306,528	-109	293,028	Not Available
<b>General vs Special Needs Plans*****</b>				
Special Needs Plan Enrollees	989,112	+30,546	531,507	+457,605
Dual-Eligibles	709,665	+11,869	Not Available	Not Available
Institutional	143,544	+101	Not Available	Not Available
Chronic or Disabling	135,903	+18,576	Not Available	Not Available
Other Medicare Advantage Plan Enrollees	7,876,213	+44,357	Not Available	Not Available
<b>Penetration (as percent beneficiaries)*****</b>				
Prescription Drug Plans (PDPs)	38.8%	+0.3%	37.0%	+1.8%
Medicare Advantage Plans (MA)	20.1%	+0.1%	16.8%	+3.3%
Medicare Advantage-Prescription Drug Plans (MA-PDs)	16.7%	+0.1%	14.5%	+2.2%
Local Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs)	13.0%	No Change	12.5%	+0.5%
Provider Sponsored Organizations (PSO)	0.9%	No Change	0.7%	+0.2%
Private Fee For Service (PFFS)	0.2%	No Change	0.2%	No Change
Private Fee For Service (PFFS)	3.9%	+0.1%	1.8%	+2.1%

August 2007 data is from the 8.10.07 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](http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/02_EnrollmentData.asp))

\* The July 2007 data is from data released by CMS on 6.25.07 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 website.

\*\*\*The data for the breakdown of MA Local Coordinated Care Plans is from the 8.10.07 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](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 August is from the 2006 SNP Enrollment Comprehensive Monthly Report released by CMS on 7.31.07 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 August:

Plan Participation, by type	CURRENT MONTH: AUGUST 2007*	SAME MONTH LAST YEAR	
		AUGUST 2006	CHANGE FROM AUGUST 2006– 2007
<b>MA Contracts (excluding SNP only contracts)</b>			
Total	601	512	+89
Local Coordinated Care Plan	409	367	+42
Health Maintenance Organizations (HMOs)	290	239	+51
Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs))	119	128	-9
Regional Preferred Provider Organizations (rPPOs)	14	11	+3
Private Fee For Service (PFFS)	48	25	+23
General	47	Not Available	Not Available
Employee Direct	1	Not Available	Not Available
Cost	27	28	-1
Medicare Savings Account (MSA)	2	Not Available	Not Available
Special Needs Plans	313		
Dual-Eligible	205	Not Available	Not Available
Institutional	65		
Chronic or Disabling Condition	43		
Other**	88	81	+7

\*Contract counts for August 2007 are from the 8.10.07 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](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**

- This month, CMS announced for Medicare Part D, the 2008 national average monthly bid (which will be \$80.52) and the base beneficiary premium (which will be \$27.93 per month), which are used to determine the Medicare premium subsidy to Part D drug plans (\$52.59 per month in 2008). In calculating the bid amount, CMS continues its “demonstration” to lessen the impact on beneficiary premiums and plan stability of transitioning from unweighted bids (in 2006) to fully enrollment weighted bids. In 2008, 60 percent weight will be given to enrollment weighted average bid amount (versus 20 percent last year).
- CMS also announced the Medicare Advantage Regional benchmarks. The announcement shows no plan bid components in 5 regions. Thus, it appears that there will be no additional regions with regional PPOs in 2008 (Since 2006, there have been 21 regions with such plans available). In 2008, CMS will also begin transition to weight the LIS by actual plan enrollments. In 2008, enrollment weighted data will account for 50 percent of the benchmark, which varies by region. The greater of it, with the lowest premium PDP in the region, determines the subsidy received. Weighting should have the effect of lowering the subsidy. Five states have a subsidy amount below \$20: Florida, New Mexico, Arizona, Nevada, and California. Each of these has extensive MA enrollment). In a memorandum dated August 13, 2007, CMS describes in more detail how these amounts were determined. The memorandum as well as the 2008 Medicare rate book and other prescription drug rate information including the regional low-income subsidy amounts are available at: <http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/RSD/list.asp#TopOfPage/>

### **Relevant to Medicare Advantage**

This month, CMS cancelled a second MA plan, SunCoast Physicians Health, in South Florida. All 600 of the plan’s beneficiaries will be switched to Humana Gold Plus, another MA plan in the area. Last month, CMS cancelled another MA plan, America’s Health Choice, stating that the plan posed “imminent and serious risk” to beneficiaries. These beneficiaries were also automatically transferred to coverage by another MA plan in the area until September 30, 2007 at which time they (along with beneficiaries switched from SunCoast Physicians Health to Humana Gold Plus) will be able to switch to another plan or traditional Medicare. CMS web site did not post a press release with information on this terminated MA plan, however, more information is available at the Kaiser Family Foundation website: [http://www.kaisernetwork.org/daily\\_reports/rep\\_hpolicy.cfm](http://www.kaisernetwork.org/daily_reports/rep_hpolicy.cfm).

## **Relevant to Prescription Drug Plans**

### **Of General Interest**

- On August 13, 2007, CMS released a press release titled “Medicare Part D Plan Premiums for 2008 Show Continued Impact of Strong Competition.” The press release stated that in 2008 the actual average premium paid by beneficiaries will be roughly 25 dollars. The press release also stated that while this average is higher than the actual average for 2007 (roughly 22 dollars), the increase is due primarily to requirements by law in technical adjustments rather than bid increases. In addition, the press release stated that approximately 87 percent on beneficiaries in PDPs will have access to drug coverage the same or below the cost of coverage in 2007. This press release is available at: [http://www.cms.hhs.gov/apps/media/press\\_releases.asp](http://www.cms.hhs.gov/apps/media/press_releases.asp)
- CMS also released a more detailed fact sheet. The fact sheet provided an overview of the Part D program as well as more specific information on the second Part D enrollment period (from 2006-2007). For example, the fact sheet highlights the national outreach campaign used to help beneficiaries select and enroll in a plan. The fact sheet also provided information on the low-income subsidy beneficiary outreach during 2006 and 2007 stating that almost 9.5 million low-income beneficiaries are getting comprehensive drug coverage for little or no cost. CMS stated that one way it has help these beneficiaries is by working with partners to identify best practices and develop new tools to make outreach most effective for individuals with low literacy and limited English skills. The fact sheet also provides more detailed information on 2008 Part D premiums. CMS states that there continues to be strong competitive bidding by MA and PDP plans and that along with continued beneficiary choices in plan selection has made the average monthly premium 40 percent lower than originally projected in 2003. It stated that competitive bidding in particular, is notably lower for MA plans. On average, premiums prior to rebates are 7 dollars lower than PDPs in 2007 and will be 11 dollars lower in 2008. This fact sheet is available at: [http://www.cms.hhs.gov/apps/media/fact\\_sheets.asp](http://www.cms.hhs.gov/apps/media/fact_sheets.asp)

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

- None

## **OTHER ITEMS OF RELEVANCE**

### **Briefings and Hearings:**

- None

## Other

- Patricia Neuman, Michelle Kitchman Strollo, Stuart Guterman et al. “Medicare Prescription Drug Benefit Progress Report: Findings From A 2006 National Survey of Seniors.” *Health Affairs* Web Exclusive August 21, 2007.
  - In this *Health Affairs* Web Exclusive the authors provide findings on an analysis of a 2006 national survey by the Kaiser Family Foundation on 16,000 seniors regarding pharmaceutical coverage. The authors found that most seniors who went without drug coverage in 2005 were able to secure drug coverage through Medicare Part D in 2006 (Seniors without drug coverage dropped from 33 percent in 2005, before the Part D benefit began, to 8 percent in 2006 after the start of the Part D program). Although Part D enrollees had higher out-of-pocket spending and greater cost-related nonadherence compared with seniors covered through either employer plans or the Department of Veteran Affairs. More information on this study as well as the full article are available at: <http://www.kff.org/medicare/med082107pkg.cfm>
  - The Kaiser Family Foundation also interviewed lead author, Patricia Neuman, vice president and director of the Medicare Policy Project at Kaiser on the article’s findings. This interview is available online at: [http://www.kaisernetwork.org/health\\_cast/hcast\\_index.cfm?display=detail&hc=2277](http://www.kaisernetwork.org/health_cast/hcast_index.cfm?display=detail&hc=2277)
- The Kaiser Family Foundation also released an issue brief this month titled “The Role of State Pharmaceutical Assistance Programs (SPAPs) in Serving Low-Income Medicare Beneficiaries Following the Implementation of Medicare Part D.” This issue brief examines how the role of SPAPs has changed since the Medicare Part D drug program began in 2006. The article focuses on the 25 “qualified” SPAPs offered as of June 2007 in 20 states and one territory, which are available to the broader Medicare population (rather than restrictions to specific disease groups etc). The report is divided into several sections: 1) SPAP landscape; 2) Information on “qualified” SPAPs; 3) SPAP eligibility; and 4) SPAP benefits. The article states that most states have changed their pharmacy assistance program benefits to provide supplemental coverage to Part D benefits; however, there is wide variation among the different programs, with some more generous than others. The article also stated that these SPAPs continue to evolve and that they have potential to play an increasingly significant role in reduction of out-of-pocket costs for Medicare beneficiaries. This issue brief is available at <http://www.kff.org/medicare/76766.cfm>.