October 6, 2006

TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
Monthly Report for September 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: September 2006	Change From Previous Month*	Same Month Last Year	
			September 2005	Change From September 2005- 2006
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs):**	16,439,246	+176,003	Not Applicable	Not Applicable
Duals Auto Enrolled in PDPs	Not available	Not Available	Not Applicable	Not Applicable
All others Enrolled in PDP	Not available	Not Available		
Total Medicare Advantage (MA)	7,484,724	+79,397	5,913,280	+1,571,444
Medicare Advantage-Prescription Drug (MA-PD)	6,471,096	+51,210	Not Applicable	Not Applicable
Medicare Advantage (MA) only	1,013,628	+28,187	Not Applicable	Not Applicable
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans	5,951,003	+29,166	5,024,708	+926,295
Health Maintenance Organizations (HMOs)	5,530,490***	+19,845	Not Available	Not Available
Provider Sponsored Organizations (PSOs)	92,142***	+1,059	Not Available	Not Available
Preferred Provider Organizations (PPOs)	328,361***	+8,261	Not Available	Not Available
Regional Preferred Provider Organizations (PPO)	91,996	+2,504	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	820,146	+18,078	147,900	+672,246
Cost	317,721	+18,819	322,434	-4,713
Other****	303,858	-10,830	293,141	+10,717
General vs Special Needs Plans				
Special Needs Plan Enrollees	Not Available	531,507***	Not Available	Not Available
Other Medicare Advantage Plan Enrollees	Not Available	6,742,792	Not Available	Not Available
Penetration (as percent beneficiaries)*****				
Prescription Drug Plans (PDPs)	37.3%	+0.3%	Not Applicable	Not Applicable
Medicare Advantage Plans (MA)	17%	+0.2%	13.6%	+3.4%
Medicare Advantage-Prescription Drug Plans (MA-PDs)	14.7%	+0.2 %	Not Applicable	Not Applicable
Local Health Maintenance Organizations (HMOs),	12.5%	0 % change	Not Available	Not Available
Preferred Provider Organizations (PPOs) or	0.7%	0 % change	Not Available	Not Available
Provider Sponsored Organizations (PSO)	0.2%	0 % change	Not Available	Not Available
Private Fee For Service (PFFS)	1.9%	+0. 1%	0.3 %	+1.6%

September 2006 data is from the 9.01.06 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**)

* The August 2006 data is from data released by CMS on 8.14.06 also on its website.

**The total PDP enrollment includes employer groups because CMS has historically included employer group enrollees in the Monthly Managed Care Contract Report pre-2006. (The total PDP without employer groups is 16,321,547).
***The data for the breakdown of MA Local Coordinated Care Plans is from the 9.01.06 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). The SNP total is from the data MPR created by combining the Plan Finder with the July 2006 Enrollment data released by CMS on 7.26.06. As with the CCP breakdown, enrollment numbers for SNP plans with less than 10 enrollees are not included in this total.
****Other includes Demo contracts, HCPP, and PACE contracts.
*****Penetration rates for September and August 2006 are calculated using the number of eligible beneficiaries reported in the December 2005 State/County File. Penetration rates for September 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 (excluding SNPs) in September:

Plan Participation, by type	CURRENT MONTH: SEPTEMBER 2006*	SAME MONTH LAST YEAR	
		SEPTEMBER 2005	CHANGE FROM SEPTEMBER 2005– 2006
MA Contracts (excluding SNPs)			
Total	512	464	+48
Local Coordinated Care Plan	367	302	+65
Health Maintenance Organizations (HMOs)	239	Not Available	Not Available
Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs))	128	Not Available	Not Available
Regional Preferred Provider Organizations (rPPOs)	11	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	25	17	+8
Cost	28	29	-1
Other**	81	76	+5

*Contract counts for September 2006 are from the 9.01.06 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**)
**Other includes Demo contracts, Health Care Prepayment Plans (HCPP) and Program for all-inclusive care of Elderly (PACE) contracts.

Pending Applications

- No Information Available

Summary of new MA contracts announced in September:

- None

NEW ON THE WEB FROM CMS

Relevant to Both Medicare Advantage and Prescription Drug Plans

- On September 29, 2006, DHHS released a press release, titled "Medicare Releases Data on 2007 Drug Plan Options," describing the upcoming 2007 enrollment period. CMS has not released information yet on the MA plans but CMS indicates that drug premiums in MA plans will be, on average about $6/month lower nationally in 2007 than in 2006 and that most beneficiaries will have access to MA plans with basic drug coverage at no additional premiums and many will be able to get gap coverage in MA for the same amount. In addition, Medicare beneficiaries in 39 states will have access to Medical Savings Accounts and related consumer directed plans. CMS anticipates releasing the enhanced Medicare Drug Plan Finder in mid-October. Open enrollment begins November 15, 2006 though only beneficiaries wishing to make a change will need to do anything. This press release is available on CMS's website at http://www.hhs.gov/news/press/2006pres/20060929.html. Specifics on available PDPs include the following:

    - In 2007, beneficiaries will have more PDP choices, with 17 organizations offering national PDPs, up from 9 in 2006 (after the UnitedHealthcare/Pacificare merger). The new nationwide plans are: (1) ENVISONRX PLUS, Inc; (2) Express Scripts, Inc (dba SAMAscript); (3) Health Net, Inc (previously in 6 regions); (4) Longs Drug Stores Corporation (dba Rx America, and previously in 20 regions); (5) NewQuest Health Solutions LLC (dba HealthSpring PDP, and previously in 4 regions); (6) NMHC Systems, Inc; (7) Humana Inc (previously in 31 regions); and (8) Torchmark Corporation (dba First United American Life Insurance Company and United American Insurance Company, and previously in 31 regions). (2006 offerings are taken from Gold, M. "The Landscape of Private Firms Offering Medicare Prescription Drug Coverage in 2006, available at www.kff.org).

    - CMS's release indicates that 2007 monthly premium beneficiaries' pay will average $24 if beneficiaries stay in their current plan. Nationally, 83 percent of beneficiaries will have access to PDPs with premiums lower than they are paying in 2006 and also PDPs with premiums under $20/month. CMS also indicates that bids averaged 10 percent less in 2007 than in 2006.

    - CMS says that 95 percent of beneficiaries qualifying for the low-income subsidy will be able to stay in their current plan and still receive the full subsidy for the premium.

    - CMS's web site includes links to reports on the PDPs available in each state (and the District of Columbia), along with a state specific press

release that highlights the available plans. CMS has released Landscape Tables (http://www.medicare.gov/medicarereform/local-plans-2007.asp.) These "Landscape Tables" are in the same format as provided last year and show each company, plan name and identification number, the benefit type (basic, enhanced), whether the plan qualifies for the full low-income subsidy, offers variable copayments for prescription drugs (versus coinsurance), the monthly drug premium, the annual deductible, and whether coverage (generic and/or preferred brand) is covered in the gap. The press releases for each state highlight changes in the number of plans compared to 2006, including changes in plans with enhanced benefits, zero deductibles, and lower premiums. These press releases are available at: http://www.cms.hhs.gov/apps/media/?media=pressr

- On September 13, 2006, CMS issued a press release drawing attention to the upcoming open enrollment season. Its title was: "My Health My Medicare Fall Campaign Debuts Will Support Prevention and Personalized Coverage in Medicare." It describes that CMS will continue to help beneficiaries before and during the Part D enrollment period, which begins on November 15, 2006 by, for example, continuing its work with partners including the AARP, Medicare Today; the National Caucus and the Center on Black Aged; and the Annapolis State Health Insurance Program. This press release is available online at: **http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1959**

- On September 21, 2006, CMS issued a press release titled "Enhanced Tools Available to Help People with Medicare Improve Their Health Care: Plan Performance Measures Show Further Improvements; New Information and Tools will Enhance: Medicare Drug Plan Finder." The release sought to draw beneficiary attention to the planned mid-October release of an updated Medicare Drug Plan Finder and other tools as part of the 'My Health My Medicare' initiative. It will be available at **www.mymedicare.gov**. The release also stated:

    - The web site will allow beneficiaries to compare costs, benefits and other information on Medicare plans, track the status of Medicare claims, identify covered preventive and screening services, find physicians, and compare the quality of health care providers including hospitals, nursing home and others.

    - CMS reports that beneficiaries are satisfied with prescription drug plans, with 1.4 complaints per 1000 in July to 1.7 in June resolvable by the plan (and another 0.6 resolvable by CMS). Plan phone centers answer almost all beneficiary calls in under two and a half minutes, with more than 90 percent answered within a minute. In 2006, CMS issued over 2,800 warning letters to health plans, with 92 percent of all sponsors receiving at least one compliance letter. This press release is available online at: **http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1969**

Relevant to Medicare Advantage

- None

Relevant to Prescription Drug Plans

- CMS released a Fact Sheet/Executive Summary titled "Medicare Drug Coverage Provides Significant Price Discounts and Savings: Analysis of Drugs for Common Health Problems." In an early study based on March 2006 data, CMS found that the price discounts negotiated by plans in Part D were, on average, 27 percent lower than cash prices. This updated study (through June 2006), CMS says, yields generally the same findings as the earlier study, with drug costs rising less than the Average Wholesale Price (AWP) between December 2005 and June 2006. Higher savings are possible on selected drugs, by switching to generics, or by enrolling in plans with lower drug costs. The study builds on profiles CMS created for 16 "illustrative Medicare beneficiaries" with common chronic conditions, each taking different varieties of medication (and within two different zip codes). The full report and fact sheet are available on CMS's website at: **http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1967**

- On September 21, 2006, CMS Administrator Mark McClellan testified on generic drugs and the Medicare Prescription Drug Benefit before the Senate Special Committee on Aging. His testimony focused on how the Medicare prescription drug benefit has helped lower costs of prescription drugs for people with Medicare. He contributed the lower costs to several factors: 1) increased education to beneficiaries to help them make the best decisions regarding drugs (including choosing generics) and to help them determine which plan is best for them; and 2) generic drugs have become increasingly available. McClellan also goes on to state that improvements for 2007 will continue through the new initiative: My Health. My Medicare. One part of the initiative will be to continue the ongoing DHHS effort, which focuses on prevention-oriented care. Another element of this initiative includes the Pharmacy Quality Alliance, which is a partnership with pharmacy organizations, health plans, employers, consumers and others to begin measuring pharmacy performance. Administrator McClellan's testimony is available at: **http://www.cms.hhs.gov/apps/media/press/testimony.asp?Counter=1971**

- On September 21, 2006, CMS also released a fact sheet on the Part D reconsideration appeals process. The fact sheet describes the appeals process a Medicare beneficiary must use in order to challenge a plan's coverage determination. The steps for the process include: 1) the beneficiary or representative must first request a redetermination by the plan; 2) If the beneficiary is not satisfied with the redetermination, the beneficiary can then request a reconsideration by the Part D qualified independent contractor (QIC); and 3) If the beneficiary is still not satisfied with the outcome then the beneficiary may appeal the QIC's decision to an administrative law judge; the Medicare Appeals Council; and federal judicial review. The fact sheet also provided information summarizing the types of reconsiderations that have occurred since the Medicare prescription drug benefit program began in January 1, 2006. For examples, there have been 8,772 reconsideration requests between January 1, 2006 and July 31, 2006 and the Part D QIC reversed plan decisions in 42 percent of the cases. This fact sheet is available on CMS's website at: **http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1972**

Relevant to Special Needs Plans Specifically

- None

Relevant to Medicare Overall

- This month, CMS released a Medicare fact sheet titled "Medicare Premiums and Deductibles for 2007." In 2007, the standard Medicare Part B monthly premium for 2007 will be $93.50 per month. This is a 5.6 percent increase (or 5 dollar increase) from the 2006 premium of $88.50 per month. The fact sheet also stated that the average Part D enrollee premium increase is likely to be 0.1 percent or less if beneficiaries choose lower-cost drug plan options. The fact sheet described that Medicare beneficiaries are therefore experiencing modest increases in health care cost compared to recent national health care cost trends. This fact sheet is available online at http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1958