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TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
Monthly Report for September 2007

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PROGRAM STATUS: PRIVATE PLAN OFFERINGS, ENROLLMENT, AND CHANGE

Enrollment and Penetration, by Plan Type	Current Month: September 2007	Change From Previous Month*	Same Month Last Year	
			September 2006	Change From September 2006- 2007
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs):	17,137,966	+35,965	16,439,246	+698,720
General	17,013,281	+35,574	16,321,547	+691,734
Employer/Union Only Direct	124,685	+391	114,699	+9,986
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)	8,919,710	+54,384	7,484,724	+1,434,986
Medicare Advantage-Prescription Drug (MA-PD)	7,416,865	+56,551	6,471,096	+945,769
Medicare Advantage (MA) only	1,502,845	-2,166	1,013,628	+489,217
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans** *	6,267,459	+28,813	5,951,003	+316,456
Health Maintenance Organizations (HMOs)	5,767,578	+17,732	5,530,490	
Provider Sponsored Organizations (PSOs)	78,701	+128	92,142	
Preferred Provider Organizations (PPOs)	421,151	+10,949	328,361	
Regional Preferred Provider Organizations (PPO)	209,542	+26,611	91,996	+117,546
Medical Savings Account (MSA)	2,267	-5	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	1,709,782	-3	820,146	+889,636
General	1,699,054	-45	Not Available	Not Available
Employer Direct PFFS	10,728	+42	Not Available	Not Available
Cost	310,084	+810	317,721	-7,637
Pilot****	114,045	-1,844	Not Applicable	Not Applicable
Other*****	306,531	+3	303,858	+2,673
General vs Special Needs Plans******				
Special Needs Plan Enrollees	1,021,800	+32,688	Not Available	Not Available
Dual-Eligibles	722,286	+12,621	Not Available	Not Available
Institutional	143,905	+361	Not Available	Not Available
Chronic or Disabling	155,609	+19,706	Not Available	Not Available
Other Medicare Advantage Plan Enrollees	7,897,910	+21,697	Not Available	Not Available
Penetration (as percent beneficiaries)********				
Prescription Drug Plans (PDPs)	38.9%	+0.1%	37.3%	+1.6%
Medicare Advantage Plans (MA)	20.2%	+0.1%	17.0%	+3.2%
Medicare Advantage-Prescription Drug Plans (MA-PDs)	16.8%	+0.1%	14.7%	+2.1%
Local Health Maintenance Organizations (HMOs),	13.0%	No Change	12.5%	+0.5%
Preferred Provider Organizations (PPOs)	1.0%	+0.1%	0.7%	+0.3%
Provider Sponsored Organizations (PSO)	0.2%	No Change	0.2%	No Change
Private Fee For Service (PFFS)	3.9%	No Change	1.9%	+2.0%

September 2007 data is from the 9.11.07 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/MCRAdvPartDEnrolData/)
* The August 2007 data is from data released by CMS on 8.10.07 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 9.11.07 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/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 September is from the SNP Enrollment Comprehensive Monthly Report released by CMS on 911.07 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 September:

Plan Participation, by type	CURRENT MONTH: SEPTEMBER 2007*	SAME MONTH LAST YEAR	
		SEPTEMBER 2006	CHANGE FROM SEPTEMBER 2006– 2007
MA Contracts (excluding SNP only contracts)			
Total	601	512	+89
Local Coordinated Care Plan	408	367	+41
Health Maintenance Organizations (HMOs)	289	239	+50
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) General Employee Direct	48 47 1	25 Not Available Not Available	+23 Not Available Not Available
Cost	27	28	-1
Medicare Savings Account (MSA)	2	Not Available	Not Available
Special Needs Plans Dual-Eligible Institutional Chronic or Disabling Condition	312 204 65 43	Not Available	Not Available
Other**	89	81	+8

*Contract counts for September 2007 are from the 9.11.07 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/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

- On September 27, 2007, CMS released fact sheets for each state and Washington DC on 2008 MA-PD and PDP offerings. As in previous years, the fact sheets include limited information in a consistent format for each state on offerings beginning in January. The fact sheets include information on the number of PDPs available in the state; the number of PDPs offering enhanced benefits or services; the percentage of people with Medicare that could switch to a PDP with a lower premium in 2008; the total number of PDPs with $0 deductibles; the total PDPs with premiums under $20; the percentage of people with MA-PDs that will have access to a plan with $0 premium; the percentage of people with MA-PDs with access to a plan with a $0 drug premium among other items. For examples:

    - West Virginia has the largest total available PDPs (63) and Alaska has the lowest amount available (47) of all the 50 states or DC. The average number of PDP offerings is 53.

    - Pennsylvania and West Virginia have the highest number of $0 deductable PDP plans (36) and Hawaii and Alaska have the lowest (28).

    - The lowest cost PDP plan in each state varies from a low of $9.80 in Arizona to the highest amount of $18.00 in Alabama and Tennessee.

    - The total beneficiaries for all the states and DC with the low-income subsidy is 9,632,124.

    - CMS also provided the data used in these fact sheets in two excel spreadsheets. Both the fact sheets and the excel background data are available on CMS's website but they are not easy to find. They can be accessed at: http://www.cms.hhs.gov/Partnerships/STDrugPlanInfo/list.asp and http://www.cms.hhs.gov/center/openenrollment.asp

- On September 24, 2007, CMS released a press release titled "Seven Medicare PFFS Plans are Approved Following Rigorous Marketing Review." These plans had their marketing suspended in June 2007 (some voluntarily) so that CMS could review their marketing strategies. The press release announced that CMS had approved a resumption of marketing (an important approval with the upcoming open enrollment seasons). Four of the plans had voluntarily suspended marketing of PFFS products: 1) United Health Group. 2) Blue Cross Blue Shield of Tennessee; 3) Humana; and 4) Sterling Life Insurance Co. The other three plans CMS reviewed and now approved for marketing are: 5) Coventry; 6) Universal American Financial Corp; and 7) Wellcare Health Plans. The press release is available at: http://www.cms.hhs.gov/apps/media/press_releases.asp

Relevant to Medicare Advantage

- None

Relevant to Prescription Drug Plans

- CMS released information on 2008 Part D national stand-alone prescription drug plans. There will be 17 companies offering such products including Aetna; Cigna; Coventry Health Care; CVS-Caremark; ENVISIONRX PLUS INC; Health Net; Humana; Longs Drug Stores Corporation; Medco Health Solutions; Member Health; NewQuest Health Solutions LLC; Sterling Insurance Group; Torchmark Group; United HealthCare Group, Inc; Universal American Financial Corp; WellCare Health Plans, Inc; and Wellpoint, Inc. Wellpoint Inc will offer low-income subsidy (LIS) plans nationally. Although there were also 17 national plan sponsors in 2007, NMHC Systems and Express Scripts are no longer national sponsors and instead Universal American Financial Corp and Sterling Insurance Group are first time sponsors in 2008. This information is available on CMS's website at (for 2008 information see: http://www.cms.hhs.gov/Partnerships/downloads/2008MedicarePartDNationalStand.pdf) and for 2007 information on Part D stand-alone prescription plan sponsors see: http://www.medicare.gov/medicarereform/mapdpdocs2007/2007NationalPDPs.pdf)

Of General Interest

- None

Relevant to Special Needs Plans Specifically

- This month, SAMHSA/CMS held a three-day Medicare Advantage Special Needs Plans conference in Baltimore, Maryland. The conference included a one-day workshop for those operating and managing SNPs including an overview of the SNP business model; working with Medicare Part D and understanding the regulatory environment. The second day of the workshop included a one-day track session broken out by type of SNP (dual eligibles; institutional and chronic care). Jim Verdier, Senior Fellow at MPR, spoke at the dual-eligible portion of the conference. His presentation, "Mental Health Services in Special Needs Plans; Integrated Care for Persons with Mental Disorders," provided an overview of MA SNPs; information on SNP enrollment and state contractual issues as well as challenges for SNPs. The final day of the conference included presentations of 4 case studies including lessons learned from Blue Cross Blue Shield (one of the country's earliest and largest SNP programs) as well as case studies on HIV and ESRD SNPs. More information on Verdier's presentation as well other information on the event, including the conference overview and brochure as well as each session and presenter information is available at: www.iirusa.com/SNPs.

OTHER ITEMS OF RELEVANCE

Briefings and Hearings:

- None

Other

- The Kaiser Family Foundation released a summary this month on how the House-passed Children's Health and Medicare Protection CHAMP act (H.R 3162) would affect low-income Medicare beneficiaries. Specifically, the summary provides a side-by-side comparison of the current law and key provisions in the new legislation (including eligibility requirements; verification of income and resources; automatic reenrollment; among others). For example, while there is no change in the income requirement for the Part D low-income subsidy program, there is an increase in the resource limit (from $10,210/individual and $20,410/couple in 2007 to $17,000/individual and $34,000/couple beginning in 2009). This summary is available on the KFF website at: http://www.kff.org/medicare/7695.cfm

- The Kaiser Family Foundation also released a study this month titled "The Burden of Out-of-Pocket Health Spending Among Older Versus Younger Adults: Analysis from the Consumer Expenditure Survey, 1998-2003." The study used data from the Consumer Expenditures Survey from 1998 to 2003 to analyze senior and younger adults' share of income spent on out of pocket costs for health care. Findings included that seniors spent more than five times the share of income on out of pocket costs than young people. The authors suggest that even with the new Part D program, narrowing the gap in out of pocket spending between younger adults and seniors is unlikely. The full report is available online at: http://www.kff.org/medicare/7686.cfm

- A study in *Health Services Research* by Boyd H. Gilman and John Kautter titled "Impact of Multitiered Copayments on the Use and Cost of Prescription Drugs among Medicare Beneficiaries (September 2007)" provides findings of an analysis on beneficiary cost sharing on the cost and use of prescription medications. Primary findings included that higher tiered drug plans reduce overall expenditures and the number of prescriptions purchased by Medicare beneficiaries. Other findings include that beneficiaries are less responsive to cost sharing incentives when using drugs to treat chronic conditions. The full version of this article is available at: (http://www.blackwell-synergy.com/doi/abs/10.1111/j.1475-6773.2007.00774.x)

- This month, America's Health Insurance Plans (AHIP) held a conference on Medicare and Medicaid. Relevant to MA and Part D, conference speakers included:

    - Julie Goon, Special Assistant to the President for Economic Policy: "The Administrations Perspective for 2008: The Road Ahead for the Part D and Medicare Advantage Programs."

    - Peter Orszag, Congressional Budget Office: "Medicare's short-term and long-term financial outlook and implications"

- More information on this conference, including a web video of the conference and transcript is available at: http://www.ahip.org/links/mcmc2007/