

# TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS

## Monthly Report for October 2005

*A Brief Summary of Selected Significant Facts and Activities This Month  
to Provide Background for Those Involved in Monitoring and Researching  
Medicare Advantage and Prescription Drug Plans*

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as part of work commissioned by the Kaiser Family Foundation*

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

From the CMS Medicare Managed Care Contract Report (<http://cms.hhs.gov/healthplans/reportfilesdata/>):

Plan Participation, Enrollment, and Penetration by type	Current Month: Oct 2005	Change From Previous Month	Same Month Last Year	
			Oct 2004	Change From Oct 2004 – 2005
<b>Contracts</b>				
Total*	458	-6	298	+160
CCP	302	0	153	+149
PPO Demo	34	0	35	-1
PFFS	17	0	6	+11
Cost	29	0	29	0
Other*	76	0	75	+1
<b>Enrollment</b>				
Total	5,988,253	+74,973	5,445,118	+543,135
CCP	5,077,634	+52,926	4,682,711	+394,923
PPO Demo	125,966	+869	107,909	+18,057
PFFS	165,471	+17,571	44,375	+121,096
Cost	321,853	-581	330,338	-8,485
Other*	297,329	+4,188	279,785	+17,544
<b>Penetration**</b>				
Total Private Plan Penetration	13.7%	+0.1%	12.7%	+1.0%
CCP + PPO Only	11.9%	0.0%	11.1%	+0.8%

\* The total number of contracts is 6 less than in September 2005 even though there were no changes in counts by type of contract. CMS apparently has corrected the total number of contracts in its October report—our September report warranted users that there was a discrepancy between counts by type and in total.

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

\*\* Penetration rates for October and September 2005 are calculated using the number of eligible beneficiaries reported in the September 2005 State/County File. Penetration rates for October 2004 are calculated using the number of eligible beneficiaries reported in the September 2004 State/County File.

DEFINITIONS: Coordinated Care Plans, or CCPs, include health maintenance organizations (HMOs), provider-sponsored organizations (PSOs) and preferred provider organizations (PPOs). Data from the September 2005 Geographic Service Area File show that HMOs account for 80 percent of CCP contracts and 99 percent of CCP enrollment. 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.

### **Pending Applications**

- CMS has almost eliminated its backlog of pending applications as a result of approvals granted over the last several months. According to the October 1, 2005 Medicare Managed Care Contract Report, there are pending applications for 3 PACE contracts. There are no pending service area expansions this month. Since a year ago, the total number of contracts has increased by 160 from 298 to 458. Most of these have been CCP contracts though the number of PFFS increased almost 3 fold from 7 to 17. Enrollment has increased much more slowly though penetration has increased from 12.7 percent to 13.7 percent.

### **Summary of new MA contracts announced in October:**

CMS's Monthly Medicare Managed Care Contracts Report (MMCC) for October 1, 2005 indicates that no new contracts were signed since the September 1, 2005 MMCC Report. This report covers only approval of contracts for 2005. CMS had previously indicated that all new MA contracts for 2005 had to be approved by September 1, 2005. CMS has released information listing contracts to be available in 2006 ([www.cms.hhs.gov](http://www.cms.hhs.gov), see Landscape of Local Plans) but no statistics on the total number involved and how that differs from the past. (See September 2005 report for discussion of this topic.)

### **NEW ON THE WEB FROM CMS**

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

- On October 1, 2005, organizations sponsoring PDPs and MA plans were authorized to start marketing. To support education, CMS mailed beneficiaries the *2006 Medicare and You Handbook* (can be downloaded at [www.medicare.gov](http://www.medicare.gov)). The Handbook's cover has the message "This Year It's Different—Everyone needs to make a decision about Prescription Drug Coverage". The 92 page handbook describes: (1) Medicare insurance basics, (2) Coverage options including traditional Medicare, Medicare Advantage and other health plans, and Medicare Prescription Drug coverage; (3) help for people with limited income and resources; and (4) other details including how to join a plan or switch, Medicare rights and where to find additional information. As described in the PDP section, the original handbooks mailed had a critical error on PDPs—They listed all as available for those in the LIS program. The handbook on the web site has been corrected.
- On October 4, 2005, CMS released a tip sheet for all MA-PD and PDP organizations to use as they begin their education and outreach campaign of the new Medicare prescription drug benefit. The tip sheet divides Medicare beneficiaries into five broad categories and provides the organizations with information to give to each of these five groups when conducting their campaigns. The five groups include beneficiaries with: 1) no prescription drug coverage; 2) employer/union coverage; 3) a Medicare and Medicaid; 4) Medicare Advantage Plan or other Medicare Health Plan; 5) a Medigap Policy with prescription drug coverage. The tip sheet is available at <http://www.cms.hhs.gov>.

- On October 7, 2005, CMS reported on the expanded efforts it has made to fight fraud as marketing begins for the new Medicare prescription drug benefit. CMS has contracted with eight organizations that will monitor and analyze data to help identify potential problems as beneficiaries sign up for the benefit. CMS is also providing basic tips for consumers such as where to report suspicious activity as well as tips on what type of information MA-PDs and PDPs can ask seniors for over the phone and when salespersons are allowed to make house visits. The press release and other information including a Medicare Fact Sheet on “Attacking Fraud and Abuse”, a tip sheet for Medicare beneficiaries on consumer protection and a link to a Federal Trade Commission site on identity theft is available at: <http://www.cms.hhs.gov/media/press/release.asp?Counter=1690>
- On October 7, 2005, CMS convened a special call for all MA-PDs (excluding PACE and Employer Plans) and PDPs. The call focus was a discussion on the Medicare Prescription Drug Plan Finder and any technical difficulties these organizations have had in submitting data files. The agenda for the call is available at <http://www.cms.hhs.gov>.
- On October 17, 2005, CMS released tools to help beneficiaries find a prescription drug plan, including both PDP and MA options. Below is a description of each tool and what it can be used to find. The tools are interactive and tailor the information given to users with information the user provides. Users may need to use multiple tools to get the information they need. Tools are available at [www.medicare.gov](http://www.medicare.gov) and can also be accessed through [www.cms.hhs.gov](http://www.cms.hhs.gov). We provide below any specialized links with the CMS web site that may be of interest.
  - **The Landscape of Local Plans** targets partners/researchers with summary data on the market. Users can download tables by state on available PDPs and MA plans. The PDP tables list, by organization, each sponsor, the names of plans they offer, the premium for drug coverage, and various characteristics of the drug coverage that is offered, including deductible, use of tiered co-payments, any coverage in the “gap”, share of top 100 drugs on the formulary, and mail order availability. The MA plan tables are similar but they are longer since the list includes availability by county because service areas are on a county-by-county basis for all MA plans with the exception of regional PPOs. In addition to the information provided for PDPs, the MA tables also show the type of MA plan (HMO, local PPO, regional PPO, private fee-for-service, cost, demo) and total premium for coverage (including drug coverage). This tool can be accessed at <http://www.cms.hhs.gov> or [www.medicare.gov](http://www.medicare.gov)
  - **The Medicare Prescription Drug Plan Finder (MPDPF)** provides a tool to identify available plans by zip code. Users can do a general search or enter their Medicare identification number and do a more personalized search. If they choose the latter, CMS will link with the available information on the beneficiary’s status (e.g. MA enrollment). Starting November 15, 2005, beneficiaries will be able to use this tool to enroll in a plan via the web. The tool takes users through a menu asking them about their situation (e.g. employer and other forms of supplemental coverage, LIS eligibility) and their interest in MA and/or PDP options. If they are interested in PDPs, they are provided with a table of PDPs available to them with selected characteristics of each drawn from those on the Landscape table. If they are interested in MA plans, they are provided listings of available MA-PDs plans organized by type (HMO, local PPO etc). This tool can be accessed at <http://www.cms.hhs.gov>.

- The **Formulary Finder** is part of the MPDPF tool and is the tool CMS provides for identifying plans that cover the drugs that they take. Users can create a list of the drugs they take and the dosages. They then are provided with a list of the plans in their state, which have those drugs on the formulary. The list includes only basic information on plans (contract and plan identifier, type of plan, and number of pharmacies in the state affiliated with it.) Users can click on each plan to get more information on details of coverage for that drug (e.g. co-payment tier, pre-approval, quantity limits or pre-approval). The tool can be accessed at <http://plancompare.medicare.gov/formularyfinder/selectstate.asp>
- **Medicare Personal Plan Finder (previously known as Medicare Compare)** covers all MA plans including MA plans that offer prescription drugs (MAPDs) and MA plans that do not cover prescription drugs. Users can also search for Medigap plans. The tool provides a variety of information about each MA plan, including information on coverage of Medicare Part A and B services, supplemental services that may be covered (such as dental, vision or podiatry services). The MPPF has relatively limited information on prescription drug coverage, however, users can link from the MPPF to the Medicare Prescription Drug Plan Finder to learn more about the drug coverage available in MAPDs (as well as in PDPs). Both tools can be accessed at <http://www.medicare.gov>.
- The **Medicare Prescription Drug Plan Cost Estimator** asks beneficiaries their state and how much they spend per month on prescription drugs. From that, it provides an estimate of what their likely drug costs would be if they joined a Medicare prescription drug plan. It also provides information on the lowest premium available in the state or territory they selected. However, the tool is generic in terms of its calculations (no detail on individual use patterns) and also assumes that the beneficiary has no current drug coverage and does not receive any type of discounts. (If the analysis indicates no savings, beneficiaries are told that while they may not save in the short run, there are important reasons to consider coverage including piece of mind and long term savings. This tool is available at [http://www.medicare.gov/medicarereform/MPDP\\_Cost\\_Estimator.asp](http://www.medicare.gov/medicarereform/MPDP_Cost_Estimator.asp)
- CMS also stated in its October 17, 2005 press release that a **BenefitsCheckUpRX** online tool would also soon be available to include prescription drug information. This tool is designed for people to assess current prescription drug coverage as well as provide them with other personalized information such as what coverage they are currently eligible for and what their rights and options are based on their situation. More information about this tool is available at <http://www.cms.hhs.gov>.
- On October 20, 2005, CMS' Office of the Actuary (OACT) released a memorandum to all Medicare Advantage organizations, demonstrations, 1876 cost organizations, and Prescription Drug Plans, inviting these organizations to provide feedback on the Contract Year (CY) 2006 actuarial bid requirements. Specifically, OACT is seeking recommendations on the Medicare Advantage Bid Pricing Tool, the Prescription Drug Bid Pricing Tool, CMS instructions, documentation requirements, actuarial certifications and employer bidding issues. The feedback period will take place between October 26, 2005 and November 16, 2005 and suggestions can be made using the following link: [http://hpmstest.fu.com/test/bpt2006\\_lessons\\_learned/home.html](http://hpmstest.fu.com/test/bpt2006_lessons_learned/home.html).

- On October 31, 2005, CMS announced that its 30-second television advertisements have begun airing in both English and Spanish. The advertisements present viewers with enrollment dates and a list of resources for obtaining more information. The English advertisement airs October 10 through October 30 and November 7 through November 30, 2005 on a variety of cable and network television channels. The Spanish advertisement will air October 17 through November 27, 2005 on Univision, Telfutura, and Galavision. More information about these advertisements is available at <http://www.cms.hhs.gov>.

### Relevant to Medicare Advantage

- On October 11, 2005, CMS convened an MA technical user group training call for all cost plans, MA plans and HCPPs. The training call focused on auto-enrollment of full-benefit dual eligibles who are currently enrolled in MA and certain cost plans. The call discussed when CMS does the auto-enrollment and when the MA organization/cost plan facilitates enrollment as well as how to identify dual enrollees, the processes involved in assigning an individual to an MA-PD and effective dates. The power point presentation is available at <http://cms.hhs.gov/healthplans/training/aema-pd10-11-05.pdf>
- On October 12, 2005, CMS convened an MA technical user group training call for all MCOs, cost plans, MA plans, PACE plans and HCPPs on risk adjustment policy. The purpose of the call was to provide an update on the status of risk adjustment for Part C payments in preparation for the CY 2007 Medicare Advantage payment rates and also to identify issues and answer questions relating to risk adjustment for Medicare Advantage. The information discussed is available online at ([Medicare Advantage Risk Adjustment Method CY 2007](#)).
- On October 20, 2005, CMS issued the final 2006 model evidence of coverage (EOC) documents to all Medicare Advantage organizations and cost-based plans. The model EOC provides information for these organizations to use to explain to beneficiaries their covered Medicare benefits and related cost-sharing responsibilities. (<http://www.cms.hhs.gov/healthplans/marketing>).

### Relevant to Prescription Drug Plans

- On October 6, 2005, CMS released a notice detailing an error in printed area-specific versions of the “Medicare & Your 2006” handbooks, which were mailed to people with Medicare in October. Specifically, the notice drew attention to the fact that the Handbook shows every PDP plan available at no additional premium to those qualifying for extra help (low income subsidy) whereas in fact only a subset of about 40 percent are because their premiums are below the regional benchmark. (see September 2005 report for more details on the benchmark). The error occurs on page 97-A of the handbook in the column labeled “If I Qualify for Extra Help, will My Full Premium be Covered?” It erroneously shows a “Yes” for every PDP plan. However, approximately 60 percent of the prescription drug plans listed in the handbook should have a “No” in this column because these plans are above the regional benchmark and therefore a beneficiary who qualifies for the low-income subsidy would pay some cost toward the premium for this plan. CMS has corrected the information but does not plan on mailing additional copies to those that received the erroneous handbook by mail. CMS posted an accurate version of the handbook on the web on October 7, 2005. CMS is also notifying its outreach and education partners about the error. In addition, plans are required to provide correct premium information to individuals who qualify for the low-income subsidy, prior to enrollment. This notice is available on CMS’s website at <http://www.cms.hhs.gov/partnerships/tools/materials/default.asp>.

- On October 19, 2005, CMS released information for state and local government officials to use when providing information for dual eligibles and their caregivers about the new prescription drug benefit. The information includes answers to questions such as 1) what are the Medicare prescription drug plans? 2) if an individual is enrolled in both Medicare and the state's Medicaid program then how will the changes affect me? and 3) when will people with both Medicare and Medicaid join a Medicare prescription drug plan? (<http://www.cms.hhs.gov/medicarereform/states/whatsnew.asp>.)

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

- On October 24, 2005, CMS released its October 2005 list of Special Needs Plans. The list includes contract number, type and name as well as the plans geographical location and the type of SNP (i.e., dual eligible, individuals with chronic condition or institutionalized). The list is available at: <https://www.cms.hhs.gov/healthplans/specialneedsplans/reports.asp>. All of the plans listed are CCPs. Most cover dual eligibles and the rest cover institutionalized individuals. There do not appear to be plans approved for others with chronic illness, at least for 2005. A few firms appear to dominate the offerings, with UnitedHealthcare having a particularly extensive set of offerings and Wellcare and HealthSpring also serving multiple geographical areas.
- On October 31, 2005, CMS announced sites for its demonstration for beneficiaries with end stage renal disease (ESRD). The demonstration is designed to increase opportunity for Medicare beneficiaries with ESRD to join managed care plans. During the first year of the demonstration the Medicare Advantage plans will be offered in four states: California, Pennsylvania, Texas and Massachusetts. DaVita, a dialysis provider, is partnering with SCAN to offer a special needs plan (SNP) in San Bernadino and Riverside California. Fresenius Medical Care NA, another dialysis provider with a wholly owned health plan, is partnering with Sterling Life Insurance Company in areas of Texas and Pennsylvania and with American Progressive Life and Health Insurance Company in areas of Massachusetts. These products will be MA private fee-for-service plans. CMS's press release says that an important aspect of the demonstration will be the emphasis on quality improvement and pay-for-performance. More information is available at <http://www.cms.hhs.gov>.

## **ON THE CONGRESSIONAL FRONT**

### **About Medicare Health and Drug Plans Specifically**

- On September 22, 2005, Leslie Norwalk, Deputy Administrator, CMS, testified on the Cost of Medicare Part D before the Senate Subcommittee on Federal Financial Management, Government Information and International Security of the Committee on Homeland Security and Government Affairs. She discussed CMS estimates for the net cost to the Federal government for the Medicare prescription drug program. CMS' actuaries current projections are now about \$148 billion over the period 2004-2008. She stated that about 25 percent of the costs of the basic Medicare prescription drug coverage will be financed by beneficiary premiums and the remaining 75 percent will come from the Federal government's general fund. In addition, she stated that a portion of the cost will be met through the state payments that represent a percentage of their forgone costs for drugs on behalf



of dual Medicare-Medicaid beneficiaries. The testimony is available at <http://www.hhs.gov/asl/testimony.html>.

- On October 26, 2005, the House Ways and Means committee marked up entitlement recommendations to the Budget Committee for fiscal year 2006. The package had no Medicare savings provisions. On October 25, 2005, the Senate Finance Committee voted on the Chairman's mark. The Senate package includes Medicare savings options that include eliminating the stabilization fund for MA regional plans and phasing out the budget-neutrality adjustment to MA plan payments. More information is available at <http://finance.senate.gov/sitepages/legislation.htm>

### **Broader Medicare Program (in Brief)**

- On October 14, 2005, the Social Security Administration announced that it will increase social security payments by 4.1 percent beginning with the December 2005 benefits which are payable in January 2006. (<http://www.ssa.gov/OACT/COLA/latestCOLA.html>). An article in the *New York Times* (Pear, October 15, 2005) reports that this increase will be offset by the increase in the Medicare Part B premium (from \$78.20 to \$88.50) also to begin in January 2006.

## **FROM THE PERSPECTIVE OF BENEFICIARIES**

### **General**

- September 27, 2005, Alliance for Health Reform held a briefing entitled "Implementing the Medicare Drug Benefit: The Stories Ahead." The briefing focused on the new Medicare prescription drug benefit including information on its launch date, the initial enrollment period, and penalties for late enrollment. The transcript, webcast and other materials from this briefing are available at <http://www.allhealth.org>. Speakers included
  - Leslie Norwalk, acting deputy administrator, CMS
  - John Rother, director of lobbying and public policy activities, AARP
  - Alexander Vachon III, president, Hamilton PPB
  - Mark Benoff, practice leader, Pricing and Market Access, Cambridge Pharma Consultancy
  - Abby Block, senior advisor to CMS administrator Mark McClellan.
- On October 6, 2005, Kaiser Family Foundation held a webcast entitled "Ask the Experts: Medicare Part D." The webcast included a panel of experts to answer questions about the Medicare Part D implementation. Questions included whether or not Medicare beneficiaries will be able to continue using their Medicare drug discount card and when enrollment will begin and end. The panel of experts were Julie Goon, director of Medicare Outreach and senior advisor to the Secretary of Health and Human Services; Tricia Neuman, vice president, Kaiser Family Foundation and Aileen Harper, executive director, Center for Health Care Rights. The webcast is available at (<http://www.kaisernetwork.org>).
- On October 7, 2005, Kaiser Family Foundation weekly Medicare column provided beneficiaries with information on the use of prescription drug discount cards once the drug benefit takes effect in 2006. The column stated that Medicare beneficiaries could continue to use their Medicare-approved drug discount cards until May 15, 2006. However, the column advises beneficiaries not to wait until then if they are planning on signing up for a prescription drug plan. This information is available at

<http://www.kaisernetwork.org>.

- On October 7, 2005, *USA Today* (Richard Wolf, October 7, 2005) reported results from a USA Today/CNN/Gallup Poll conducted on 275 adults age 65 and older (with a margin of error of +/- 7 percentage points) during the first week of October. Thirty seven percent of those polled said they understand the new drug program at least somewhat well but 61 percent said they do not understand the program. In addition, 24 percent of those polled said they plan to join the new prescription drug program, 54 percent said they do not plan to join the program and 22 percent have no opinion.
- On October 31, 2005, *Consumer's Union* announced (in a release covered by *Congressional Quarterly*) that it was asking Medicare beneficiaries to share their experiences in signing up with plans—any unwanted telemarketing or misleading information etc.-- to help track problems, abuses, successes etc. Consumer's Union also encouraged signing up with the "Do Not Call" registry to avoid telemarketing and potential scams. Information can be reported at [www.consumersunion.org/issues/medicaredrugs](http://www.consumersunion.org/issues/medicaredrugs).

### Special Populations

- None

### FROM OTHER STAKEHOLDERS

- On September 22, 2005, the National Health Policy Forum released a report from the Forum session "Implementing the Medicare Prescription Drug Benefit: Continuing Challenges from States." The Forum included three state Medicaid officials: 1) Mike Fogarty from Oklahoma, 2) Carol Herrmann from Alabama, and 3) Carolyn Ingram from New Mexico. The forum also included federal staff, consumer advocates, Medicaid experts and researchers, and a senior official of a health plan that currently enrolls both Medicare and Medicaid beneficiaries. The report details concerns that states have in implementing the Medicare prescription drug benefit and provides recommendations that came out of the Forum discussion for improving implementation. The recommendations included 1) delay the transition for dual eligibles and 2) postpone imposition of the late enrollment penalty, 3) make drug utilization data available to states, 4) streamline managed care coordination and 5) revisit the clawback requirement. This report is available at <http://www.nhpf.org>
- On October 1, 2005, insurance companies approved by CMS were able to begin marketing their new prescription drug benefit plans. An article in the *Baltimore Sun* (Salganik, October 1, 2005) describes some of the campaigns already underway. For example, PacifiCare is using computer digitalization in their advertisements in order to use reproduce characters from the 1960s "I Love Lucy" to appeal to seniors television show. The characters, Fred and Ethel, will be shown in the advertisement discussing the merits of Pacificare's drug benefit. UnitedHealthcare is also using character references in their marketing campaign, which they also hope, will appeal to seniors. One of their advertisements will include a regular character seen on the Today show named the "the Savvy Senior."
- An article in the *Washington Post* (Christopher Lee, October 10, 2005) headlined "Medicare Drug Benefit Outlined in Campaign: As Enrollment is set to begin, ads and other outreach seek to educate eligible Citizens" reported that CMS will send \$300 million over three years on the educational campaign for the new Medicare prescription drug benefit. The article reports that 10,000 dollars will



be used for local not-for-profit groups to provide educational and instructional materials to Medicare beneficiaries. The article also reports that CMS has a 25 million dollar contract with Ketchum, a public relations, to help with marketing efforts.

- On October 21, 2005, the National Health Policy Forum held a session on “Medicare Health Support: Working with Physicians.” Medicare Health Support (MHS) was initiated as part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) and is designed to improve quality of care and quality of life for fee-for-service Medicare beneficiaries with chronic diseases by providing support, education and coaching to help these individuals stay healthier. This pilot program is offered in nine states and the District of Columbia. The program is designed to improve coordination and delivery of chronic care for beneficiaries in traditional Medicare who have diabetes or congestive heart failure, with or without other co-morbid conditions identified through claims data. Speakers at the Forum included Sandra M. Foote, ScM, CMS; Kimberly S. Yarnall, MD, Duke Medical Center; Vincent J. Bufalino, MidWest Heart Specialists and Michael Schoenbaum, PdD, Rand. More information on this forum is available at [www.nhpf.org](http://www.nhpf.org).

#### NEWLY RELEASED RESEARCH STUDIES NOT PREVIOUSLY DESCRIBED

- **Karen Davis, Marilyn Moon, Barbara Cooper, and Cathy Schoen. “Medicare Extra: A Comprehensive Benefit Option For Medicare Beneficiaries” *Health Affairs*, Web Exclusive W5-442, October 4, 2005. ([www.healthaffairs.org](http://www.healthaffairs.org))**

In this article, the authors propose a comprehensive Medicare benefit plan labeled Medicare Part E or Medicare Extra. Their proposed plan would eliminate fragmented benefits for those beneficiaries who wish to stay in traditional Medicare FFS but in order to receive full coverage must enroll in a separate prescription drug plan and supplemental Medigap policy. The authors argue that because Medicare Part E would provide these benefits under one plan, it would generate administrative savings because the money that is now spent separately on claims administration and marketing for each separate benefit would be consolidated. In addition, their model predicts savings for Medicare beneficiaries and employers as well. The authors used data from the 2000 Medicare Current Beneficiary Survey (MCBS) to estimate their predicted cost-savings by comparing current Medigap premiums with a proposed estimated incremental cost per beneficiary of expanding traditional Medicare benefits.

- The October 21, 2005, AcademyHealth’s newsletter for the Healthcare Financing and Organization (HCFO) program describes several studies underway that are relevant to Medicare Part D. Brief summaries are provided for two studies examining state experience with prescription drug plans and two others that examine the effects of information on health plan choices. (<http://newsmanger.commpartners.com/ahhcfo/2005-10-21/index.html>.)
- **Jonathan Blum, Jennifer Bowman, and Chiquita White. “The Impact of Enrollment in the Medicare Prescription Drug Benefit on Premiums.” Washington DC: The Henry J. Kaiser Family Foundation, October 2005. (<http://www.kff.org/medicare/7423.cfm>).**

In a study prepared for the Kaiser Family Foundation by Avalere Health LLC, the authors estimate the effect of various levels of enrollment on the Medicare Prescription Drug monthly premium. The authors used estimates consistent with the Congressional Budget Office’s (CBO) projections on enrollment assuming that dual eligibles and Medicare Advantage enrollees would enroll in a

prescription drug plan but those receiving drug coverage through employer-sponsored insurance and through a government retiree health insurance program would not enroll in a prescription drug plan. The authors then isolated three remaining subgroups 1) low-income subsidy eligible beneficiaries, 2) beneficiaries who are projected to lose retiree health benefits, and 3) beneficiaries currently enrolled in the traditional fee-for-service program, who do not qualify for low-income subsidies. The authors then divided the five groups into high and low drug spending quintiles and estimated what the average Medicare prescription drug premiums would be if enrollment of each one of these groups varied. The authors also estimated the federal costs given the five possible enrollment scenarios. They conclude that Medicare prescription drug benefit would be significantly higher in 2007 if enrollment were significantly concentrated among beneficiaries who have high-expected drug spending but that enrollment levels do not significantly alter the federal cost of the Medicare prescription drug benefit.

#### **OTHER SIGNIFICANT EVENTS**

- On September 26, 2006, *Health Affairs* released a series of Web Exclusives dealing with Medicare's challenges. The focus was on aging, including trends in health, disability, technology and health care innovation. In a forward, John Iglehart, founding editor, describes the body of work, which was coordinated by Dana Goldman of RAND and supported by CMS and the National Institute of Aging (The Hartford Foundation also supported the publication). ([www.healthaffairs.org](http://www.healthaffairs.org)).