

TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS

Monthly Report for October 2006

*Prepared by Stephanie Peterson and Marsha Gold, Mathematica Policy Research Inc.
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: October 2006	Change From Previous Month*	Same Month Last Year	
			October 2005	Change From October 2005- 2006
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs)**:	16,557,864	+118,618	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)	7,611,200	+126,476	5,988,253	+1,622,947
Medicare Advantage-Prescription Drug (MA-PD)	6,596,135	+125,039	Not Applicable	Not Applicable
Medicare Advantage (MA) only	1,015,065	+1,437	Not Applicable	Not Applicable
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans	6,070,318	+119,113	5,077,634	+992,684
Health Maintenance Organizations (HMOs)	5,645,053	+114,563	Not Available	Not Available
Provider Sponsored Organizations (PSOs)	92,342	+200	Not Available	Not Available
Preferred Provider Organizations (PPOs)	332,914	+4,553	Not Available	Not Available
Regional Preferred Provider Organizations (PPO)	93,922	+1,926	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	826,031	+5,885	165,471	+660,560
Cost	317,574	-147	321,853	-4,279
Other****	303,355	-503	297,329	+6,026
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)	37.6%	+0.3%	Not Applicable	Not Applicable
Medicare Advantage Plans (MA)	17.3%	+0.3%	13.7%	+3.6%
Medicare Advantage-Prescription Drug Plans (MA-PDs)	15.0%	+0.3%	Not Applicable	Not Applicable
Local Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs) or Provider Sponsored Organizations (PSO)	12.8%	+0.3%	Not Available	Not Available
	0.8%	+0.1%	Not Available	Not Available
	0.2%	No change	Not Available	Not Available
Private Fee For Service (PFFS)	1.9%	No change	0.4%	+1.5%

October 2006 data is from the 10.02.06 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 September 2006 data is from data released by CMS on 9.01.06 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 16,439,841).

***The data for the breakdown of MA Local Coordinated Care Plans is from the 10.02.06 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 October and September 2006 are calculated using the number of eligible beneficiaries reported in the December 2005 State/County File. Penetration rates for October 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 October:

Plan Participation, by type	CURRENT MONTH: OCTOBER 2006*	SAME MONTH LAST YEAR	
		OCTOBER 2005	CHANGE FROM OCTOBER 2005– 2006
MA Contracts (excluding SNPs)			
Total	513	458	+55
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**	82	76	+6

*Contract counts for October 2006 are from the 10.02.06 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 October 13, 2006, CMS released a press release titled “New Tools Available to Help with Medicare Prescription Drug Plan Choices for 2007.” The press release draws attention to the changes made to the Medicare Drug Plan Finder and other tools as part of the ‘My Health My Medicare’ initiative. The press release states that the new Drug Plan Finder will include a ‘cleaner look’ that allows beneficiaries to print reports on their drug plan costs in a more user-friendly manner. The update also includes a new tool, the Monthly Cost Estimator, that provides a breakdown of expected drug spending for 12 months for each plan the beneficiary chooses. As mentioned last month, the website also allows for beneficiaries to compare 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 homes and others. These tools are available at www.medicare.gov. The press release is also available on CMS’s website at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2033>.
- CMS staff has encouraged users to review frequently CMS’s Part D enrollment data page on their web site as they could post new information there (http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/02_EnrollmentData.asp). Starting August 2006, CMS began posting MA data on enrollment by contract along with a summary report on enrollment by contract type. In October, CMS also posted information on a third file with State Service Areas. The available information still does not provide data at the contract/county level (versus the contract as a whole). As a result, it is not possible to identify enrollment patterns at the state or local level (see September 1, 2006 report). We have written to CMS’s Administrator requesting a return to release of the historical GSA files on MA but have not yet received a response.

Relevant to Medicare Advantage

- This month CMS added information on MA-PDs to the www.medicare.gov website. The state by state information complements the information previously made available on PDPs. The site has downloadable excel spreadsheets with the complete files for each type of plan. CMS’s labeling of this information focuses on “prescription drug plans”. Links to MA follow the state maps so users will need to “scroll down” (<http://www.medicare.gov/medicarereform/local-plans-2007.asp>) to locate this information.

- CMS has posted a Fact Sheet on 2007 Medicare Medical Savings Accounts (http://www.cms.hhs.gov/HealthPlansGenInfo/02_WhatsNew.asp#TopOfPage). These MA contract types were authorized by the MMA but no one offered them in 2006. In 2007, MSA are being offered under regular MSA plan authority and demonstration plan authority. The fact sheet compares the features of these plans under each type. All MSAs cover Part A and B services and may cover other supplemental services (though no plan is doing so in 2007). (Individuals can still join a free-standing PDP) Members will receive an annual deposit into an interest bearing account they can use tax free to cover qualified expenses as defined by the IRS (these can include Part D cost sharing but not premium). Unused funds can carry over from year to year. Under demonstration authority, plans may limit authority to employer groups, require cost sharing after meeting the deductible (if below \$9,500), vary cost sharing between in and out of network services, and provide additional coverage for preventive services. Three firms are offering MSAs in 2007, two (each part of the Wellpoint organization) under regular MSA authority and one under demonstration authority.
 - UniCare, a unit of Wellpoint, will offer a regular MSA to individuals and employer groups in all states except 12 (California, Colorado, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, Ohio, Virginia, and Wisconsin). Three plans are available with deductibles of \$2,500, \$3,500, \$4,500 (the employer group plans has a deductible of \$4,500).
 - BC of California (affiliated with Wellpoint) will offer an MSA structured the same way, for individuals and employer groups in California.
 - American Progressive (an insurance company that sponsors PDPs) will offer a demonstration MSA plan for individuals in New York and Pennsylvania and for employer groups in all states. The demonstration plan has a \$4,000 deductible with 20 percent cost sharing after the deductible is met up to a \$4,800 out of pocket maximum. There is some coverage for preventive services before the deductible is met.

Relevant to Prescription Drug Plans

- CMS released a fact sheet and attachment titled “Medicare Drug Coverage Continues to Provide Significant Discounts and Savings in 2007: Analysis of Drugs for Common Health Problems.” In an earlier study based on March 2006 data and updated again in September, CMS stated that drug costs for Medicare PDP beneficiaries rose less than the Average Wholesale Price (AWP) between December 2005 and June 2006. In the updated study released this month, CMS continues to state that higher savings are possible for 2007 by switching to generics or by enrolling in plans with lower drug costs. CMS created profiles for 32 “illustrative Medicare beneficiaries” with common chronic conditions, each taking different varieties of medication to illustrate savings (within 32 different zip codes). CMS states that compared to people without prescription drug coverage, the illustrative beneficiaries will save an average of 53 percent off their current prescription drugs in 2007. The attachment provides more detailed tabular data on the

profiles including the percentage people without prescription drug coverage would pay compared with what people with coverage would pay for those in the lowest cost PDP plan in their area and those in the PDP with the median cost for their area. This is available at: <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2035>

- On October 11, 2006, in a press release titled “Medicare Finds Billions in Savings to Taxpayers: New Contractors to Help Identify Fraud, Waste and Abuse” CMS states it is more aggressively providing local oversight to target fraud and abuse using various new initiatives with contractors. In particular, CMS states that a new contractor, MEDIC, was hired to specifically focus on the prevention of fraud and abuse in the Medicare prescription drug benefit. Among several assignments, they will be investigating beneficiary complaints; proactively examining claims and enrollment data to identify suspicious activities; and conducting educational and outreach activities to plans, law enforcement and other agencies.
(<http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2030>)
- On October 18, 2005, CMS Issued Proposed Rules on Medicare Part D Data (42 CFR 423, Federal Register 71, No. 201, pp. 61445+). The proposed rules would allow the Secretary to use the claims information that is now being collected for Part D payment purposes for other research, analysis, reporting, and public health functions. Comments are due by 5 PM on December 18, 2006.

Relevant to Special Needs Plans Specifically

- None

Relevant to Medicare Overall

- This month in a press release titled “Medicare Continues to Reduce Improper Claims Payments,” CMS states that they are continuing to work on initiatives to lower the number of improper Medicare claims payments. CMS described the reduction in error rate of Medicare fee-for-service (FFS) in particular by approximately 11 billion dollars in improper payments over the past two years. CMS conducted this analysis by analyzing a random sample of Medicare FFS claims. A complete report on the findings will be available in an annual report released in November at <http://www.cms.hhs.gov/cert>. This press release is available on CMS’s website at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2030>.