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TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
Monthly Report for December 2006

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PROGRAM STATUS: PRIVATE PLAN OFFERINGS, ENROLLMENT, AND CHANGE

Enrollment and Penetration, by Plan Type	Current Month: December 2006	Change From Previous Month*	Same Month Last Year	
			December 2005	Change From December 2005- 2006
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs):**	16,693,416	+63,807	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)	7,591,051	+48,294	6,121,678	+1,469,373
Medicare Advantage-Prescription Drug (MA-PD)	6,572,159	+40,123	Not Applicable	Not Applicable
Medicare Advantage (MA) only	1,018,892	+8,171	Not Applicable	Not Applicable
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans***	6,007,625	+16,567	5,157,627	+849,998
Health Maintenance Organizations (HMOs)	5,572,480	+11,612	Not Available	Not Available
Provider Sponsored Organizations (PSOs)	92,726	+489	Not Available	Not Available
Preferred Provider Organizations (PPOs)	342,418	+4,474	Not Available	Not Available
Regional Preferred Provider Organizations (PPO)	98,385	+2,134	Not Applicable	Not Applicable
Private Fee For Service (PFFS)	864,100	+29,026	208,990	+655,110
Cost	318,274	+658	321,555	-3,281
Other****	302,667	-91	269,719	+32,948
General vs Special Needs Plans***				
Special Needs Plan Enrollees	Not Available	602,881	Not Available	Not Available
Other Medicare Advantage Plan Enrollees	Not Available	6,939,876	Not Available	Not Available
Penetration (as percent beneficiaries)******				
Prescription Drug Plans (PDPs)	37.9%	+0.1%	Not Applicable	Not Applicable
Medicare Advantage Plans (MA)	17.2%	+0.1%	14.0%	+3.2%
Medicare Advantage-Prescription Drug Plans (MA-PDs)	14.9%	+0.1%	Not Applicable	Not Applicable
Local Health Maintenance Organizations (HMOs),	12.7%	+0.1%	Not Available	Not Available
Preferred Provider Organizations (PPOs) or	0.8%	No change	Not Available	Not Available
Provider Sponsored Organizations (PSO)	0.2%	No change	Not Available	Not Available
Private Fee For Service (PFFS)	2.0%	+0.1%	0.5%	+1.5%

December 2006 data is from the 12.11.06 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 November 2006 data is from data released by CMS on 11.17.06 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 16,574,886).
***The data for the breakdown of MA Local Coordinated Care Plans is from the 12.11.06 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).
****Other includes Demo contracts, HCPP, and PACE contracts.
*****The SNP total is from the 2006 SNP Enrollment by Type PDF released by CMS on 11.9.06 and includes counts of 10 or less through September 2006. (see: http://www.cms.hhs.gov/SpecialNeedsPlans)
******Penetration rates for December and November 2006 are calculated using the number of eligible beneficiaries reported in the December 2005 State/County File. Penetration rates for November 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 in December:

Plan Participation, by type	CURRENT MONTH: DECEMBER 2006*	SAME MONTH LAST YEAR	
		DECEMBER 2005	CHANGE FROM DECEMBER 2005– 2006
MA Contracts (excluding SNPs)			
Total	512	459	+53
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	77	+4

*Contract counts for December 2006 are from the 12.11.06 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 December:

- None

NEW ON THE WEB FROM CMS

Relevant to Both Medicare Advantage and Prescription Drug Plans

- On December 28, 2006, CMS website posted a press release titled "Beneficiary Awareness, Outreach and Action High as Medicare Open Enrollment Deadline Nears." The press release was sent out as a reminder that the deadline for the Medicare open enrollment is December 31, 2006 and CMS urged anyone who still needs to enroll in a plan or needs to make a change in current coverage to do so as soon as possible. In addition, CMS stated that since the open enrollment period started on November 15, 2006, more than 280,000 enrollments have been processed online; and more than 5 million individuals have placed calls to customer service representatives through the 1-800-Medicare phone line. Finally, the press release also stated that some beneficiaries will have additional time to make changes in coverage (until February 15, 2007) if they did not receive timely information from their current prescription drug plans detailing changes for 2007. CMS plans to send these affected beneficiaries a letter notifying them of the extension. This press release is available at http://www.cms.hhs.gov/apps/media/press_releases.asp

- This month CMS released a speech by Acting Administrator, Leslie Norwalk from the Administration on Aging (AOA) "Choices for Independence: A National Leadership Summit." During her discussion, she highlighted briefly the launch of the *My Health My Medicare* campaign, which focuses on preventive benefits (such as flu shots, cardiovascular screening and diabetes self-management among others). She stated that Medicare Part D is the most visible part of the new CMS direction. Norwalk's speech is available at http://www.cms.hhs.gov/apps/media/speeches.asp

Relevant to Medicare Advantage

- None

Relevant to Prescription Drug Plans

- CMS posted remarks made by CMS Acting Administrator, Leslie Norwalk from the National Summit on Health Care Transparency. In her speech, Norwalk remarked on the Medicare Part D Plan Finder website changes, which now includes a 'performance metrics' that allow beneficiaries to view how plans rated on various

customer service related areas in 2006. In addition, Norwalk stated in 2006 that Medicare Part D beneficiaries relied on generic drugs to a greater extent than the U.S. population as a whole (60 percent of Medicare Part D beneficiaries used generic coverage during the first two quarters of 2006 compared to the nationwide consumer average (of all payer types) of 56 percent). Norwalk's speech is available at http://www.cms.hhs.gov/apps/media/speeches.asp

- This month Medicare Part D reporting requirements for the 2007 contracting year were released on CMS's website. The document includes the expectations for all Part D contractors for data that must be reported including 1) the cost of its operations; 2) the patterns of utilization of its services; 3) the availability and accessibility its services; and 4) information demonstrating it has a fiscally sound operation. The document also includes a more detailed table, which provides a summary of the specific reporting elements that must be reported as well as the format, the frequency and the method of submission. Some of the data elements that must be reported include information on generic dispensing rate; grievances; pharmacy & therapeutics committees; transitional information (i.e. number of newly enrolled beneficiaries; number of prescriptions during certain periods); exceptions (i.e. number of pharmacy transactions rejected due to need for prior authorization etc); financial requirements and appeals. This document is available on CMS's website at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/08_RxContracting_ReportingOversight.asp#TopOfPage).

- A memorandum from the Office of Inspector General on identifying beneficiaries eligible for the Medicare Part D low-income subsidy was recently posted on the Office of Inspector General's website (see: http://oig.hhs.gov/w-new.html). The memorandum first summarizes the data collection process OIG conducted to learn how both SSA and CMS identify potentially eligible beneficiaries for the subsidy. The OIG then concludes that neither CMS nor SSA have an effective way to identify the pool of beneficiaries who may be eligible for the subsidy. Specifically, the letter states that neither organization has a comprehensive source of income data that is needed to accurately identify those potentially eligible. It goes on to state that while CMS has estimated that 6.1 million beneficiaries would meet the requirements to receive the subsidy if applied, CMS can not accurately identify which beneficiaries comprise this population because the CMS estimate was based on information conducted by the U.S. Census Bureau (the "Current Population Survey" and the "Survey of Income and Program Participation"). The OIG concludes that legislation is needed to allow CMS and SSA to more effectively identify this population and suggests that access to IRS data would be useful. OIG states that this would allow for a more targeted and more effective outreach effort by the two agencies.

- This month, CMS also published on its website a memorandum from Cynthia E. Moreno, Director of Plan Oversight and Accountability Group at CMS. The memorandum discusses MA-PD and PDP Part D audit guides for Part D Program audits. CMS is preparing to begin regularly scheduled onsite program audits of Part D sponsors to assess their compliance with Part D regulations. The memorandum provides more detail on the audit scheduling and requirements of the audit process. The memorandum as well as the guides can be accessed on CMS's website at

http://www.cms.hhs.gov/PrescriptionDrugCovContra/08_RxContracting_ReportingOversight.asp#TopOfPage

Relevant to Special Needs Plans Specifically

- None

OTHER ITEMS OF RELEVANCE

- On December 1, 2006, MedPAC released a comment letter on CMS's proposed rule on Medicare Part D data addressed to Acting CMS Administrator, Leslie Norwalk. The proposed rule would allow DHHS/CMS to collect Medicare Part D claims data for other activities besides payment such as for research, analysis, reporting and public health functions. The letter announces support for the proposed rule, urging CMS to finalize it as quickly as possible. MedPAC chairman, Glenn Hackbarth, stated that making the data available for other purposes would allow the commission to have better access to analyze the impact of Medicare payment policies on cost, quality, and access (http://www.medpac.gov/)
    - The next MedPAC meeting will be held January 9-10, 2007. This meeting will take place at the Ronald Reagan Building in Washington, DC. An agenda is available on MedPAC's website and transcripts are made available approximately 3-5 business days after the meeting ends.
- The Kaiser Family Foundation published results from a survey this month on Medicare Part D beneficiaries' views and experience with the Medicare drug benefit. The survey was conducted on a nationally representative sample of 718 seniors (275 self-reported as being enrolled in a Medicare drug plan) and is part of a larger survey conducted on 1,867 adults on public health. The survey found that of those seniors enrolled in a Medicare prescription drug plan, most (66 percent) are planning on staying in the same plan for 2007. Being satisfied with their current plan was the most common reason for those beneficiaries deciding to stay in their current plan (78 percent). Others stated that it was too much trouble to compare and choose another plan (36 percent) and 14 percent were not aware that you could switch plans. More information on this survey (including additional detail on methodology) can be found at http://www.kff.org/kaiserpolls/pomr121906pkg.cfm