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# TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
# Monthly Report for May 2009

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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: May 2009 | Change From Previous Month* | Same Month Last Year | |
|---|---|---|---|---|
| | | | May 2008 | Change From May 2008- 2009 |
| **Enrollment** | | | | |
| **Total Stand-Alone Prescription Drug Plans (PDPs):** | 17,377,637 | -70,003 | 17,333,720 | +43,917 |
| Individual | 16,470,108 | -70,484 | Not Available | Not Available |
| Group** | 907,529 | +481 | Not Available | Not Available |
| **Total Medicare Advantage (MA)** | 11,057,370 | +95,538 | 10,018,162 | +1,039,208 |
| Individual | 9,111,896 | +91,966 | Not Available | Not Available |
| Group | 1,945,474 | +3,572 | Not Available | Not Available |
| Medicare Advantage-Prescription Drug (MA-PD) | 9,381,819 | +81,857 | 8,296,089 | +1,108,573 |
| Medicare Advantage (MA) only | 1,675,551 | +13,681 | 1,722,073 | +46,522 |
| **Medicare Advantage (MA) by Type** | | | | |
| MA Local Coordinated Care Plans** * | 7,812,031 | +63,063 | 7,036,172 | +775,859 |
| Health Maintenance Organizations (HMOs) | 6,868,760 | +39,917 | 6,381,638 | +487,122 |
| Provider Sponsored Organizations (PSOs) | 15,739 | +735 | 17,880 | -2,141 |
| Preferred Provider Organizations (PPOs) | 927,475 | +22,400 | 636,605 | +290,870 |
| Regional Preferred Provider Organizations (PPO) | 419,413 | +13,467 | 278,492 | +140,921 |
| Medical Savings Account (MSA) | 3,364 | +34 | 3,503 | -139 |
| Private Fee For Service (PFFS) | 2,425,676 | +18,534 | 2,253,530 | +172,146 |
| Individual | 1,695,002 | +17,906 | Not Available | Not Available |
| Group and RFB**** | 730,674 | +628 | Not Available | Not Available |
| Cost | 287,274 | +827 | 271,484 | +15,790 |
| Pilot***** | 21,233 | -175 | 82,244 | -61,011 |
| Other****** | 88,379 | -83 | 92,737 | -4,358 |
| **General vs Special Needs Plans******* ** | | | | |
| Special Needs Plan Enrollees | 1,307,580 | +5,055 | 1,166,671 | +140,909 |
| Dual-Eligibles | 923,732 | +5,945 | 844,010 | +79,722 |
| Institutional | 118,282 | -1,097 | 133,982 | -15,700 |
| Chronic or Disabling | 265,566 | +207 | 188,679 | +76,887 |
| Other Medicare Advantage Plan Enrollees | 9,749,790 | +90,483 | 8,851,491 | +898,299 |
| **Penetration** (as percent beneficiaries)******** | | | | |
| Prescription Drug Plans (PDPs) | 39.5% | -0.2% point | 39.4% | +0.1% point |
| Medicare Advantage Plans (MA) | 24.5% | +0.2% points | 22.7% | +1.8% points |
| Medicare Advantage-Prescription Drug Plans (MA-PDs) | 20.8% | +0.2% points | 18.8% | +2.0% points |
| Local Health Maintenance Organizations (HMOs), | 15.2% | No Change | 14.5% | +0.7% points |
| Local Preferred Provider Organizations (PPOs) | 2.1% | No Change | 1.4% | +0.7% points |
| Private Fee For Service (PFFS) | 5.4% | +0.1 % point | 5.1% | +0.3% points |

May 2009 data is from the 5.04.09 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 April 2009 data is from data released by CMS on 4.09.09 also on its website
**The breakdown by Group includes Employer/Union Only Direct Contract PDP (122,030)
***The data for the breakdown of MA Local Coordinated Care Plans is from the 5.04.09 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**.**
**** The breakdown by Group includes Employer Direct PFFS (13,523) and one additional contract for RFB (145)
*****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 May is from the SNP Enrollment Comprehensive Monthly Report released by CMS on 5.04.09 and includes counts of 10 or less. (See: **(http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**).
********Penetration for May and April 2009 is calculated using the number of eligible beneficiaries reported in the August 2008 MA State/County Penetration file. May 2008 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 May:

| Plan Participation, by type | CURRENT MONTH: MAY 2009* | SAME MONTH LAST YEAR | |
|---|---|---|---|
| | | MAY 2008 | CHANGE FROM MAY 2008– 2009 |
| **MA Contracts** | | | |
| Total | 749 | 716 | +33 |
| Local Coordinated Care Plan | 545 | 510 | +35 |
| Health Maintenance Organizations (HMOs) | 375 | 369 | +6 |
| Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs)) | 170 | 141 | +29 |
| Regional Preferred Provider Organizations (rPPOs) | 14 | 14 | 0 |
| Private Fee For Service (PFFS)<br>General<br>Employee Direct<br>RFB | 72<br>69<br>2<br>1 | 79<br>77<br>2<br>NA | -7<br>-8<br>0<br>NA |
| Cost | 22 | 25 | -3 |
| Medicare Savings Account (MSA) | 2 | 9 | -7 |
| Special Needs Plans<br>Dual-Eligible<br>Institutional<br>Chronic or Disabling Condition | 415<br>252<br>63<br>100 | 443<br>270<br>66<br>107 | -28<br>-18<br>-3<br>-7 |
| Other** | 94 | 79 | +15 |

*Contract counts for May 2009 are from the 5.04.09 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

- This month, CMS released several new draft guidance documents including draft Medicare marketing guidelines for public comment. With the draft Medicare marketing guidelines, CMS submitted a memorandum as well, which provides background information and instructions for submitting comments. Medicare Advantage organizations and PDP sponsors had until June 1, 2009 to submit comments and all non-health plan entities have until June 8, 2009 to submit comments. This information is on CMS's website at: http://www.cms.hhs.gov/ManagedCareMarketing/

### Relevant to Medicare Advantage

- CMS also posted draft revisions of the Medicare Advantage and Cost Plan enrollment and disenrollment guidance for comment this month. Proposed changes for contract year 2010 include updates as required from the Medicare Improvements for Patients and Providers Act, MIPPA (such as text in the existing guidelines to also apply for PFFS plans with provider networks), clarifications regarding SNP enrollments as well as clarification on what is meant by passive enrollment. The draft guidance is on CMS's website at: http://www.cms.hhs.gov/MedicareMangCareEligEnrol/

### Relevant to Prescription Drug Plans

- CMS also recently posted draft guidelines for PDP enrollment and disenrollment for contract year 2010. Similar to the draft revisions of the MA and Cost Plan enrollment and disenrollment guidance, CMS made changes to reflect requirements from MIPPA as well as what is meant by passive enrollment. These draft guidelines are available on CMS's website at: http://www.cms.hhs.gov/MedicarePresDrugEligEnrol/

- CMS released new Part D marketing models this month. The new model materials were designed to assist CMS in reducing the amount of review time for certain materials. Plans that use these models will receive a shorter review time (10 days as opposed to the normal 45 day period). More information on these new models are at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/PartDMMM/list.asp#TopOfPage

### Of General Interest

- None

### Relevant to Special Needs Plans Specifically

- None

## OTHER ITEMS OF RELEVANCE

### Briefings and Hearings:

- None

### Other

- This month, the Kaiser Family Foundation released an issue brief titled "The Obama Administration's 2010 Call Letter for Medicare Advantage and Prescription Drug Plans: Implications for Beneficiaries." This issue brief reviews the call letter examining the implications for beneficiaries on some of the proposed changes. Specifically, the changes announced by CMS focus on accountability (e.g sponsors will be subject to stricter rules for marketing their plans), informed choice among beneficiaries (e.g. MA sponsors are encouraged to eliminated plans with low enrollment or duplicative benefit structures, and limit their offerings to no more than three MA plans by plan type in a region, in an effort to ease beneficiary confusion) and other beneficiary protections (e.g. PFFS plans will be required to make their cost-sharing requirements more transparent, particularly in situations when beneficiaries fail to notify a plan prior to receiving treatment). The issue brief also provides general background information on the purpose of CMS's call letter (i.e. as a function to request proposals from private health insurers and organizations wanting to sponsor MA plans or PDPs by providing information in submitting their bids as well as to discuss relevant policy and regulatory changes). The issue brief is available at: www.kff.org/medicare/7897.cfm.

- The Alliance for Health Reform and the Kaiser Family Foundation held a hearing on May 4, 2009 on Medicare Advantage. Ed Howard of Alliance was the moderator. Speakers included Trish Neuman of the Kaiser Family Foundation, Marsha Gold of Mathematica, Jonathon Blum of CMS and Mark Miller of MedPAC. More information about this event (including videos and podcasts of the speakers' presentations) is at: http://www.allhealth.org/briefing_detail.asp?bi=153

- This month, an article was published in *Health Affairs*, titled "Dual Eligibles with Mental Disorders and Medicare Part D: How are They Faring?" (Julie Donohue, Huskamp, H., and Zuvekas, S.; vol. 28, no. 3, pgs: 746-759). This article analyzed how Medicare is now financing a large share of psychotropic drug spending overall and spending for dual eligibles in particular as a result of the Part D coverage switch in 2006. The authors point out several policy implications as a result such as the 'perils of random assignment' (i.e. because of random assignment duals with mental disorders may face increasing difficulties in the variations in PDPs' formulary coverage for psychotropic drugs) and gaps in formulary coverage (the authors note that while some coverage for antidepressants, antipsychotics and anticonvulsants have been relatively generous the devil is in the details with respect to the impact of tools such as PA on access to psychotropics. This can occur because some PDPs may actually grant only a few approvals but other PDPs might approve most requests. The

authors recommend that CMS might consider monitoring PA approval rates more and possibly include them in plan performance rankings so that beneficiaries can make better plan choices). The full article is available at: www.healthaffairs.org

- The Commonwealth Fund published a report this month titled "The Continuing Cost of Privatization: Extra Payments to Medicare Advantage: Plans Jump to $11.4 Billion in 2009." The authors, Brian Biles, J. Pozen and Stuart Guterman, discuss how the extra payments that are used to provide MA enrollees additional benefits are not available to all beneficiaries. Instead the authors state that if payments to MA plans were equal to the spending level under traditional Medicare the savings could be used to finance improved benefits for the low-income elderly and disabled or for expanding health-insurance coverage. The full article is available at: http://www.commonwealthfund.org/Publications/View-All.aspx?topic=Medicare