



The Medicare Prescription Drug Benefit

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for

Alliance for Health Reform

November 7, 2005

Exhibit 1

The Clock Is Ticking: Key Dates and Deadlines

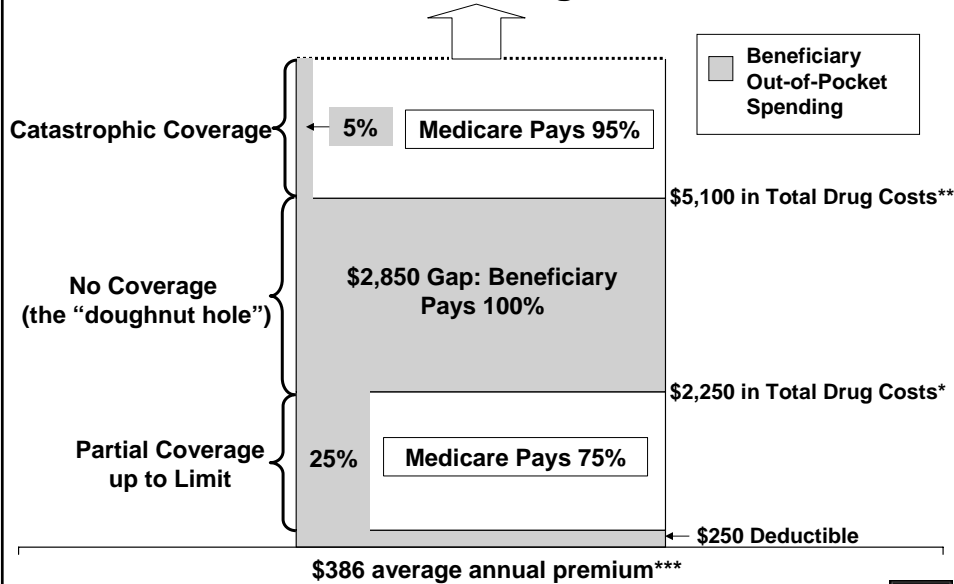
Date	Event	Days from today
June 6	Plans submit bids to CMS	<input checked="" type="checkbox"/>
July 1	SSA and Medicaid review low-income subsidy applications	<input checked="" type="checkbox"/>
August 9	CMS releases national average monthly bid amount	<input checked="" type="checkbox"/>
September 30	CMS announces list of approved prescription drug plans	<input checked="" type="checkbox"/>
October 1	Approved plans permitted to begin marketing	<input checked="" type="checkbox"/>
October 17	Medicare Prescription Drug Plan Finder goes live	<input checked="" type="checkbox"/>
November 15	People on Medicare can begin to enroll (through May 15, 2006)	8 days
December 31	Medicaid drug coverage for dual eligibles ends	54 days
January 1	Medicare drug coverage begins for drug plan enrollees	55 days

Overview of Medicare Prescription Drug Benefit

- Medicare will help cover the cost of prescription drugs delivered through private plans
- 43 million people on Medicare will have a choice of:
 - Traditional, fee-for-service Medicare plus prescription drug plan
 - Medicare HMO or PPO for basic benefits and prescription drugs
 - No Medicare prescription drug coverage (e.g., veterans)
- Plans to offer standard prescription drug benefit, or equivalent
- Premiums and cost-sharing assistance for people with low incomes – about \$15,000 singles/\$20,000 for couples – and modest assets
- Medicaid drug coverage terminates for 6.5 million dual eligibles; transitioned to Medicare drug plans by January 1
- CMS expects ~30 million to join a Medicare drug plan in 2006



Standard Medicare Drug Benefit, 2006



*Equivalent to \$750 in out-of-pocket spending. **Equivalent to \$3,600 in out-of-pocket spending. ***Annual amount based on \$32.20 national average monthly beneficiary premium (CMS, August 2005).

SOURCE: Kaiser Family Foundation illustration of standard Medicare drug benefit described in the Medicare Modernization Act of 2003.



Exhibit 4

Beneficiaries In Most States Will Have a Choice of About 40 Medicare Prescription Drug Plans

Many will also have choice among HMOs or PPOs for Rx coverage

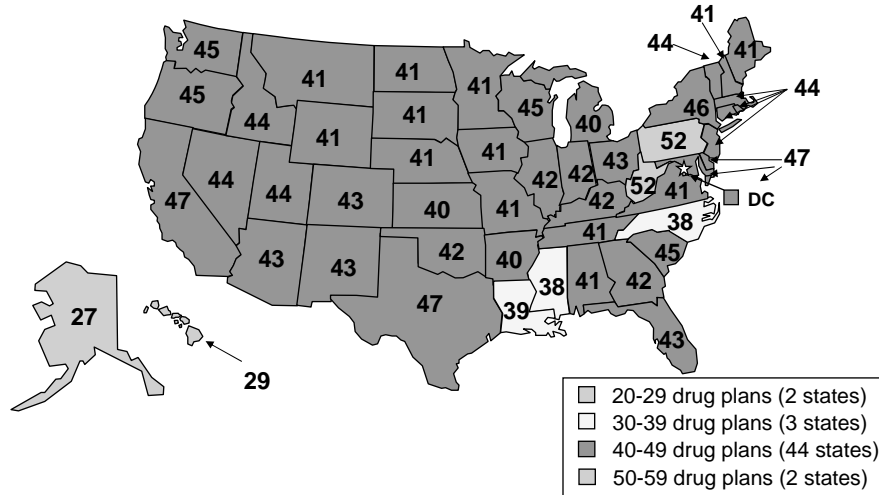


Exhibit 5

Access to Medicare Drug Plans in Four States

	Maryland	California	Florida	Nebraska
Medicare Prescription Drug Plans (PDPs)				
Firms offering PDPs	19	18	18	17
Number of PDPs	47	47	43	41
Number of PDPs available to low-income recipients	18	12	8	17
PDP Monthly Premiums	\$6.44 - \$68.91	\$5.41 - \$66.08	\$10.35 - \$104.89	\$1.87 - \$99.90
Number of PDPs with \$250 Deductible	18	16	13	14
Number of PDPs with Coverage in the Donut Hole	6	7	8	7
Medicare Advantage Prescription Drug Plans (MA-PDs)				
Medicare Advantage Options	HMO ✓ PPO ✓	HMO ✓ PPO ✓ PFFS ✓	HMO ✓ PPO ✓ PFFS ✓	HMO ✓ PPO ✓ PFFS ✓

Exhibit 6

Whether to Enroll in a Drug Plan Will Depend on Many Factors, Including Current Source of Coverage

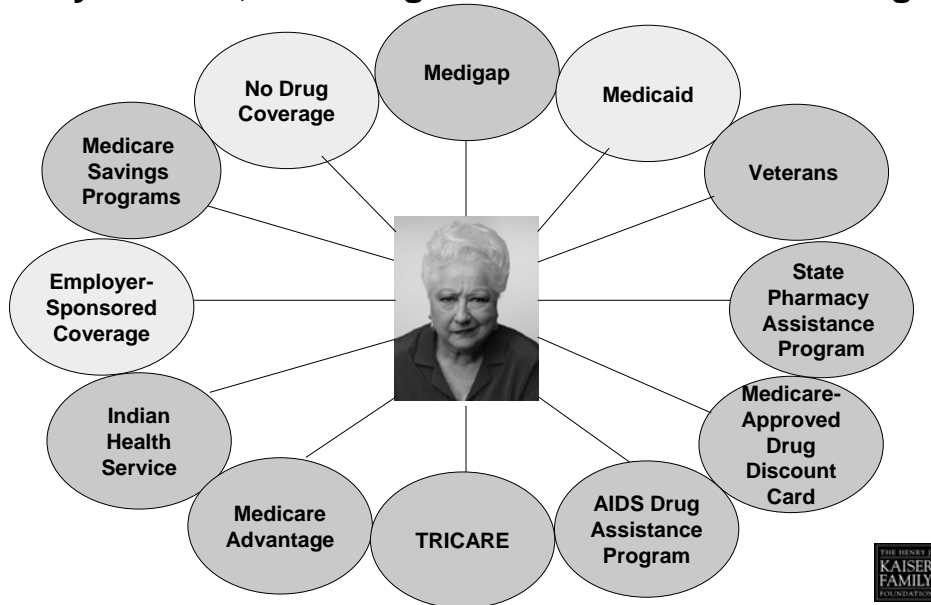


Exhibit 7

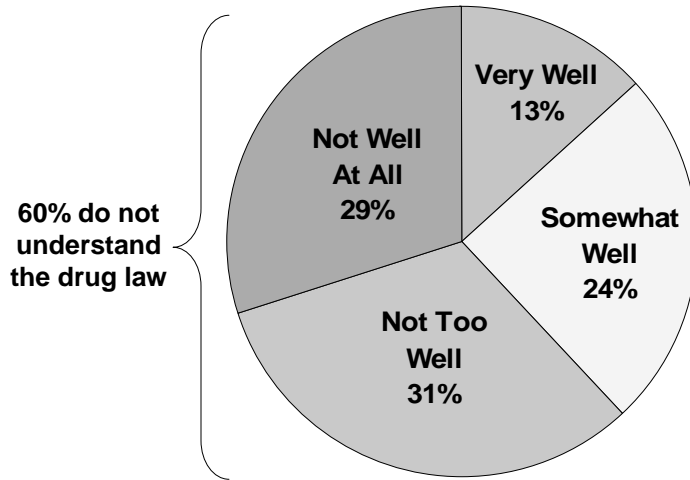
Getting Started: Five Key Questions for People on Medicare

- #1 - Should I sign up for a Medicare drug plan?**
- #2 - What type of Medicare plan do I want?**
- #3 - Which plans cover my (most expensive) drugs?**
- #4 - What do I pay out-of-pocket for each of my prescriptions when I fill them at the pharmacy?**
 - Or, by mail order?
- #5 - Are my pharmacies in the plan's network?**



Exhibit 8

Three of Five Seniors Say They Do Not Understand the New Drug Benefit

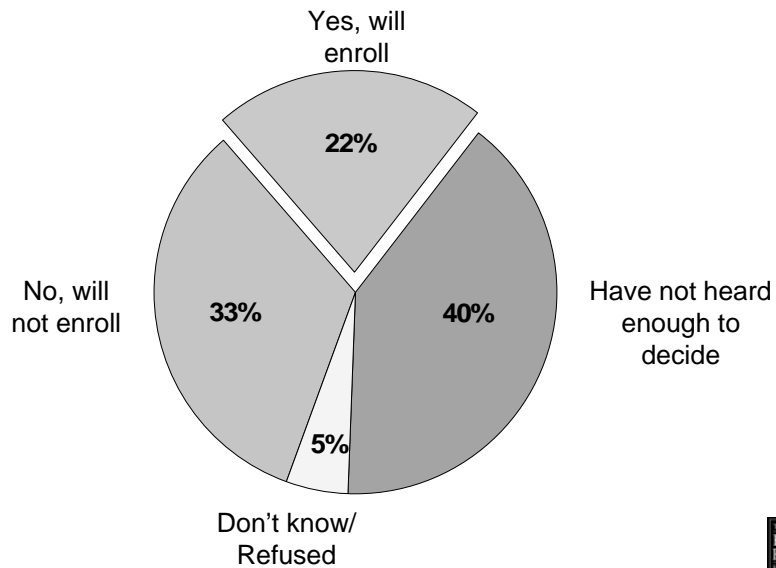


* Don't know responses not shown.
Source: Kaiser Family Foundation *Health Poll Report Survey* (conducted August 4-8, 2005).



Exhibit 9

One in Five Seniors Said They Plan to Enroll in a Medicare Drug Plan in 2006



Source: Kaiser Family Foundation *Health Poll Report Survey* (conducted August 4-8, 2005).



Implications

- **Significant change underway for Medicare program and beneficiaries**
- **Dozens of new plans in each state**
- **Immediate challenges**
 - **Helping 43 million people decide whether to enroll, choose between plans, and then join a plan**
 - **Assuring 6.5 million dual eligibles transition to Medicare plans without serious glitches or gaps**
 - **Working to assist low-income beneficiaries apply for additional help *and* enroll in Medicare Rx plan**
- **Education challenges not insignificant**

