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Medicare Part D: What Are The Concerns?

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What Do We Want From The New Drug Benefit?

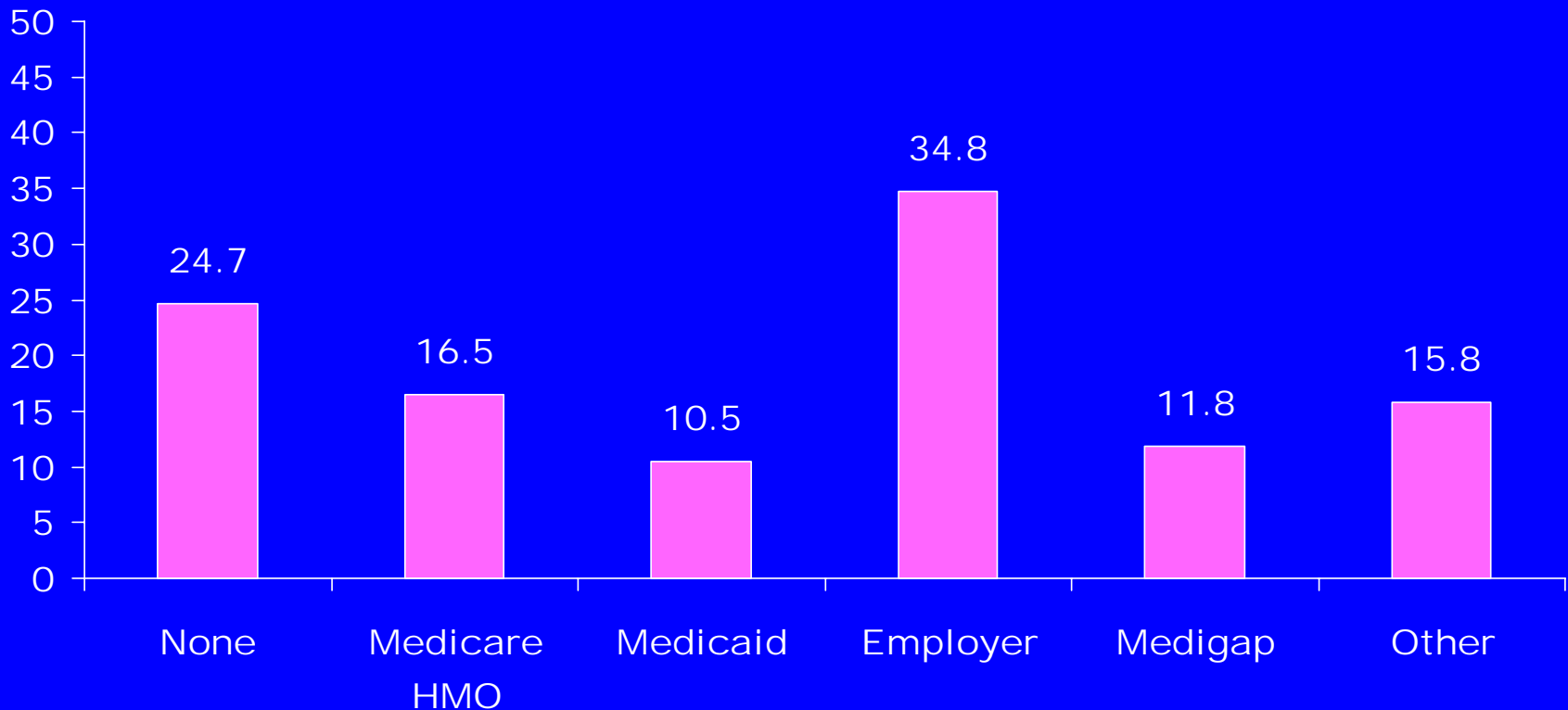
- Continuity—Will beneficiaries with coverage before have corresponding (or better) coverage under Part D?
- Availability—Will beneficiaries be able to find a plan that's best for them?
- Access—Will beneficiaries be able to get the drugs they need?

Concern About Vulnerable Populations

- Medicaid recipients
- Other low-income beneficiaries
- Nursing home residents
- Frail and disabled beneficiaries
- Chronically ill beneficiaries
- Racial and ethnic minorities

Source of Prescription Drug Coverage for Community-Dwelling Medicare Beneficiaries, 1998-2000

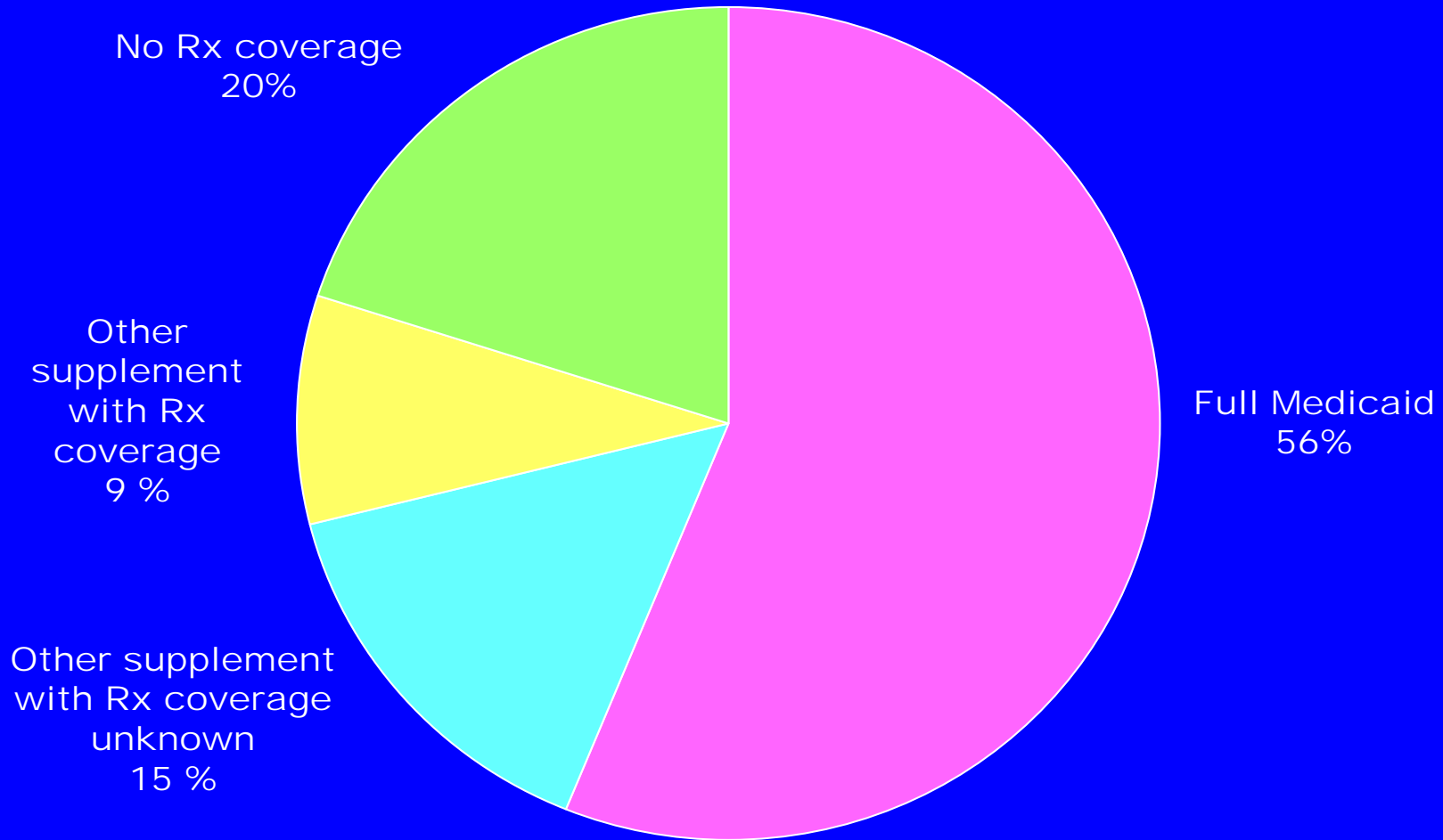
Percent



Source: B. Stuart, et al. "Riding the Roller Coaster: The Ups and Downs in Out-of-Pocket Spending Under the Standard Medicare Drug Benefit." *Health Affairs*. 24(4). (July/August 2005): 1025.



Source of Prescription Drug Coverage for Medicare Beneficiaries Residing in Nursing Homes, 2001

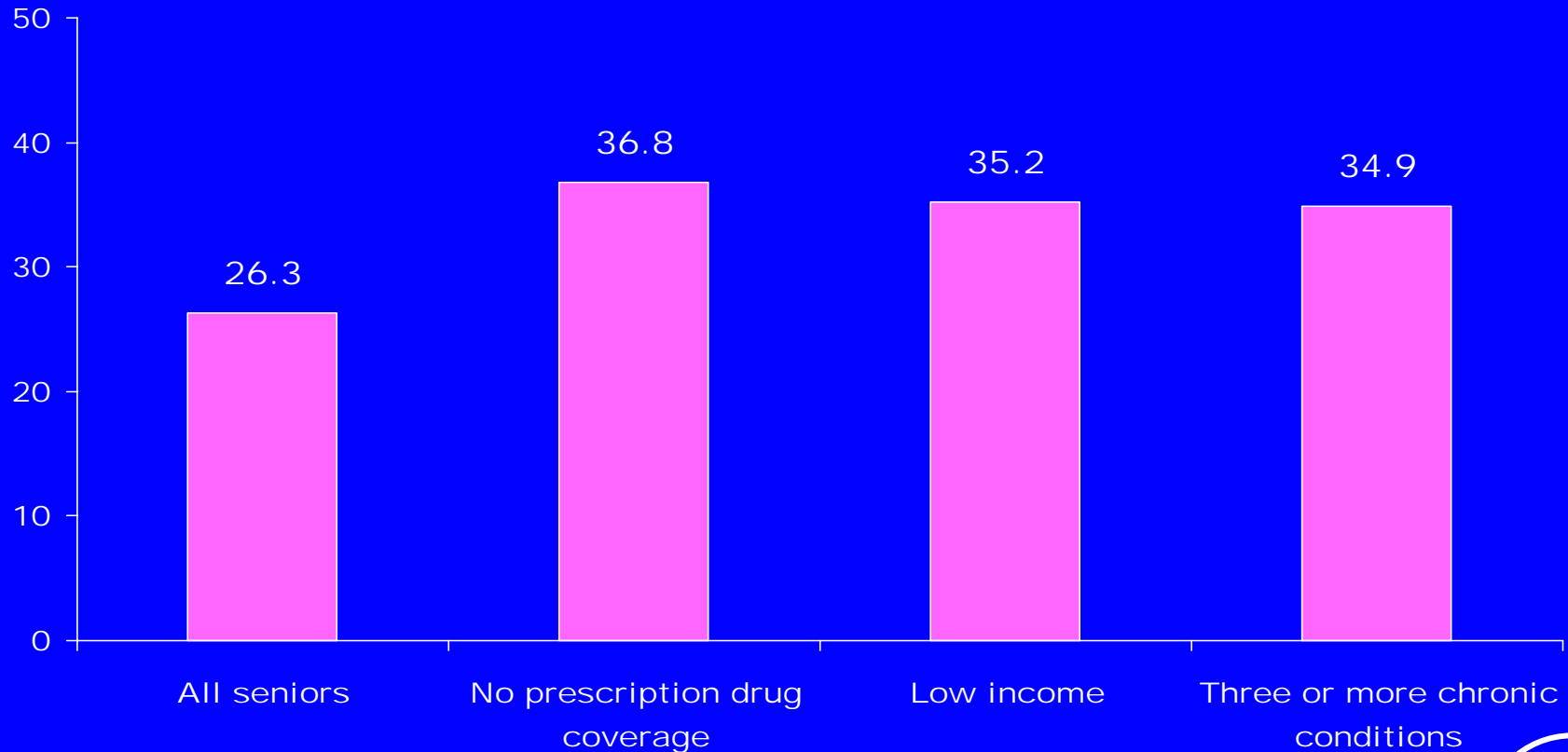


Source: Stuart, B. et al. "Coverage and Use of Prescription Drugs in Nursing Homes: Implications for the Medicare Modernization Act." *Medical Care*. 44(3). (March 2006): 243.



Coverage, Income, and Chronic Illness Are Factors in Adherence to Prescribed Drug Regimens

Percent of Seniors Not Adhering to Prescribed Drug Regimens

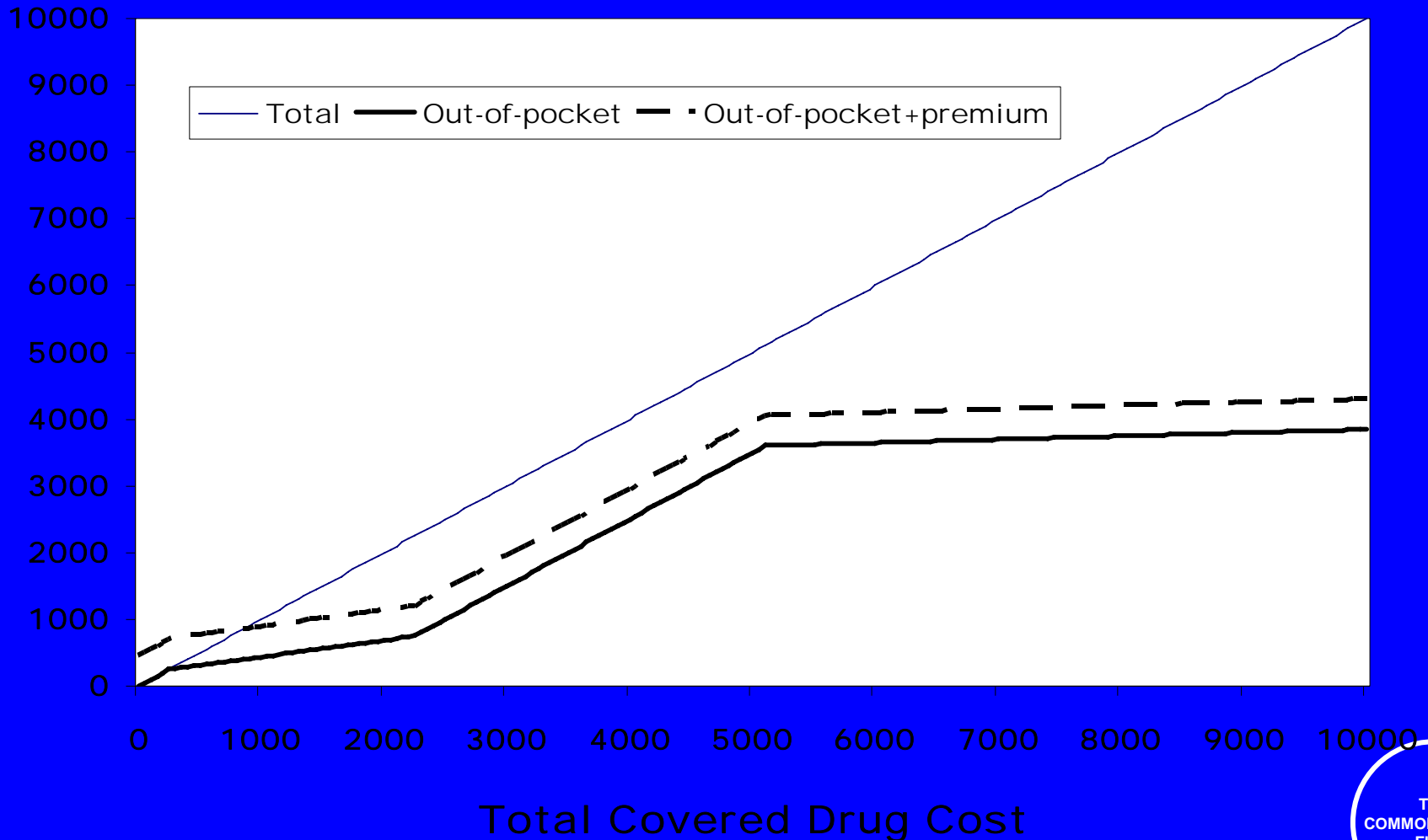


Source: Safran, D. et al. "Prescription Drug Coverage and Seniors: Findings From a 2003 National Survey." *Health Affairs* Web exclusive. April 19, 2005.

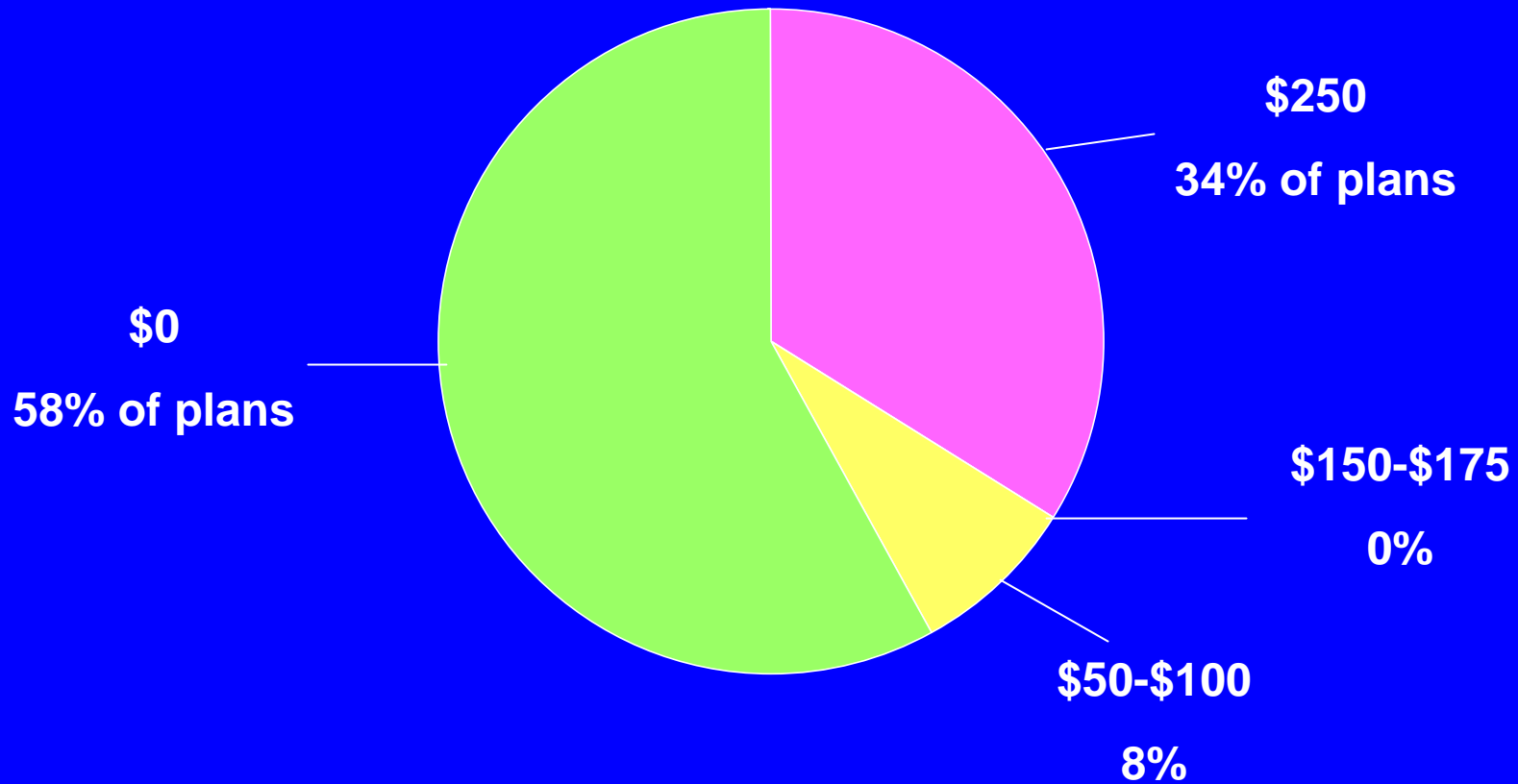


Beneficiary Out-of-Pocket Costs Under the Medicare Part D Standard Benefit, 2006

Out-of-Pocket Cost



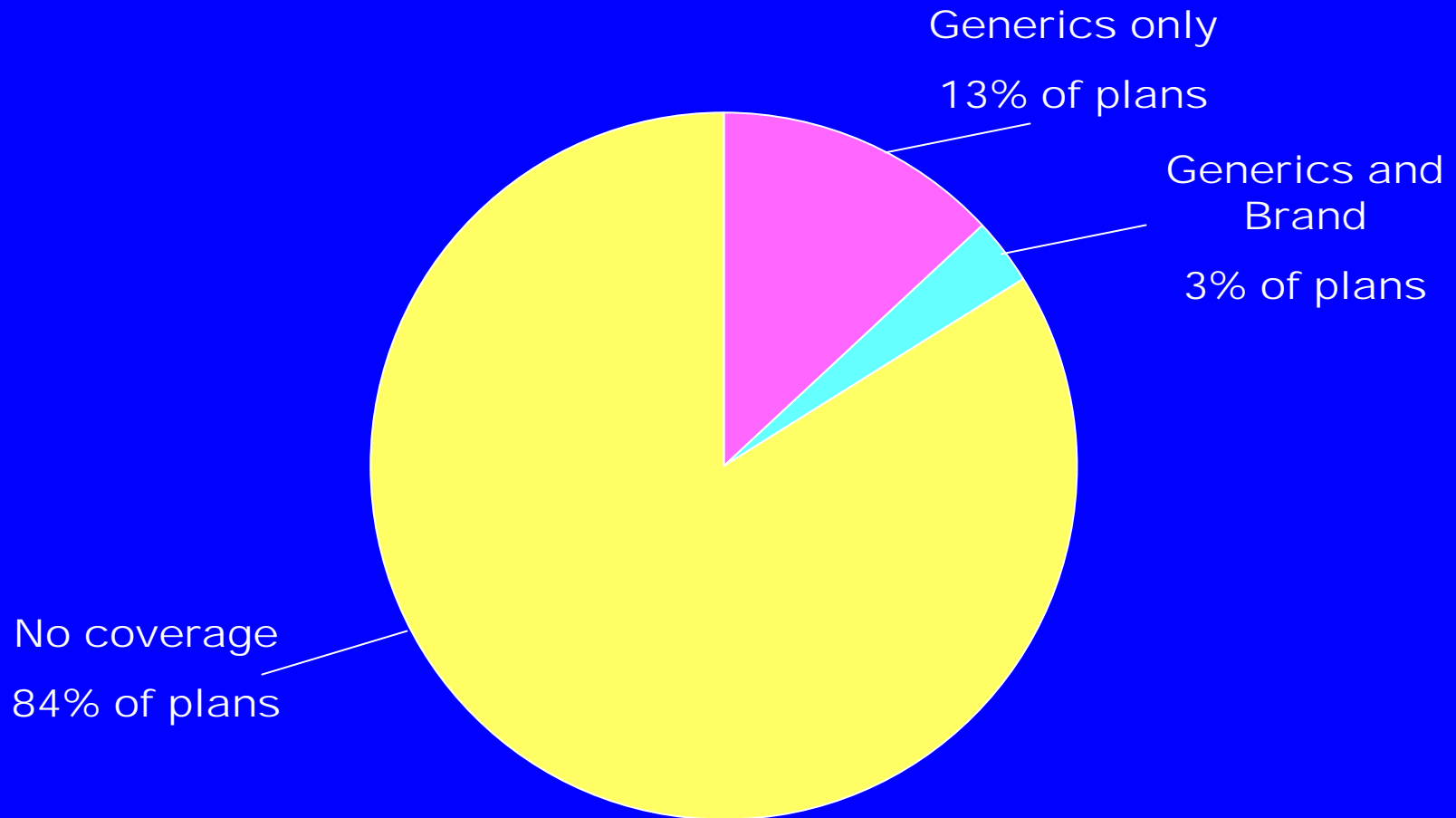
Deductibles Offered by Medicare Stand-Alone Prescription Drug Plans, 2006



Source: CMS, PDP Landscape of Local Plans Source File as of November 15, 2005.



Availability of Coverage in the Part D "Coverage Gap"



Source: CMS, PDP Landscape of Local Plans Source File as of November 15, 2005.



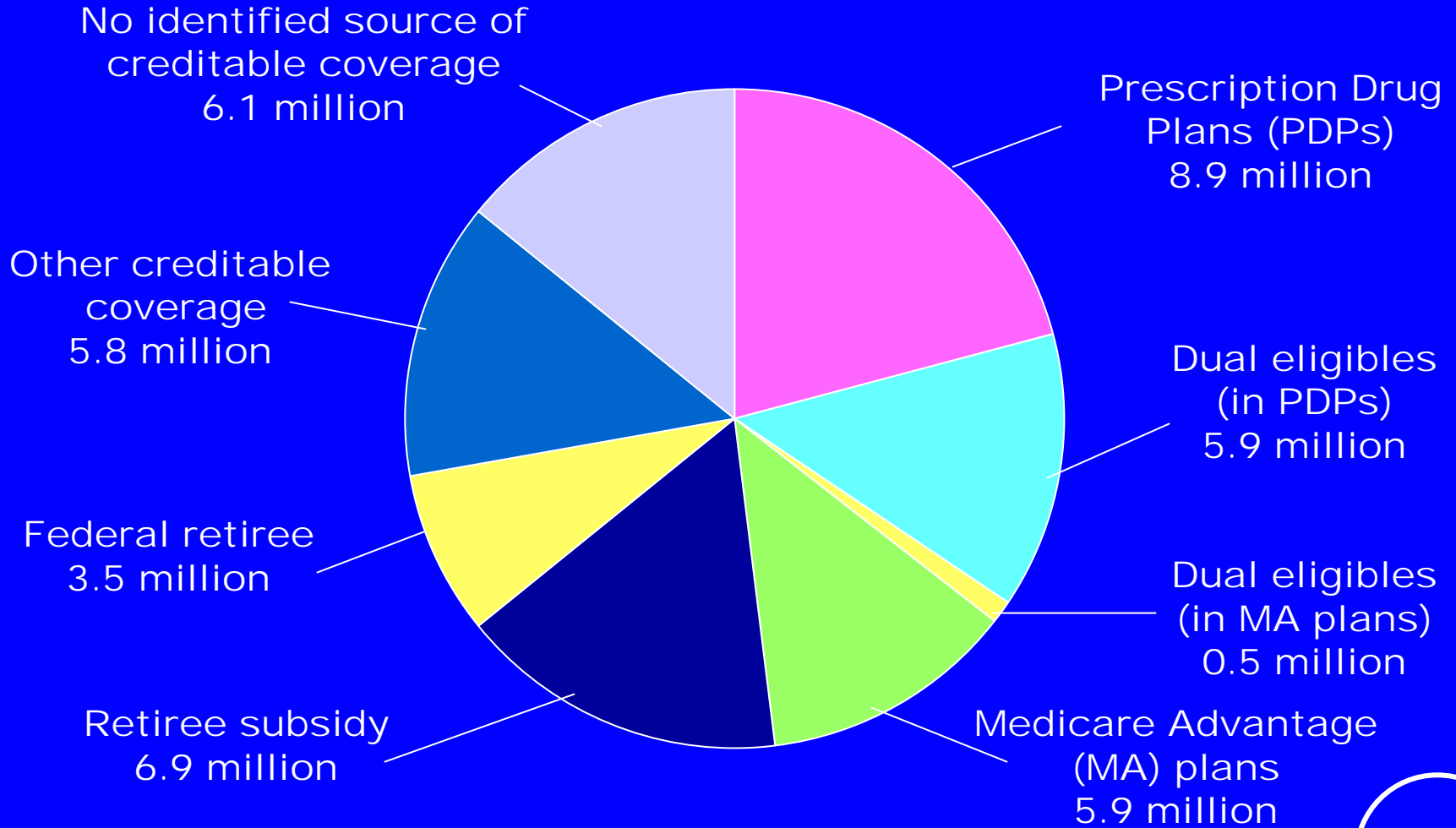
Average Plan Premiums by Deductible and Availability of Coverage in the Part D "Coverage Gap"



Source: CMS, PDP Landscape of Local Plans Source File as of November 15, 2005.



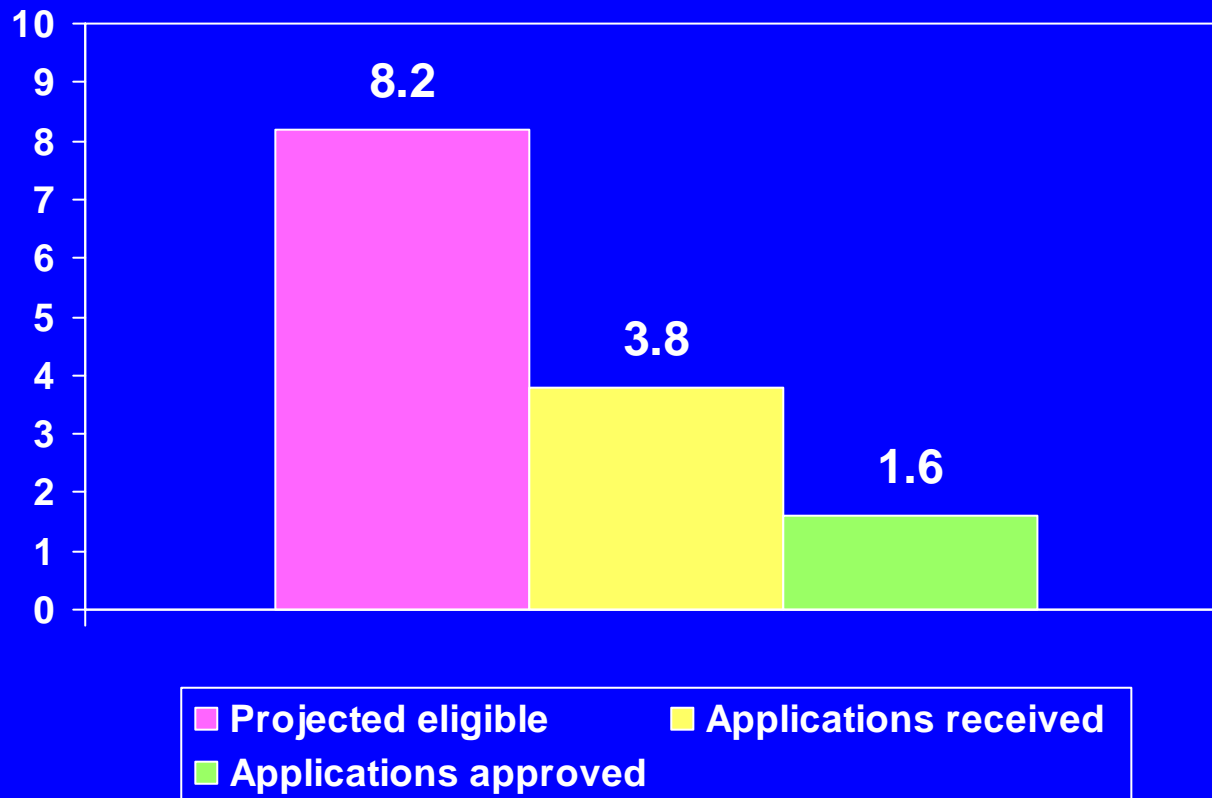
Reported Enrollment in Medicare Part D or Equivalent Coverage, by Category, As of May 7, 2006



Source: DHHS News Release, "37 Million Medicare Beneficiaries Now Receiving Prescription Drug Coverage," May 10, 2006.



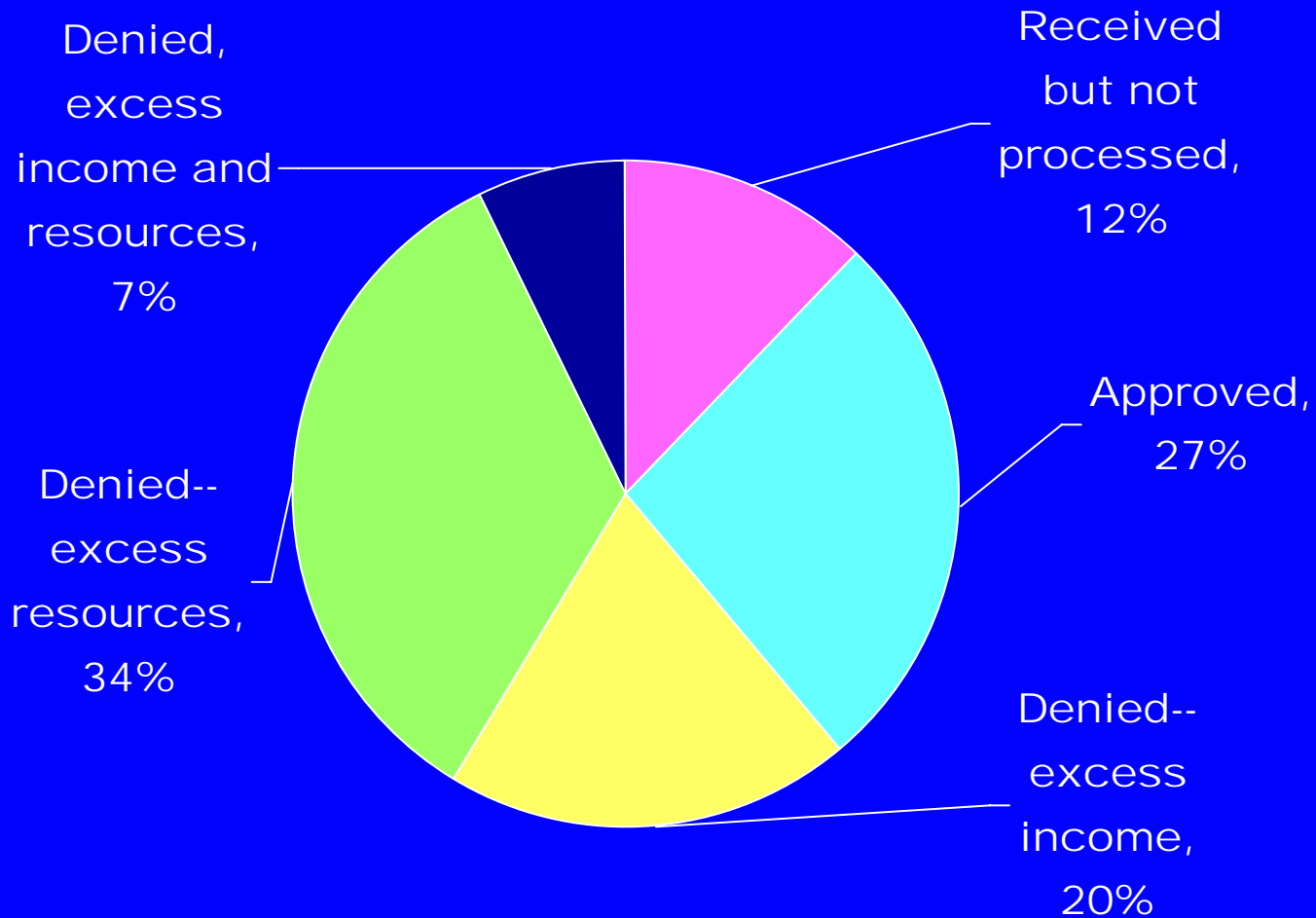
Medicare Part D Enrollment With Low-Income Subsidy, as of March 31, 2006 (Not Including Dual-Eligibles)



Source: Kaiser Family Foundation, *Medicare Prescription Drug Coverage Enrollment Update*, April 2006.



Disposition of Applications for Low-Income Subsidies, as of December 30, 2005



Kaiser Family Foundation, *Tracking Prescription Drug Coverage Under Medicare*, February 2006.



So Where Are We?

- The Medicare Drug Benefit holds promise for improving access, coordination, and quality of care
- It has a long way to go until it achieves that potential
- The experience in the first few months has been plagued with political and public relations battles, instead of focusing on improving how the policy works
- The new program needs to be monitored for indications of how it can be improved *for its beneficiaries*—particularly its most vulnerable groups

An Alternative: Medicare Extra

- Comprehensive benefits option for Medicare beneficiaries
- Single \$250 deductible
- Part B coinsurance reduced from 20% to 10%
- No coinsurance for long hospital stays, home health, selected preventive care
- Prescription drugs:
 - No separate deductible
 - 25% coinsurance
 - No doughnut hole
- Ceiling on out-of-pocket costs
- Lower premiums, lower total out-of-pocket costs, than Medicare fee-for-service plus Medigap