



**NEWS RELEASE**

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**STUDY FINDS MEDICARE'S DRUG BENEFIT SUBSTANTIALLY INCREASED COVERAGE AMONG SENIORS, BUT SOME CONTINUE TO BE VULNERABLE TO HIGH COSTS**

*Analysis of Survey of 16,000 Seniors Finds Those in Medicare Part D Plans Fared Better Than Those Without Drug Coverage, But Not As Well As Those Getting Drugs Through Employer Plans or the VA*

WASHINGTON – The share of seniors without drug coverage dropped significantly under Medicare's new drug benefit, according to a *Health Affairs* Web Exclusive article based on a Kaiser Family Foundation, Commonwealth Fund and Tufts-New England Medical Center survey of more than 16,000 seniors.

Seniors with drug coverage from any source were less likely to face high monthly drug costs or to skip prescribed medications due to cost than seniors who remained without drug coverage. However, seniors who enrolled in a Medicare Part D plan did not fare as well as those who relied on other sources of drug coverage, such as employer-sponsored coverage or benefits from the Department of Veterans Affairs (VA).

The random-sample survey of more than 16,000 seniors nationally provides an in-depth look at how the Medicare drug benefit affected seniors. Conducted in fall 2006 by the Kaiser Family Foundation, the Commonwealth Fund and the Tufts-New England Medical Center, the survey provides a comprehensive look at seniors' out-of-pocket spending and cost-related experiences, broken out by type of drug coverage, with a more in-depth look at the experiences of seniors with low incomes.

“The Medicare drug law achieved its primary goal of providing drug coverage to most seniors who previously lacked it,” said Kaiser President and CEO Drew E. Altman, Ph.D. “But the survey found a significant number of seniors in Part D plans paying sizable amounts out-of-pocket for their medications and delaying or not filling their prescriptions for cost reasons.”

As Congress considers potential changes to the drug benefit's low-income subsidy provisions, the new study also highlights the significant financial protections that the subsidies provided to those who received them. But among low-income seniors not receiving those subsidies, nearly one in three reported that they spent at least \$100 per month for their prescriptions. Also, many low-income seniors who were not receiving low-income subsidies said that they were unaware of such assistance. Other studies have estimated that there are 3.4 million to 4.7 million beneficiaries who are eligible for low-income subsidies but not receiving that extra help.

“In addition to covering more seniors, it's important that coverage be adequate to ensure financial protection and access to prescription drugs,” said Commonwealth Fund President Karen Davis. “We still have a lot of work to do to make sure that Medicare beneficiaries – particularly those who are most

vulnerable because of low incomes or chronic illness – can get the drugs they need and are not subject to burdensome out-of-pocket costs.”

Key findings include:

- In 2006, 8% of seniors lacked drug coverage – compared to about 33% of seniors without drug coverage in 2005, prior to implementation of Medicare Part D.
- Those who lacked drug coverage in 2006 fell into two groups: those who are potentially vulnerable but hard to reach – i.e., age 75 and older, African American, income at or below 150% of the federal poverty level, no education beyond high school, or rural residence – and seniors in good health, including those who did not take any prescription drugs and those with no chronic conditions.
- Overall, half of all seniors (50%) received benefits through a new Medicare Part D drug plan – either a Medicare Advantage or a stand-alone plan. The majority of Part D enrollees (60%) had drug coverage previously from another source such as Medicaid or a Medicare Advantage plan. Nearly one-third (31%) of seniors received drug coverage through an employer plan, and about 3% received medications through the VA.
- One in four seniors in a Part D plan (26%) reported spending at least \$100 per month. In addition, 8% of seniors in a Medicare Part D plan spent at least \$300 per month on their medications – a share smaller than that for seniors without any drug coverage (11%), but larger than for seniors with employer or VA coverage (5% in each group). This may be because employer plans typically do not have a gap in coverage, unlike most Medicare drug plans, and because VA coverage has relatively low cost-sharing requirements.
- One in five seniors in a Part D plan (20%) reported that they had not filled, or had delayed filling, a prescription due to costs during the past 12 months. Part D enrollees had slightly lower rates of cost-related skipping than seniors without any drug coverage (23%), and substantially higher rates than seniors getting prescriptions from an employer plan (8%) or the VA (12%).

### **Experiences of Low-Income Seniors**

The survey highlights the positive effects of the Medicare Part D low-income subsidy program that was designed to provide additional help to Medicare beneficiaries with limited financial resources. These additional subsidies limited out-of-pocket spending among low-income seniors who received them: a smaller share of low-income Part D enrollees receiving subsidies spent more than \$100 per month on their drugs (7% of seniors also receiving Medicaid benefits and 11% of other low-income seniors) than low-income Part D enrollees who did not receive these additional subsidies (32%).

The survey findings also indicate that lower than expected participation rates may be at least partly attributable to lack of awareness among low-income beneficiaries. Among low-income seniors who were not receiving the extra subsidies, just over half (52%) said they were aware of the low-income subsidy program. Even among low-income enrollees enrolled in Part D plans but not receiving the subsidy, only about half (53%) said they were aware of the low-income assistance.

“Low-income subsidies really make a difference for those seniors who receive them, but there are still millions of low-income seniors who are eligible for this help but not getting it,” said study lead author

Tricia Neuman, Sc.D., a Kaiser vice president and director of the foundation's Medicare Policy Project. "Our study confirms the importance of doing more to get additional assistance to low-income seniors."

### **Dually Eligible Seniors**

Dually eligible seniors receiving both Medicare and Medicaid were assigned by the government to a Part D plan to receive Medicare drug benefits at the start of 2006. The study found that these seniors faced some of the biggest challenges in the transition to Medicare Part D.

Among dual-eligible seniors, one in five reported that they had been required to obtain special permission to fill one of their prescriptions during the previous year – the highest rate among any group. They were also more likely than others to say that they had switched Medicare Part D plans since the start of the year.

The full article, "Medicare Prescription Drug Benefit Progress Report: Findings from a 2006 National Survey of Seniors," was written by Patricia Neuman, Sc.D., and Michelle Kitchman Strollo, Dr.P.H., of the Kaiser Family Foundation; Stuart Guterman, M.A., of the Commonwealth Fund; William H. Rogers, Ph.D., Angela Li, M.P.H., and Angie Mae C. Rodday, B.A., of the Tufts-New England Medical Center; and Dana Gelb Safran, Sc.D., of Blue Cross Blue Shield of Massachusetts, who is also an associate professor of medicine at Tufts-NEMC. It is available from *Health Affairs* at <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.26.5.w630> or through Kaiser via a free link at <http://www.kff.org/medicare/med082107pkg.cfm>.

### **METHODOLOGY BOX**

*The National Survey of Seniors and Prescription Drugs, 2006* was designed and analyzed by researchers at the Kaiser Family Foundation, The Commonwealth Fund, and Tufts-New England Medical Center. The survey of 16,072 seniors was administered in English and Spanish between October 5 and December 20, 2006, primarily by mail with telephone follow-up. The study used an augmented longitudinal design that included respondents to our 2003 national survey of seniors and a randomly selected nationally representative sample of non-institutionalized Medicare beneficiaries age 65 and older, provided by the Centers for Medicare and Medicaid Services in June 2006. After accounting for beneficiaries excluded because of death, institutionalization, relocation, non-English/Spanish language, or severe cognitive or physical impairment, the final study sample had a response rate of 56 percent. The survey had a margin of sampling error of less than 1 percent. Bivariate and multivariate methods were used to examine seniors' prescription drug coverage, use, out-of-pocket spending, adherence, and experiences since enrolling in a Part D plan.

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*Tufts-New England Medical Center is a world-class, academic medical institution that is home to both a full-service hospital for adults and the Floating Hospital for Children. It serves as the primary clinical and teaching affiliate of Tufts University School of Medicine.*

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