

A Confusing and Complicated Mess: The Continuing Story The New Medicare Prescription Drug Plan Finder

Families USA • November 15, 2005

It's November 15, and people with Medicare can start signing up for a drug plan. But first, they have to pick the plan that will offer them the best coverage given the drugs they take. Depending on where someone lives, that means choosing from among at least 27 and up to 52 drug plans. That doesn't include the additional Medicare Advantage-Prescription Drug and Medicare Advantage Special Needs Plans which, depending on where someone lives, could add more than 40 other choices.¹

That's a lot to evaluate. The average U.S. worker has to choose from fewer than three health plans—and that's confusing enough.² CMS does have the *Medicare Prescription Drug Plan Finder*, an Internet tool to help people sort through their choices. But let's take a look at who would be using this complicated Internet tool filled with complex choices and insurance jargon . . .

- 76 percent of seniors have never been online.³
- Over 70 percent of seniors spend more than \$42 a month for prescription drugs.⁴ If someone spends \$35 a month or more, CMS suggests that they make a special evaluation of plan choices.
- 26 percent of people in Medicare have cognitive impairments.⁵
- Over 3 million seniors have visual impairments.⁶
- 2.3 million Medicare beneficiaries reside in nursing homes.⁷
- 39 percent of the elderly population has an annual income below 200 percent of poverty. The average high-speed Internet hookup (almost necessary for the volume of data provided in CMS's Plan Finder) costs more than \$525 annually.⁸

And what different pieces of information are these people in Medicare being asked to wade through before they know what plan best meets their prescription drug needs? Here are just 10 of the questions everyone in Medicare should ask when evaluating drug plans.

1. *What's the monthly premium?*

This is different for each plan. In the Maryland/DC region, for example, monthly premiums range from \$6.44 to \$68.91.

2. *What's the annual deductible?*

Deductibles range from \$0 to \$250 in 2006.

3. *Is there help in the "doughnut hole" or coverage gap?*

Some plans offer help in the coverage gap, others don't. Six plans in the Baltimore area offer some kind of coverage during the "doughnut hole," but the type of coverage varies by plans—some cover some generics, a few cover some generics as well as select brand-name drugs.

4. *Will the plan pay for the drugs I take right now?*

Coverage varies by plan and must be checked for each plan and each drug.

5. *How much will my drugs cost when the plan is helping me?*

This also varies by plan and must be checked for each plan and each drug. In Baltimore, for example, plans list patient per-prescription costs ranging from \$0 to \$66. Some plans list patient costs not in dollar amounts but as a percent of the drug's price. Other plans list patient payments that may be either a set dollar amount or a percent of the drug's price, depending on the drug.

6. *How much will my drugs cost when the plan isn't helping me—during the gap in coverage?*

Again, this must be checked for each plan and each drug. Plans set drug prices. As a result, prices for the same drug will be different from plan to plan. You need to check what each plan charges for the drugs you take.

7. *Are there any restrictions on my drugs—are there limits on quantity, is special physician authorization required, do I have to try other therapies and fail on those before the plan will pay for what I take right now?*

Before covering a prescription, plans can require that a physician authorize that the drug is necessary (that's in addition to the prescription) or that you've tried another therapy and it failed, or it can place quantity limits on the drugs you take. Again, whether there will be such limits on specific drugs will vary by plan and by drug.

8. *If I need different medicines over the course of the year, will the plan pay for those?*

No one can know that for sure, since every plan can cover a different list of drugs. But some plans cover a larger percent of the most frequently prescribed drugs than other plans. Enrolling in a plan that covers a larger percent can improve the odds that

changes in medication will be paid for—but people in Medicare need to also make sure that the plan they pick offers good coverage for the drugs they take now. In the Baltimore area, plans cover between 73 and 96 percent of the 200 most frequently prescribed drugs.

9. *What pharmacies are in the plan’s network, and which give the best price on the drugs I take?*

Plans will only pay for prescriptions dispensed by “network pharmacies.” Some network pharmacies may be “preferred” and offer lower prices. Which pharmacies are in a plan’s network and which are “preferred” will vary by drug plan.

10. *How much cheaper is mail order, and is that a better choice?*

Plans have a mail order option that is usually cheaper than pharmacy purchase. Beneficiaries should consider the pros and cons of using mail-order.

Please note that there is an additional process involved for those who are eligible for added low-income help, and applying for that assistance is an entirely separate process from picking a plan.

Multiply all these choices by the number of plans in each area, and the complexity of this program as it was devised becomes clear. Making the best choice is a process that could challenge anyone.

¹ Review of plan options by region, CMS Medicare Prescription Drug Plan Finder at www.medicare.gov.

² Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits 2005 Annual Survey (Washington, Kaiser Family Foundation and Health Research and Educational Trust, September 2005).

³ Kaiser Family Foundation and Harvard School of Public Health, “The Medicare Drug Benefit: Beneficiary Perspectives Just Before Implementation,” November 2005.

⁴ In 2003, it was estimated that 72 percent of seniors spent \$500 a year—\$42 a month—or more on prescription drugs. Given double-digit annual increases in drug spending, that percentage would be even higher today. (Kaiser Family Foundation, Medicare and Prescription Drugs Fact Sheet, April 2003.)

⁵ Kaiser Family Foundation, Medicare Chartbook, 3rd Edition (Washington: Kaiser Family Foundation, Summer 2005), p. 5.

⁶ National Institutes of Health, National Eye Institute, Prevalence of Blindness Data, Prevalence of Blindness and Low Vision Among Adults Over Age 40, available online at http://www.nei.nih.gov/eyedata/pbd_tables.asp.

⁷ Kaiser Family Foundation, Medicare Chartbook, 3rd Edition (Washington: Kaiser Family Foundation, Summer 2005).

⁸ J.D. Power and Associates, “Cox Ranks Highest in Customer Satisfaction among High-Speed Internet Providers; SBC Yahoo! Ranks Highest among Dial-Up Providers,” Press Release, September 21, 2005, available on-line at <http://www.jdpower.com/news/releases/pressrelease.asp?ID=2005173>.



1201 New York Avenue NW, Suite 1100 ■ Washington, DC 20005
202-628-3030 ■ Fax 202-347-2417 ■ E-mail: info@familiesusa.org
Web site: www.familiesusa.org