

**Comments on
“Sinking, Swimming or Learning
to Swim in Medicare Part D”**

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Part D: The Big Picture

- Authors suggests that Part D experience is largely positive:
 - High participation, high consumer satisfaction
 - Expanded prescription drug use
 - Program costs below projections
- But we should note challenges remain:
 - Increasing premiums for beneficiaries
 - Volatility for LIS beneficiaries
 - Choices can be confusing
 - Coverage gap still difficult
- ACA addressed challenges to some degree

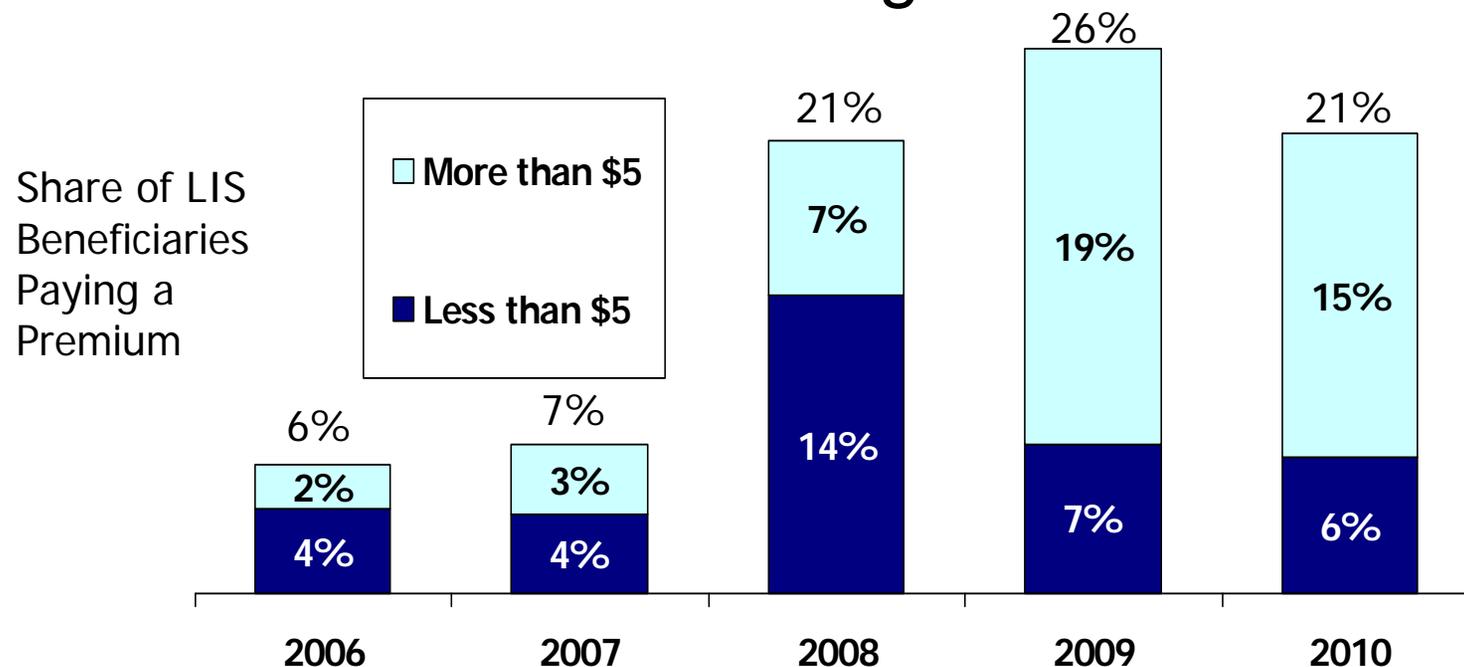
Observation #1

- Beneficiaries seem to stay in plans in the face of significant premium increases.
- Average monthly PDP premiums up 44% for 2006-2010; another 9% projected in 2011



Observation #2

- 1.7 million LIS beneficiaries have stayed in plans where they pay a premium.
- CMS reassigns many to avoid this, but “choosers” are not reassigned

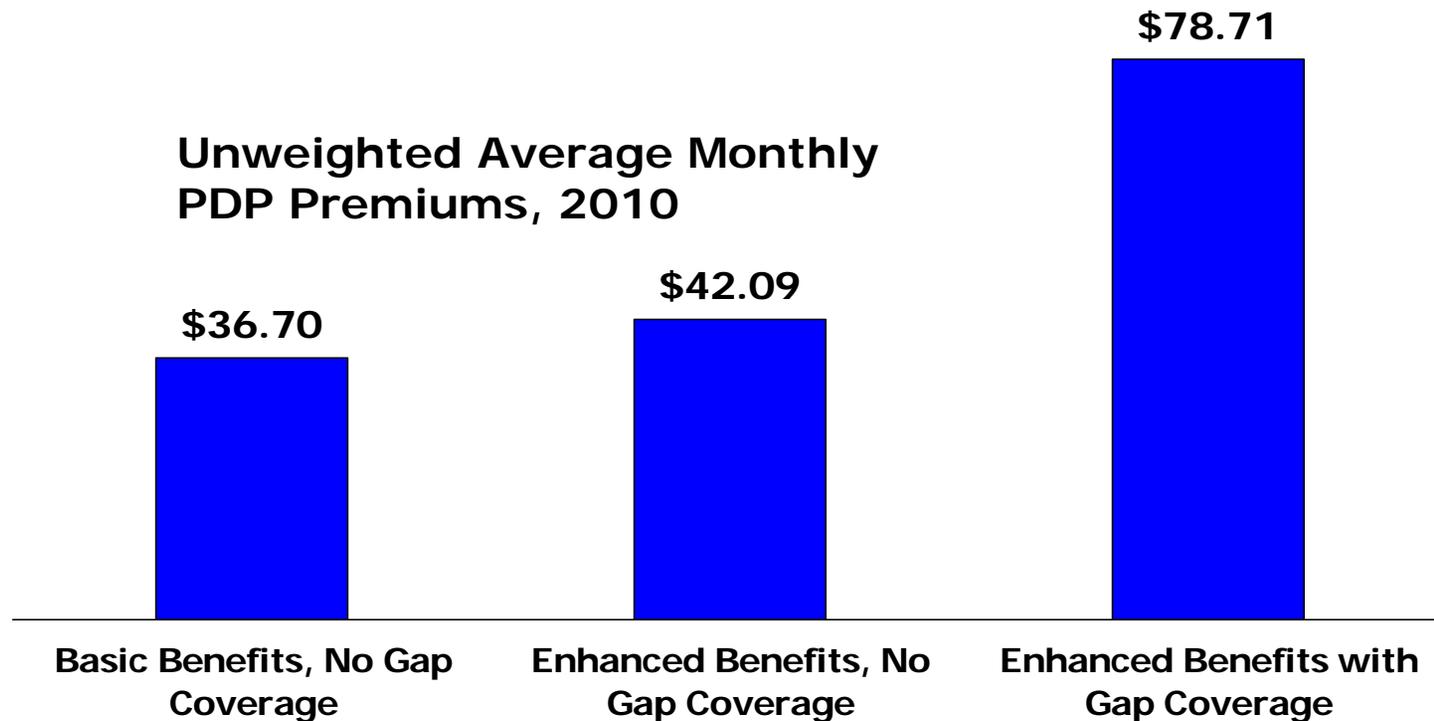


Observation #3

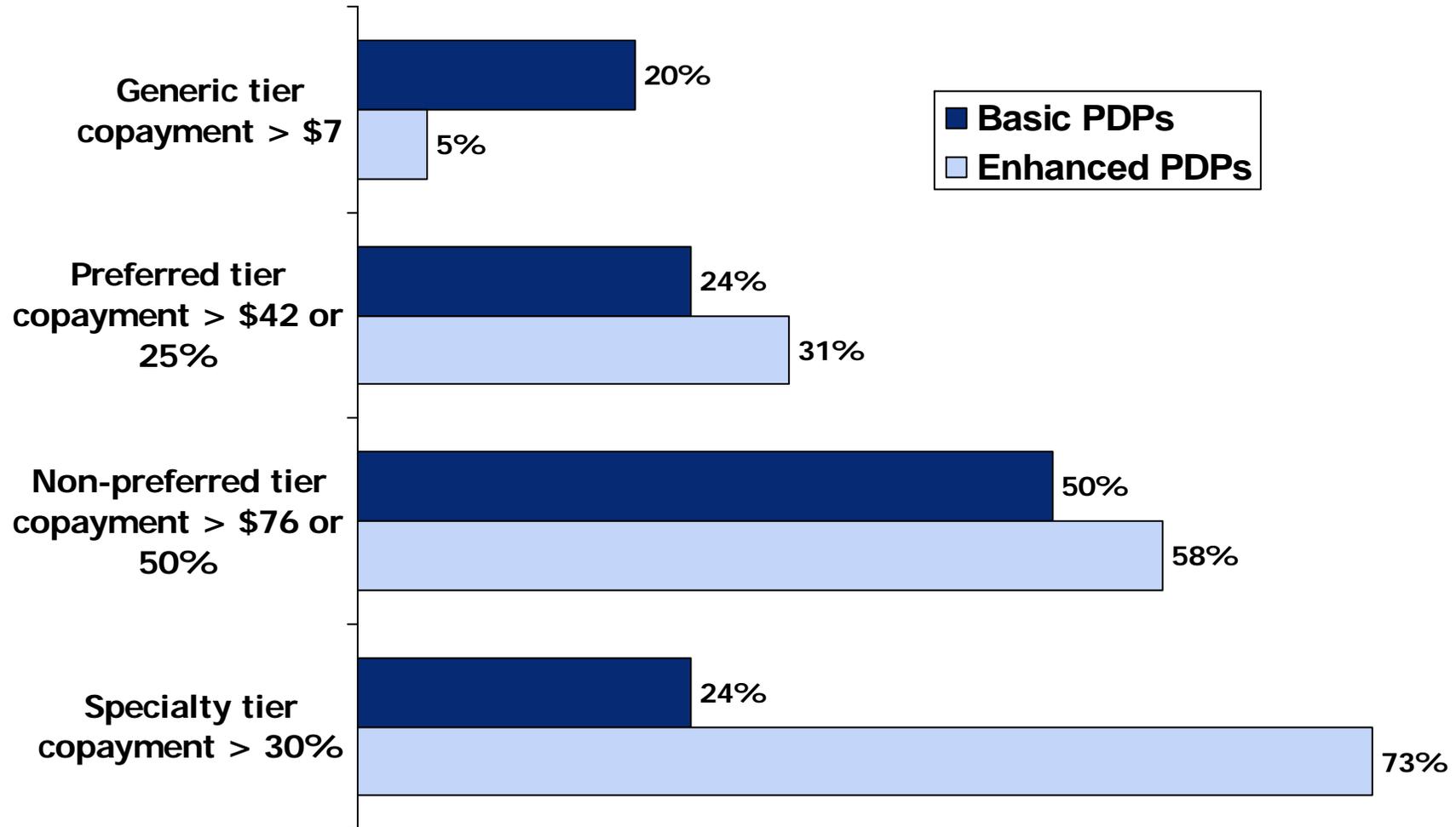
- Beneficiaries in focus groups do not report researching or changing plans.
 - Too confusing
 - Bias toward staying put
- Beneficiaries and physicians in focus groups report finding formulary exceptions, prior authorizations difficult
 - Change drugs rather than confront plans

Observation #4

- Plan differences seem unaligned with premiums
- Enhanced & basic benefits hard to differentiate
- Plan names not always meaningful

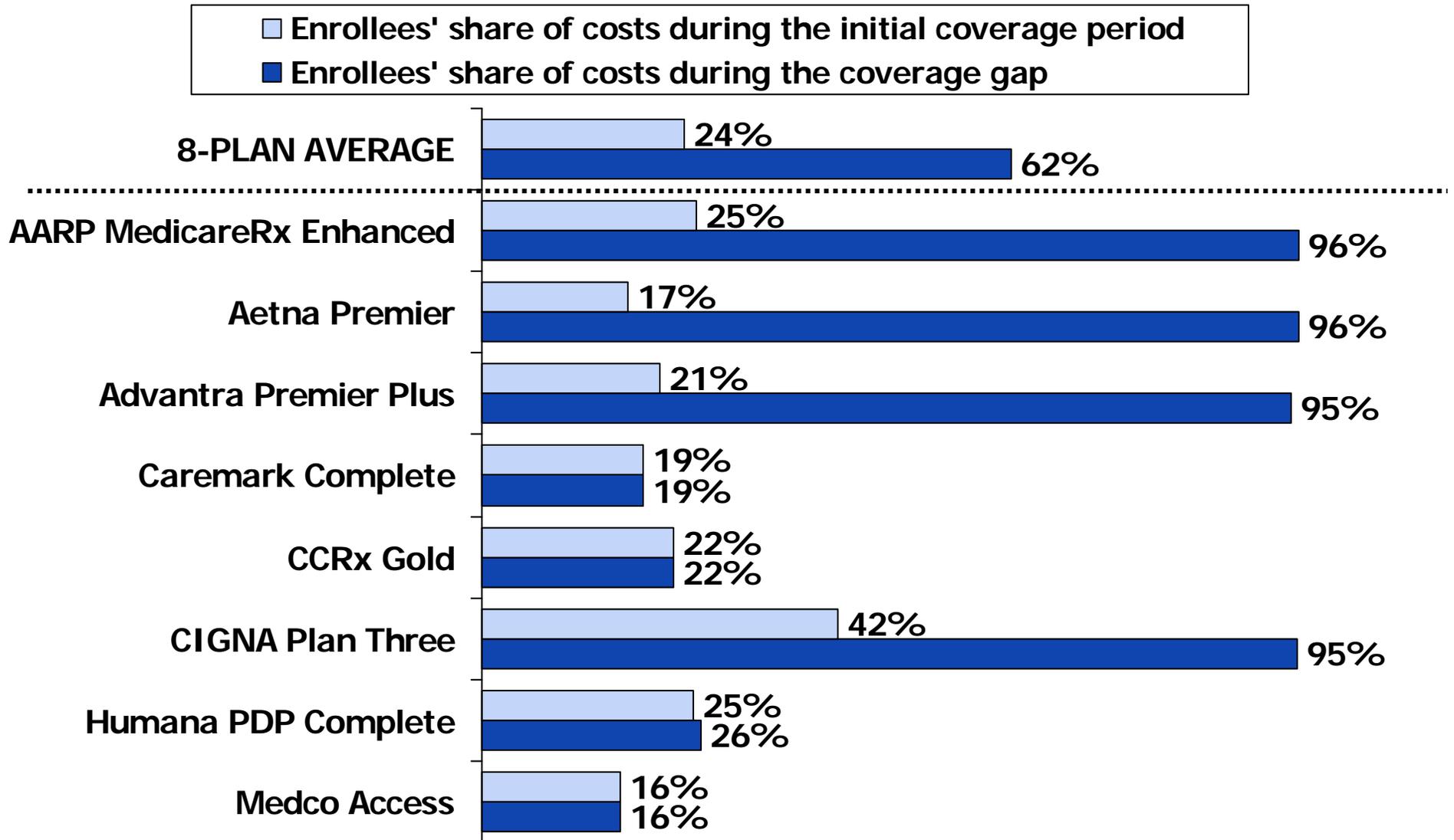


Share of Basic and Enhanced PDPs with Tiered Cost Sharing Above Median Amounts, 2010



SOURCE: Georgetown/NORC analysis of CMS PDP Landscape Source Files, 2010, for the Kaiser Family Foundation.

Share of Costs Paid Out of Pocket by Part D Enrollees in National PDPs Offering Gap Coverage, 2009



SOURCE: Georgetown/NORC analysis of data from CMS for the Kaiser Family Foundation.

NOTES: Amounts shown are for 12 common generic drugs based prices found on the Medicare Drug Plan Finder.

Observation #5

- How many beneficiaries switch plans overall?
 - CMS report for 2006:
 - 1.1 million or 7% of all non-LIS beneficiaries
 - CMS report for 2007:
 - 1.0 million or 6% of all non-LIS beneficiaries
 - No reports for later years

Paper: Reduced Overspending

- Paper reports reduction by \$296 from 2006-07
 - From 36% of total OOP costs in 2006
 - To 21% of total OOP costs in 2007
- But does that reflect beneficiary decisions to choose new plans OR changes in both available plan options?
- Switchers reduced overspending by \$436
- Non-switchers by \$233
- For non-switchers, plan change is a major factor

Concerns with Paper's Sample

- Includes only one PBM
 - PDPs as sponsor and as claims administrator
 - Small subset of overall PDP offerings (7% in 2006 and 14% in 2007)
 - Creates constrained (unrepresentative?) option set
- Do beneficiaries look differently at plan switches among one sponsor's options?
- What is the impact of adding of "new" 2007 plans to the sample?
- Are enrollees in employer-only plans excluded?

Caremark Silverscript Plans, 2006-2007

Plan	Non-LIS Enrollment	Weighted Average Premium	Gap Coverage	Deductible	Cost Sharing: Generics	Cost Sharing: Brands	Cost Sharing: Specialty
Silverscript 2006	32,422	\$27.34	None	\$250	\$9	25%	25%
Silverscript Plus 2006	10,960	\$56.54	None	\$100	\$7	\$25 preferred \$60 non-pref.	25%
Silverscript 2007	35,544	\$26.49	None	\$265	\$5	37%	25%
Silverscript Plus 2007	8,941	\$36.73	None	\$0	\$10	\$25 preferred \$70 non-pref.	33%
Silverscript Complete 2007	8,220	\$42.25	Generics only	\$0	\$5	40%	33%

Explaining the Results

- How to sort out different behaviors:
 - Conscious decisions to switch plans
 - Within versus across sponsors
 - Drug use changes as result of formulary design
 - Plan changes that may be passively accepted
- Are results unique to 2006-2007?
 - Plans were still making market adjustments
 - Beneficiaries working from <1 year experience
- Would results vary by sponsor?