



MEDICARE PART D

MAKING THE GRADE

Despite politically-driven misconceptions, the Medicare Part D prescription drug plan has been successful on various fronts. Recent data reveals that a greater number of individuals are receiving drug benefits with more options, at a lower price, and with higher overall satisfaction than ever before. This paper will describe the background of the Medicare Part D program, provide data and analysis regarding the programs success, as well as, discuss what challenges lie ahead.

Background

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established a new prescription drug benefit under Medicare Part D. Prior to enactment of Part D, millions of seniors had no prescription drug coverage and paid full price for their medications. This prescription drug plan is a market-based approach where private insurers offer Medicare benefits and assume some of the risk for their enrollees.¹ Part D is designed to increase beneficiary's access to medication by lowering the cost and providing more options. The Medicare Prescription Drug plan went into effect on January 1, 2006.

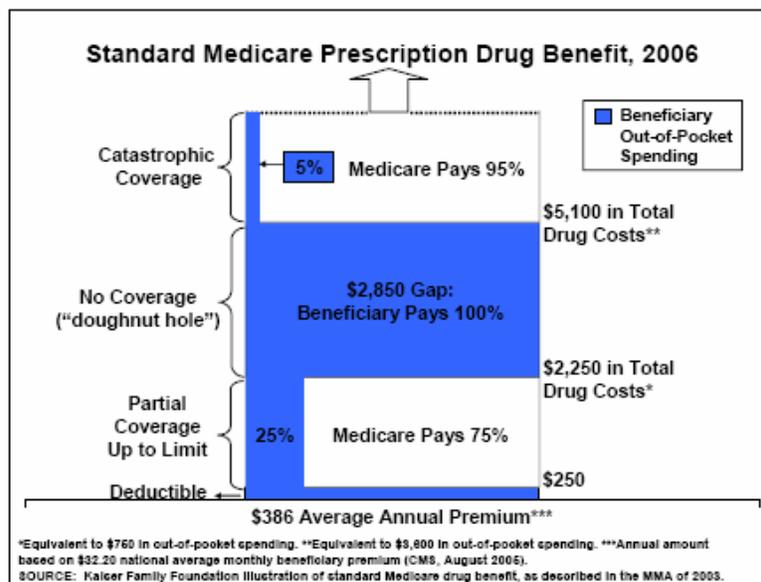
Plans Offered

Part D prescription drug coverage is provided through two different private plans, either stand-alone prescription drug plans (PDPs) or Medicare Advantage prescription drug plans (MA-PDs)—such as Health Maintenance Organizations (HMOs) or Preferred Provider Organizations (PPOs). Different PDP and MA-PD plans are available in various parts of the country. The Centers for Medicare & Medicaid Services (CMS) established 26 regions for Medicare Advantage Preferred Provider Organizations and 34 regions for prescription drug plans. Various providers across the country who intend to offer Medicare Part D submit bids to CMS for the cost of basic prescription drug benefits. CMS calculates the national average and based on a percentage of that number Medicare pays plans the same capitated—or flat dollar amount—per enrollees, adjusted for the risk of the individual enrollee. The price of drugs and pharmacy services is determined through negotiations by plan providers and drug makers. The outcomes of these negotiations affect plan bids and premiums. Part D enrollees benefit from this free-market competition as the average price of premiums continues to decline from what was expected.

¹ Medicare Payment Advisory Commission (MedPAC). *Report to the Congress: Increasing the Value of Medicare*. 6/2006

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) outlined four levels for a standard Part D drug benefit:

- Deductible: The beneficiary is subject to a \$250 deductible to be paid out of pocket;
- Partial Coverage: Following the deductible the beneficiary is responsible for 25 percent of covered drug expenses with the provider funding the remaining 75 percent -up to an initial limit of \$2,250;
- Coverage Gap: Between the initial coverage limit (\$2,250) and the threshold of \$3,600 there is a coverage gap (“the donut hole”) where the beneficiary is responsible for 100 percent of their drug costs;
- Catastrophic Coverage: Beyond the \$3,600 cap, individuals are responsible for whichever is a greater either a 5 percent coinsurance or co-pays of \$2 for generic drugs and \$5 for brand name.



The guidelines established in MMA do not specifically define what a provider must include in Part D benefits. This approach is advantageous to organizations offering Part D, providing the flexibility to design and administer various kinds of prescription drug plans. Likewise, Part D favors beneficiaries with the freedom to select a plan that is best for them.

Enrollment

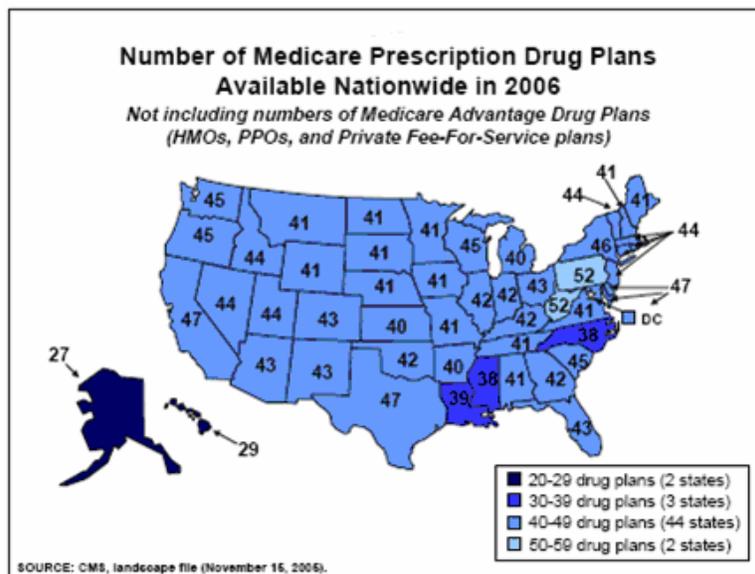
Enrollment in a Medicare drug benefit is voluntary. Individuals may choose to either participate in Medicare Part D or obtain “credible” coverage from an alternative source. Credible alternatives to Part D include employers or other government programs, such as the Veteran Administration, and credible coverage must provide equal or greater coverage than Part D plans. The enrollment period for Medicare Part D extended over six months, beginning on November 15, 2005 and extending to May 15, 2006. The next open enrollment period for Medicare Part D is November 15, 2006 –December 31, 2006

Successes

Since the implementation of Medicare Part D, data and analysis reveals the plan is successful on several fronts, such as growth in the number of plans offered, increasing the number of enrollees, lowering the cost of prescription drugs, decreasing premium prices, the low impact of the coverage gap, and overall beneficiary satisfaction.

Number of Plans Offered

Since the establishment of Medicare Part D, the total number of plans offered has increased to 1,429 prescription drug plans (PDP) and 1,314 Medicare Advantage prescription drug plans (MA-PD) throughout the regions nationwide (excluding the territories).²



At present, beneficiaries in most states have a choice of at least 40 stand-alone PDPs and one or more MA-PD plans from which to select.³ Only five states offer less than 40 plans and in two states beneficiaries can choose between over 50 different plans.⁴

Number of Enrollees

There are 43 million enrollees in Medicare Part A and/or Part B, who are therefore eligible for Part D. As of June 11, 2006 the Department of Health and Human Services (HHS) reported that since Medicare Part D went into effect 22.5 million beneficiaries have enrolled.⁵ Out of the remaining Medicare Part D population 10.4 million receive prescription drug coverage from their employer and HHS estimates that another 5.4

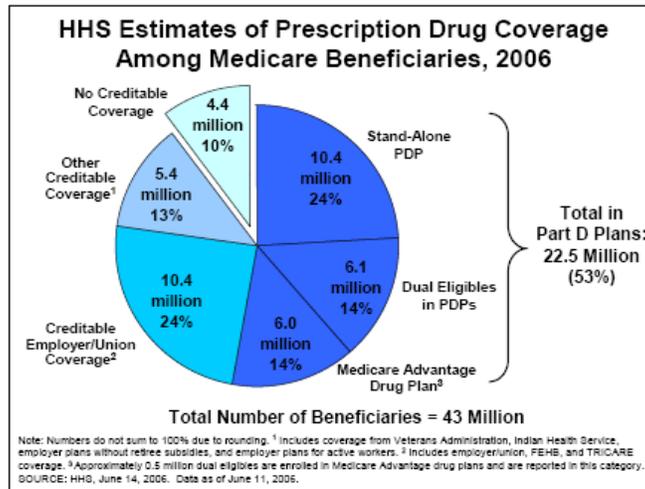
² The Kaiser Family Foundation. *The Medicare Prescription Drug Benefit*. 6/2006. <http://www.kff.org/medicare/upload/7044-04.pdf>

³ *Ibid.*

⁴ *Ibid.*

⁵ The Kaiser Family Foundation. *The Medicare Prescription Drug Benefit*. 6/2006. <http://www.kff.org/medicare/upload/7044-04.pdf>

million individuals have credible coverage from an alternative source, such as the Veterans Administration.⁶



Therefore, approximately 90 percent of the 43 million individuals eligible for Medicare Part D are currently enrolled in a credible prescription drug plan.

Price of Prescription Drugs

Since the implementation of Medicare Part D, the Centers for Medicare & Medicaid Services (CMS) has been conducting analysis regarding the plans effect on drug prices, and have found positive results. There are several areas where Part D is providing savings on prescription drugs, including a lower rate of Part D price increases compared to average wholesale prices, price-discounts, and the access to lower-cost alternatives.⁷

CMS' analysis reveals that the average wholesale price (AWP) of prescription drug prices has increased at a greater rate than the price of Medicare Part D drugs. AWP is the base price at which pharmacists purchase prescription drugs, and an increase in AWP is typically accompanied by a comparable increase in the consumer drug price.

Prices for Drugs Used by Illustrative Beneficiaries with Chronic Conditions, % Increase from December 2005-June 2006	
Part D Plan Price	Average Wholesale Price (AWP)
3.6%	4.1%

*Source: Centers for Medicare & Medicaid Services.
 "Large Negotiated Price Discounts Continue in Medicare Part D" 6/20/2006,
<http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1885>

Because Part D prices are increasing at a lower rate than AWP, those who are enrolled in Medicare experience a lower percentage increase in their medication prices than those who receive other prescription drug coverage. This is due to negotiated price discounts by plans that offer Medicare Part D.

⁶ Ibid.

⁷ Centers for Medicare & Medicaid Services. "Large Negotiated Price Discounts Continue in Medicare Part D" 6/20/2006. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1885>

CMS' study also found a continued savings to beneficiaries on prescription drugs at their local pharmacies due to the negotiated discounts that Medicare prescription drug plans are obtaining from pharmaceutical manufactures. Analysis of Part D beneficiaries with the lowest-cost plan in their area revealed that these individuals are saving approximately 60 percent when compared to what they would pay without being enrolled in the plan.⁸ Therefore, by creating an open market-based system where individual plans compete and negotiate for lower drug prices, individual beneficiaries are saving. Further, there is less of a dependency on the government to set prescription drug prices, stimulating the economy to compete and lower costs on its own.

According to CMS, beneficiaries are using information provided by Medicare and saving money on their medication by utilizing lower cost alternatives. Medicare publishes information regarding the broad range of plans offered; enabling beneficiaries to find the plan that will save them money, while still meeting their prescription drug needs.⁹ CMS provides beneficiaries with information regarding generic medications that can be substituted for name brand drugs, and many prescription drug plans are seeing rates of generic drug purchase, as high as 60 percent.¹⁰

Premium Costs

Medicare beneficiaries are also saving on prescription drug plans with their monthly premium. The average premium in 2006 for the basic Medicare drug benefit is about \$24. This is a significant decrease from original estimates after drug bidding of \$32 per month on average – a difference of 25 percent.¹¹ In 2007, CMS expects the average cost of the Medicare prescription drug plans will remain stable or decline with the average premium paid by beneficiaries to remain around \$24 or less.¹²

The Coverage Gap

The coverage gap or “donut hole” refers to the period when spending levels on prescription drugs are between \$2,250 and \$3,600, in which the beneficiary is responsible for all their costs out of pocket. This aspect of Medicare Part D is one of the most debated elements, because many argue that the donut hole leaves beneficiaries vulnerable to high out of pocket costs. However, since the establishment of the prescription drug plan, analysis reveals that the coverage gap is only having a minor effect on the Medicare Part D population. There are 22.7 million individuals enrolled in Medicare Part D: 10 million beneficiaries have low incomes qualifying them for coverage without a gap, 2.4 million have enhanced plans that provide partial coverage in the gap, and 7 million are not

⁸ Centers for Medicare & Medicaid Services. “Large Negotiated Price Discounts Continue in Medicare Part D” 6/20/2006. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1885>

⁹ *Ibid.*

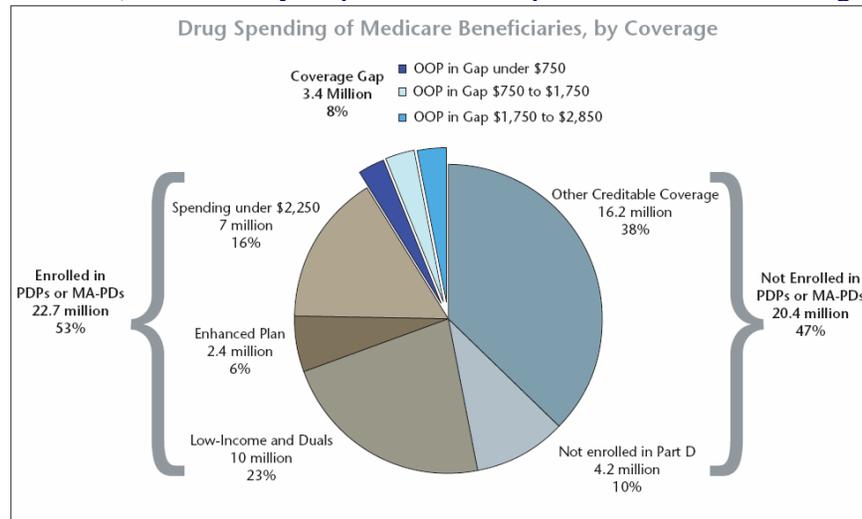
¹⁰ *Ibid.*

¹¹ Centers for Medicare & Medicaid Services . NATIONAL BENCHMARK SHOWS IMPACT OF STRONG COMPETITIVE BIDDING AND SMART BENEFICIARY CHOICES. 8/15/2006 <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1945>

¹² Centers for Medicare & Medicaid Services . NATIONAL BENCHMARK SHOWS IMPACT OF STRONG COMPETITIVE BIDDING AND SMART BENEFICIARY CHOICES. 8/15/2006 <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1945>

subject to the donut hole because they have a spending level below the \$2,250 threshold.¹³

Therefore, out of the nearly 23 million individuals enrolled in Medicare Part D only 8 percent (3.4 million) will be fully responsible for expenditures in the coverage gap.¹⁴



*Source: PriceWaterhouseCooper. "Significance of the Coverage Gap Under Medicare Part D" 6/2006, http://www.hlc.org/HLC_Coverage_Gap_Research_Report_FINAL.pdf

The majority of beneficiaries who enter the coverage gap do not reach the \$3,600 catastrophic threshold, and 34 percent have out of pocket costs under \$750.¹⁵

Further, as Medicare Part D evolves in the future, some plans are offering options for beneficiaries who find themselves subject to the coverage gap. For example, when open enrollment for 2007 begins in November one Humana plan approved in New Jersey, offers coverage for brand- name and generic drugs through the gap. Beneficiaries under Humana's plan pay monthly premiums of \$48.50, as opposed to the premium cost of \$4.43 for basic coverage. According to Dr. Scott Latimer, a physician and CEO of Humana's senior-products business, "paying the higher premiums may be worth it for the extra coverage".¹⁶

According to the findings and analysis of the effect of the coverage gap, the negative consequences that were originally speculated were not only over exaggerated, but many plan providers are formulating new options for seniors who may -or are scared of, falling into the donut hole.

¹³ PriceWaterhouseCooper. "Significance of the Coverage Gap Under Medicare Part D" 6/2006, http://www.hlc.org/HLC_Coverage_Gap_Research_Report_FINAL.pdf

¹⁴ PriceWaterhouseCooper. "Significance of the Coverage Gap Under Medicare Part D" 6/2006, http://www.hlc.org/HLC_Coverage_Gap_Research_Report_FINAL.pdf

¹⁵ *Ibid.*

¹⁶ Cambell, Carol Ann. "Options are Available for Seniors in the Medi-Gap". *The Star Ledger*. New Jersey. 8/14/2006. <http://www.nj.com/printer/printer.ssf?/base/news-8/1155530782173740.xml&coll=1>

Beneficiary Satisfaction

One of the chief concerns regarding the new Medicare Part D plan is whether or not beneficiaries would be happy with the program. According to testimony given by CMS Administrator Mark McClellan and data collected through beneficiary satisfaction surveys, 84 percent of seniors enrolled in the Medicare prescription drug program are satisfied with their coverage and 52 percent say they are enjoying significant cost savings.¹⁷ In another poll conducted by the Tarrance Group, 85 percent of enrollees say their plan covers the medicine they need.¹⁸ Further a recent survey conducted by the Kaiser Family Foundation (KFF) found that for most seniors the “initial experiences under the drug benefit have been positive.”¹⁹ The survey also had interesting findings regarding those individuals who do encounter problems with Part D, concluding that about 76 percent of Medicare Part D beneficiaries who have used their plans did not experience a problem.²⁰ Out of the 34 percent of beneficiaries who experienced what they felt was a problem, 16 percent described it as a “minor problem,”²¹ and the majority (90 percent) of the 16 percent felt that it was resolved to their satisfaction.²² Overall, KFF data reveals that three in four seniors who are enrolled in a drug plan would choose the same plan again, and according to the Foundations President and CEO Drew E. Altman, “most seniors say they are satisfied with their drug plans...”²³

Opposition

When the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) passed on the house floor, it was met by 189 votes of democrat opposition.²⁴ Many democrats have gone on record against Medicare Part D and continue to deny the plan’s achievements.

Number of Enrollees

Claim: Rep Steny Hoyer (D-MD-5): “Seniors have been forced to grapple with a system so confusing and complicated that many still cannot navigate their way through the program”²⁵

➡ Fact: Out of the approximately 43 million individuals eligible for Medicare benefits, 90 percent have been able to understand Part D and enroll in a prescription drug plan.²⁶

¹⁷ McClellan, Mark, MD, PHD, CMS Administrator. Testimony Before the House Committee on Ways and Means, Subcommittee on Health. 5/3/2006.

<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4909>

¹⁸ US Chamber of Commerce. “Nationwide Poll of Seniors Shows High Level of Satisfaction With Medicare Prescription Drug Plan”. *News Release*. 4/25/2006.

<http://www.uschamber.com/press/releases/2006/april/06-71.htm>

¹⁹ The Kaiser Family Foundation (KFF). “Most Seniors Say they are Satisfied with their Plans.” *News Release*. 7/27/2006. <http://kff.org/kaiserpolls/pomr072706nr.cfm>

²⁰ *Ibid.*

²¹ *Ibid.*

²² *Ibid.*

²³ *Ibid.*

²⁴ Roll Call Vote 669

²⁵ <http://hoyer.house.gov/newsroom/index.asp?ID=645&DocumentType=Press+Release&Issue=Healthcare>

**Medicare Beneficiaries with Prescription Drug Coverage
(as of June 11, 2006)**

Congressional District	Beneficiaries with Drug Coverage from Medicare or Former Employers
MD05 - Hoyer	56,283

*Source: CMS. State Medicare Part D Enrollment Profiles by Congressional District. 6/2006. <http://www.cms.hhs.gov/States/Downloads/EnrollmentbyDistrict.zip>

Price of Prescription Drugs

Claim: Rep Nancy Pelosi (D-CA-8): "A real guaranteed, defined prescription drug benefit under Medicare would reduce costs to seniors and taxpayers. Instead, this Republican hoax increases drug costs, actually prohibiting the government from negotiating lower prices. Imagine the bill prohibiting the government from negotiating lower prices.Make no mistake: under this scheme, millions of Medicare beneficiaries will pay more, not less."²⁷

Rep. Michael Honda (D-CA-15): "Unfortunately, this prescription drug program is a false promise. This scheme fails to bring down drug costs, prohibiting the government from negotiating with drug companies to lower prices."²⁸

➡ Fact: Analysis of Part D beneficiaries with the lowest-cost plan in their area revealed that these individuals are saving approximately 60 percent when compared to what they would pay without being enrolled in the plan.²⁹ Therefore, banning government intervention is lowering the cost of prescription drugs, and decreasing dependency on the federal government.

**Medicare Beneficiaries with Prescription Drug Coverage
(as of June 11, 2006)**

Congressional District	Beneficiaries with Drug Coverage from Medicare or Former Employers
CA08 - Pelosi	81,392
CA15 - Honda	59,127

*Source: CMS. State Medicare Part D Enrollment Profiles by Congressional District. 6/2006. <http://www.cms.hhs.gov/States/Downloads/EnrollmentbyDistrict.zip>

²⁶ US Chamber of Commerce. "Nationwide Poll of Seniors Shows High Level of Satisfaction With Medicare Prescription Drug Plan". *News Release*. 4/25/2006. <http://www.uschamber.com/press/releases/2006/april/06-71.htm>

²⁷ Congresswoman Pelosi (CA-8). "GOP's Alice in Wonderland Medicare Bill Turns Logic on its Head". 11/2003. <http://www.house.gov/pelosi/press/releases/Nov03/MedicareBillTurnsLogicOnItsHead111803.html>

²⁸ Congressman Honda (CA-15) "The need to pass a Medicare drug benefit that is real and meaningful". *HouseDemocrats.gov*.

http://143.231.217.142/news/radio_addresses_detail.cfm?id=39&transcript_language=english

²⁹ Centers for Medicare & Medicaid Services. "Large Negotiated Price Discounts Continue in Medicare Part D" 6/20/2006. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1885>

Premium Cost

Claim: Rep Tammy Baldwin (D-WI-02) "The bill ..[MMA] does not contain the prescription drug benefit that seniors deserve. Instead of providing an affordable prescription drug benefit, this bill creates an incomplete and expensive benefit--a benefit with a hole, where seniors will be paying premiums and receiving no benefit."³⁰

➡ **Fact:** The monthly premiums substantially decrease when compared to last year. In 2005 average premium for Part D benefits averaged \$37, but in 2006 the premiums are 35 percent less at a rate of \$24. Instead of seniors being subjects to expensive premiums, due to Medicare Part D, on average seniors are saving over \$1,100 a year.³¹

**Medicare Beneficiaries with Prescription Drug Coverage
(as of June 11, 2006)**

Congressional District	Beneficiaries with Drug Coverage from Medicare or Former Employers
WI02 - Baldwin	59,198

*Source: CMS. State Medicare Part D Enrollment Profiles by Congressional District. 6/2006. <http://www.cms.hhs.gov/States/Downloads/EnrollmentbyDistrict.zip>

The Coverage Gap

Claim: Rep Jan Schakowsky (D-IL-10) "The bill [MMA] leaves seniors and people with disabilities with high and escalating out-of-pocket costs and a huge gap in coverage."³²

➡ **Fact:** The majority of Medicare beneficiaries will never reach the donut hole, with only 8 percent (3.4 million) out of the 23 million individuals enrolled in Part D falling into coverage gap.³³ Further, as the Medicare Part D plan evolves in the future, many plans are offering options to cover the small group of beneficiaries that find themselves in the donut hole.

³⁰ Congressional Record. 11/21/2003. <http://www.congress.gov/cgi-lis/query/z?r108:H21NO3-0056>:

³¹ Centers for Medicare & Medicaid Services . NATIONAL BENCHMARK SHOWS IMPACT OF STRONG COMPETITIVE BIDDING AND SMART BENEFICIARY CHOICES. 8/15/2006 <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1945>

³² Congresswoman Schakowsky (IL-9). "A bill that would begin to repeal and replace the Republican drug law". *HouseDemocrats.gov*.

http://143.231.217.142/news/radio_addresses_detail.cfm?id=40&transcript_language=english

³³ PriceWaterhouseCooper. "Significance of the Coverage Gap Under Medicare Part D" 6/2006, http://www.hlc.org/HLC_Coverage_Gap_Research_Report_FINAL.pdf

Medicare Beneficiaries with Prescription Drug Coverage
(as of June 11, 2006)

Congressional District	Beneficiaries with Drug Coverage from Medicare or Former Employers
IL09 - Schakowsky	73,684

*Source: CMS. State Medicare Part D Enrollment Profiles by Congressional District. 6/2006. <http://www.cms.hhs.gov/States/Downloads/EnrollmentbyDistrict.zip>

Seniors are Unhappy

Claim: Rep Debbie Wasserman-Shultz (D-FL-20) “They [Seniors] deserve to have a reliable benefit plan; one that can be communicated in terms that they can understand. Had I been in Congress when this legislation was proposed, I would never have supported it. No senior in America should have to worry about being priced out of their health and well-being.”³⁴

➡ Fact: According to several surveys Medicare beneficiaries are enjoying the new prescription drug plan. CMS found that 84 of seniors enrolled in Medicare Part D were satisfied with their coverage savings³⁵ Another poll conducted by the Tarrance Group reveals that 85 percent of enrollees say their plan covers the medicine they need³⁶ and a data collected by the Kaiser Family Foundation found that 76 percent of enrollees who have filled a prescription under the benefit reported having no problems.³⁷

Medicare Beneficiaries with Prescription Drug Coverage
(as of June 11, 2006)

Congressional District	Beneficiaries with Drug Coverage from Medicare or Former Employers
FL20 - Wasserman Schultz	79,405

*Source: CMS. State Medicare Part D Enrollment Profiles by Congressional District. 6/2006. <http://www.cms.hhs.gov/States/Downloads/EnrollmentbyDistrict.zip>

³⁴ Congresswoman Wasserman Shultz (FL-20) “Wasserman Shultz, Officials Help Seniors Decipher Medicare Rx Plan.” *Press Release*. 12/2005.

http://www.house.gov/list/press/fl20_schultz/HalandaleTH.html

³⁵ McClellan, Mark, MD, PHD, CMS Administrator. Testimony Before the House Committee on Ways and Means, Subcommittee on Health. 5/3/2006.

<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4909>

³⁶ US Chamber of Commerce. “Nationwide Poll of Seniors Shows High Level of Satisfaction With Medicare Prescription Drug Plan”. *News Release*. 4/25/2006.

<http://www.uschamber.com/press/releases/2006/april/06-71.htm>

³⁷ The Kaiser Family Foundation (KFF). “Most Seniors Say they are Satisfied with their Plans.” *News Release*. 7/27/2006. <http://kff.org/kaiserpolls/pomr072706nr.cfm>

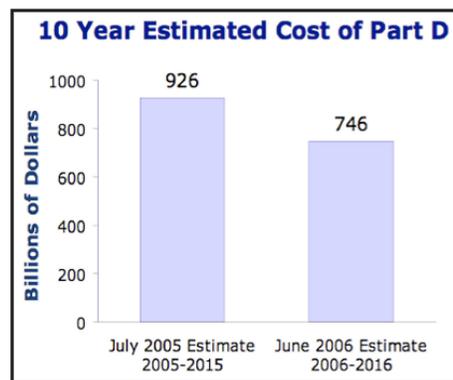
Issues

A program as vast as Medicare Part D will not be flawless, and there will be challenges with new prescription drug plan.

Cost of the Program

Many studies argue that the Medicare Part D program will cost a significant amount to the federal government. According to 2006 Congressional Budget Office (CBO) estimates, between 2006 and 2015, the prescription drug plan will cost the federal government \$850 billion. As a result of the new drug benefit, expenditures on Medicare Part D are growing at a faster rate than the Gross Domestic Product.³⁸

While initial analysis argued that Part D would continue to increase costs to the federal government, recent estimates have revealed that there is a continued decrease in the cost of program. According to CMS, the cost of Part D over 10 years will cost \$746 billion, which is a significant decrease from original estimates of \$926 billion.³⁹



**Source: Leavitt, Michael. "Medicare RX: Progress Report IV on the Medicare Prescription Drug Plan". Department of Health and Human Services. 6/2006*

As more data becomes available, CMS expects the cost estimated of Part D to continue to fall

Future Enrollment

Those who have enrolled in Medicare Part D in 2006 will have a direct impact on the availability and pricing of plans in 2007. According to enrollment data beneficiaries are primarily selecting plans offered by a relatively small number of organizations.⁴⁰ Therefore, organizations offering Medicare Part D benefits that have low enrollment rates may decide not to participate in 2007. Also, providers offering various plans in 2006 may decide to drop some plans in 2007 based on low rates of enrollment.⁴¹ Further, CMS

³⁸ Boards of Trustees, Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds, 2006, p. 110

³⁹ Leavitt, Michael. "Medicare RX: Progress Report IV on the Medicare Prescription Drug Plan". Department of Health and Human Services. 6/2006

⁴⁰ O'Sullivan, Jennifer. *Medicare: Enrollment in Medicare Drug Plans (RL33136)*. Congressional Research Service (CRS). 6/5/2006

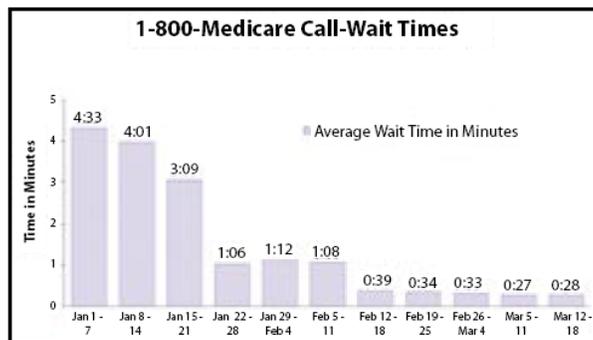
⁴¹ *Ibid.*

announced that the 2007 plan subsidies will be based on enrollment figures from 2006 which is likely to have an impact on premiums and plans offered. Some providers may change their plans or exit the market completely, forcing beneficiaries to once again find and enroll in a plan that is suitable for them.⁴²

While a portion of the successfulness of Medicare Part D depends on plan participation and maintaining a steady enrollment, the changes in enrollment and of the plans offered may be beneficial. CMS analysis reveals that because the prescription drug plan was new, plans developed their options without any previous experience the result was “duplication and overlap” of the plans offered.⁴³ Therefore, as the program evolves enrollment numbers in particular plans and competition in the market will encourage plans to offer different coverage options only where there are “meaningful difference between them” and other plans that are offered; overall simplifying the decision making process for seniors.⁴⁴

Customer Service

Medicare Part D is an innovative approach to offer prescription drug benefits to seniors and persons with disabilities, and with any new program there can be confusion. CMS established a customer service center to answer questions from pharmacists and beneficiaries, however during the initial enrollment period many found themselves waiting up to 30 minutes before they were able to reach someone.⁴⁵ In order for Medicare Part D to remain a stable program with steady enrollment, it is imperative that beneficiaries and pharmacies have a resource to answer questions in a timely and efficient manor. Due to the initial flood of inquiries CMS increased the size of the Medicare call center in order to accommodate more questions. As of March, the average wait time decreased by four minutes, to only 28 seconds.⁴⁶



*Source: Leavitt, Michael. “Medicare RX: Progress Report III on the Medicare Prescription Drug Plan”. Department of Health and Human Services. 4/1/2006

⁴² Medicare Payment Advisory Commission (MedPAC). *Report to the Congress: Increasing the Value of Medicare*. 6/2006

⁴³ Leavitt, Michael. “Medicare RX: Secretary’s Progress Report IV on the Medicare Prescription Drug Plan”. Department of Health and Human Services. 6/14/2006

⁴⁴ *Ibid.*

⁴⁵ Leavitt, Michael. “Medicare RX: One Month Progress on the Medicare Prescription Drug Plan”. Department of Health and Human Services. 2/1/2006

⁴⁶ Leavitt, Michael. “Medicare RX: Progress Report III on the Medicare Prescription Drug Plan”. Department of Health and Human Services. 4/1/2006

Further, in anticipation of the upsurge in calls during the final deadline for enrollment, CMS added 6,000 employees to its customer service centers.⁴⁷ On the last day of enrollment more than 648,000 calls were taken, an increase of 200,000 from the day before, and there was only a call wait of approximately 12 minutes. While customer service is continuing to be an obstacle for Medicare Part D, CMS is taking the appropriate steps to alleviate the issue.

Conclusion

Contrary to claims made by those who oppose the Medicare Part D Plan, the new prescription drug plan has been successful on several fronts. As polling data reveals, overall, individuals are content with the Medicare Part D, with 84 percent of the seniors enrolled in the prescription drug program satisfied with their coverage.⁴⁸

While there are some issues with Part D, CMS and the Bush Administration have made a commitment to continue the trend in satisfaction with the Medicare Drug Benefit, and will resolve any outstanding problems with the programs implementation. As CMS Administrator McClellan has stated “we are looking ahead to ensure we address any issues facing people with Medicare, caregivers, providers, the plans, and pharmacists in the future.”⁴⁹

⁴⁷ Leavitt, Michael. “Medicare RX: Progress Report IV on the Medicare Prescription Drug Plan”. Department of Health and Human Services. 6/2006

⁴⁸ McClellan, Mark, MD, PHD, CMS Administrator. Testimony Before the House Committee on Ways and Means, Subcommittee on Health. 5/3/2006.

<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4909>

⁴⁹ *Ibid.*