
A Report on the Experiences of Part D Beneficiaries

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Implemented in January 2006, Medicare Part D – the voluntary outpatient prescription drug coverage benefit program – is among the most significant changes in the history of the nation’s Medicare program. Unlike other Medicare programs, Part D is not administered by the government, and is only available through private offerings, such as stand-alone prescription drug plans (PDPs) and Medicare Advantage (MA) drug plans. These plans vary in cost and coverage, are not uniform nationwide, and have different cost-sharing requirements and drug formularies.

Successful implementation in 2006 of Medicare Part D necessitated broad-based educational outreach and counseling services for Medicare beneficiaries. Part D is complex, uses terminology that the typical beneficiary is unfamiliar with, and its implementation imposed strict and urgent deadlines, although there were exceptions for some beneficiaries. To handle this massive educational outreach program, the Centers for Medicare and Medicaid Services (CMS) partnered with State Health Insurance Assistance Programs (SHIPs) to help Medicare beneficiaries understand the choices available to them under Part D.

The 2007 open enrollment period for Medicare Part D (November 15, 2006 to December 31, 2006) is 45-days long, compared to last year’s 6-month open enrollment (November 15, 2005 to May

15, 2006). As we enter this considerably shorter enrollment period, a review of the early experiences of some Part D beneficiaries during 2006 enrollment will provide a better understanding of the challenges beneficiaries may face. These experiences are detailed in a report entitled “Early Experiences of Medicare Beneficiaries in Prescription Drug Plans,” issued in August 2006 by the Henry J. Kaiser Family Foundation. The report, which summarizes a focus group discussion among SHIP directors or their representatives from 13 states, was prepared by Julia James, an independent health policy consultant who moderated the discussion group, and Tricia Neuman and Michelle Kitchman Strollo of the Kaiser Family Foundation.

The group covered a variety of issues, including plan enrollment,

premium payments, cost sharing, access to medications, MA plans, marketing, and the concerns of special populations, such as dual eligibles and retirees in employer plans. Although all SHIP directors reported that their programs provided extensive education and counseling, it should be noted that not all beneficiaries sought advice. Furthermore, those who did seek SHIP consultation are not necessarily representative of the entire beneficiary population. The report identified numerous common problems and made recommendations for improvement.

Enrollment

Data system errors, missing or incorrect information, and time delays or inadequacies regarding Part D plan enrollment were reported by all SHIP attendees. Some errors resulted in beneficiaries being enrolled in a plan other than the one they had selected, being enrolled into multiple plans, or inadvertently disenrolled from a plan. All SHIP directors agreed that communication among key players needs to be improved. The information systems of CMS, Social Security Administration, state Medicaid programs, Medicare drug plan sponsors, and participating pharmacies must all be able to communicate in an accurate, timely manner.

Many voiced concern about the shortened 2007 enrollment period (a mere 6 weeks), which will occur during the holiday season. There was additional concern that beneficiaries will simply keep the plan they already have rather than review their options and select a plan that may be more suited to their individual circumstances.

Premiums

Part D premiums can be paid directly to plans or may be deducted from Social Security Income (SSI) checks. Although SHIP initially advised beneficiaries to utilize SSI deduction to pay their monthly premiums, this resulted in numerous and, in some cases, still unresolved problems. Some deductions were not made, some were made but not properly credited to the plans, and others were made in the wrong amount. As a result, SHIP now promotes the use of the direct plan payment option.

Cost-sharing

Pharmacies need accurate, real-time, online data to determine which plan a beneficiary is enrolled in and a beneficiary's eligibility for low-income assistance. In some cases where this information was not available to the pharmacist, beneficiaries did not receive or paid an incorrect amount for their drugs. These beneficiaries may never be appropriately reimbursed.

This discussion, which took place in June 2006, was held too early to access problems related to the "doughnut hole." However, there were reports that enrollees are unaware of the benefit structure in their plan, including which

costs are used to reach the limit for the coverage gap and the annual out-of-pocket maximum.

Drug Access

Subject to CMS approval, Medicare Part D plans have flexibility in designing their own benefit structures. Most plans limit coverage to drugs on their own formulary, and many require prior authorization for certain drugs and impose quantity limits. Plan sponsors are required to have a grievance and appeal system in place to address these issues, but each plan has a different appeal form, creating problems for beneficiaries, providers, and SHIP volunteers. SHIP directors noted that some physicians require a billable office visit before they will assist a beneficiary in meeting prior authorization requirements. In addition, it was reported that some plans require monthly prior authorizations, placing a burden on beneficiaries and their providers.

PROVIDER ACTION

Impact to You

Efficient and effective access to medications for Medicare beneficiaries is possible only through a clear understanding of the Medicare Part D program.

What You Need to Know

There are several details of the Medicare Part D program that, when communicated to patients, can assist them in accessing their medications. These include such things as promoting the State Health Insurance Assistance Program (SHIP) recommendation to have premiums paid directly to plans, rather than through deductions from members' Social Security Income checks. Keep in mind that the evaluation and enrollment in a Part D plan needs to occur over 45 days during the current open enrollment period, which is considerably shorter than last year's 6-month open enrollment.

What You Need to Do

Educate beneficiaries on the importance of enrolling in the most appropriate Part D plan for their individual circumstances. Once enrolled, make sure they are aware of how to utilize the plan to best assure access to all medically necessary medications. Download a copy of the complete "Early Experiences of Medicare Beneficiaries in Prescription Drug Plans" report at www.kff.org/medicare/upload/7552.pdf.

Medicare Advantage

It was found that many beneficiaries do not understand the important distinctions between traditional fee-for-service Medicare and MA plans. Some beneficiaries signed up for MAs, thinking they were enrolling in a PDP, while others were drawn to the plans because of low premiums without understanding other costs and restrictions in provider networks.

SHIP directors also addressed the marketing activities of several MA plans, particularly those new to the marketplace. Misleading and, in some cases, erroneous information combined with aggressive marketing tactics were identified as causing problem for many beneficiaries.

Special Needs Plans

Under Part D, as of January 2006, dually eligible beneficiaries (those eligible for both Medicare and Medicaid) were required to obtain

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drug coverage from a Medicare drug plan instead of their state Medicaid program. According to SHIP directors, this caused numerous problems, the first of which was that CMS had randomly assigned dual eligibles to Medicare Part D plans. When dual eligibles changed plans from the random CMS assignment, data system errors led to some of these beneficiaries being overcharged at the pharmacy or incorrectly charged for their premium.

A particular problem was noted concerning retiree plans, especially among beneficiaries with spouses. For couples with retiree health coverage, if one partner becomes eligible for Medicaid, the other partner is in jeopardy of losing his or her supplemental retiree benefits.

Recommendations

To address some of these problems, several changes were recommended, including:

- Simplifying and standardizing Medicare Part D
- Improving data systems
- Changing the open enrollment period so that it does not coincide with the holiday season
- Implementing stringent regulation of plan marketing practices
- Liberalizing asset requirements for low-income subsidies
- Adopting new rules to protect spouses covered by retiree plans
- Providing more stable funding for SHIPs

A Look Toward 2007 Enrollment

The SHIP directors feel that they weathered the initial storm, but challenges remain. SHIPs will con-

tinue to deal with the variety of issues that emerged during the first year of the new Medicare drug benefit and will focus on minimizing the recurrence of such problems in the future. *MPM*