Part D enrollment, benefit offerings, and plan payments

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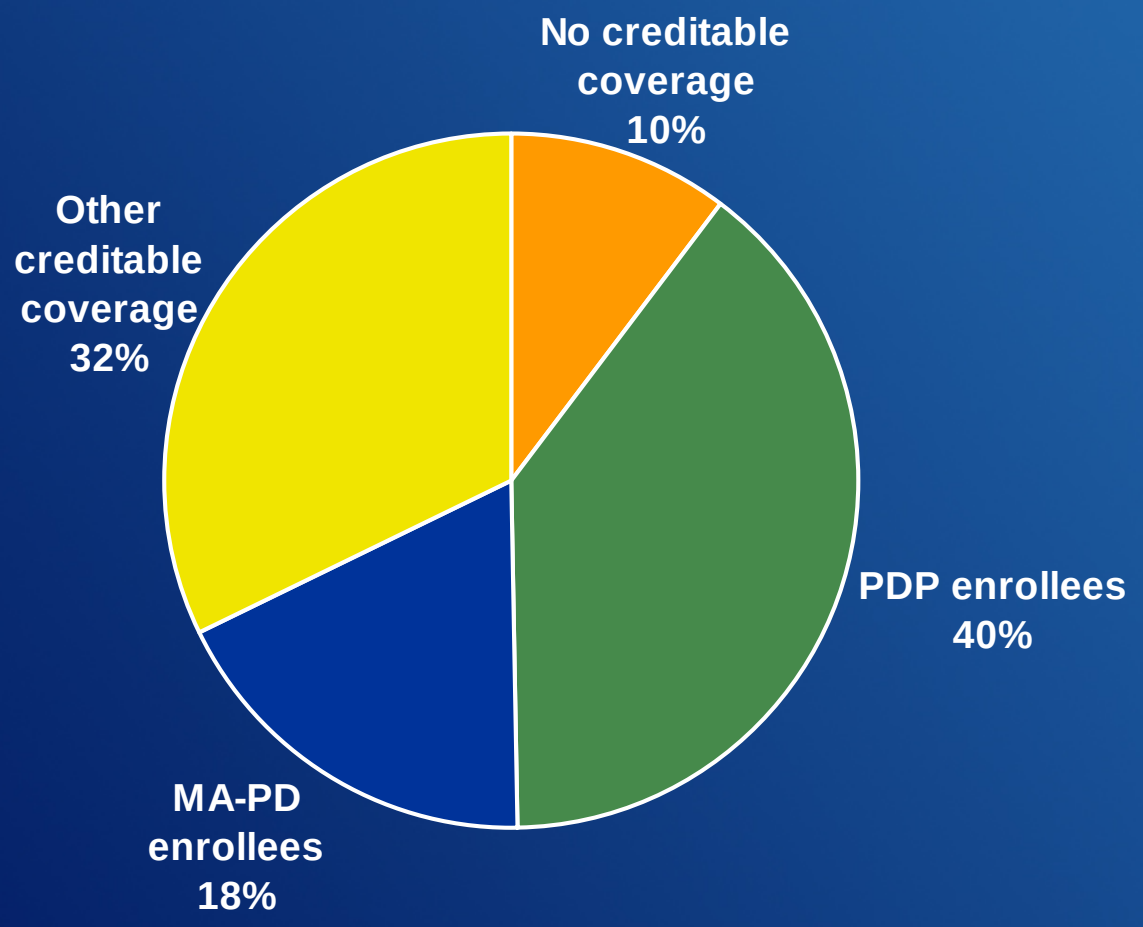
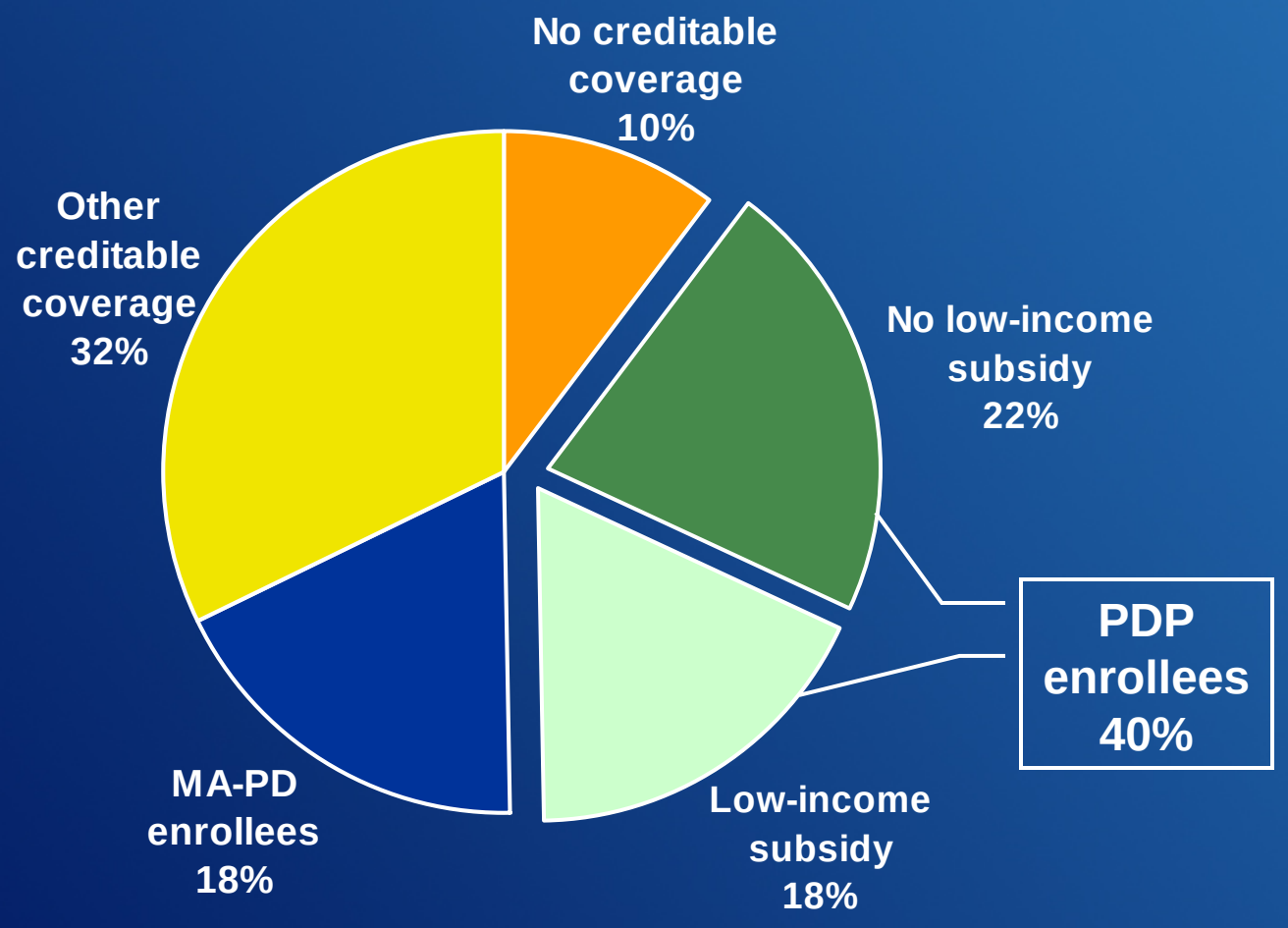
MEDPAC

90% of beneficiaries are enrolled in Part D plans or have creditable coverage



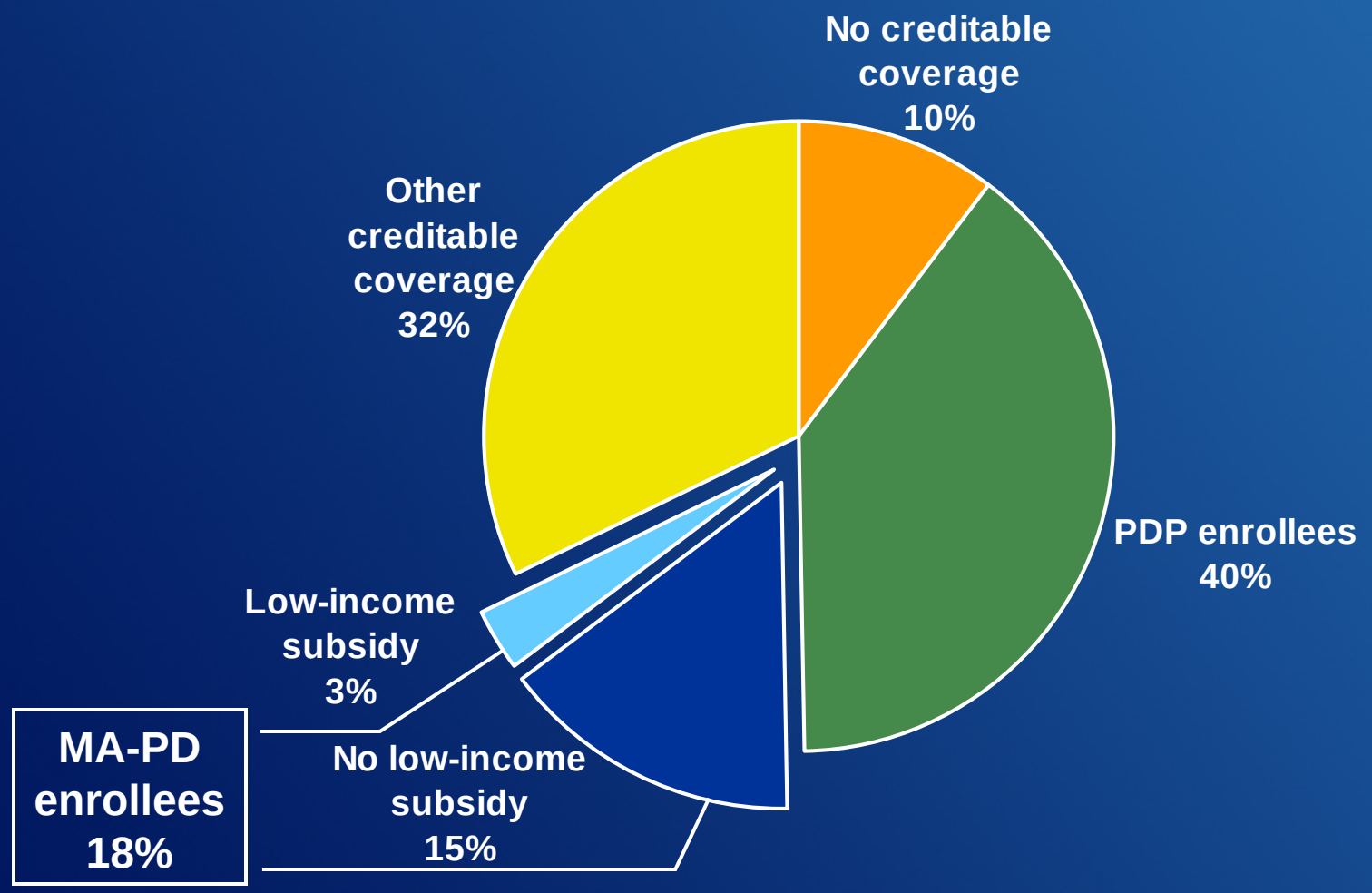
Source: CMS Management Information Integrated Repository data as of January 18, 2008.

Nearly half of PDP enrollees receive the low-income subsidy



Source: CMS Management Information Integrated Repository data as of January 18, 2008.

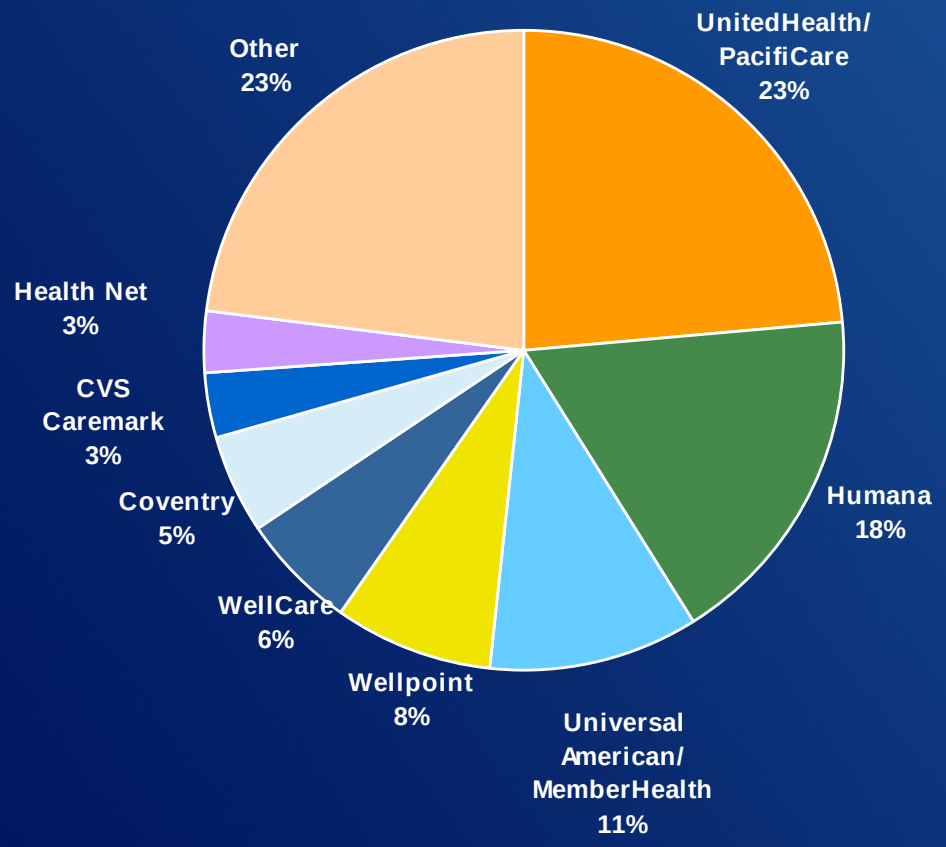
About one in six MA-PD enrollees receive the low-income subsidy



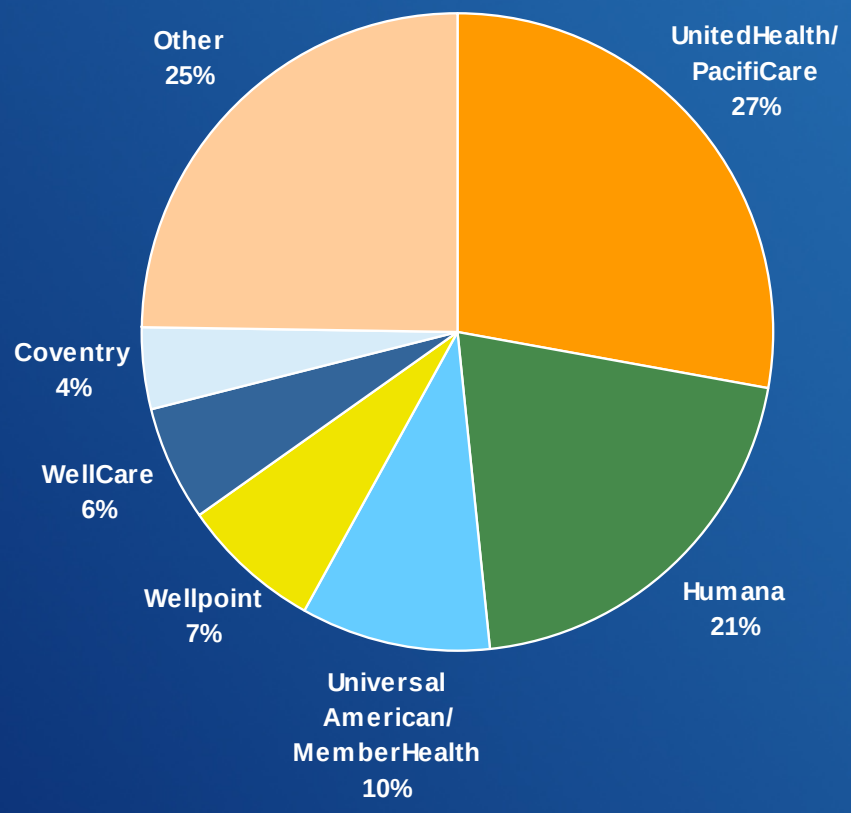
Source: CMS Management Information Integrated Repository data as of January 18, 2008.

Largest PDP sponsors lost some market share in 2008

PDP enrollment in 2008 = 17.4 million



PDP enrollment in 2007 = 16.8 million



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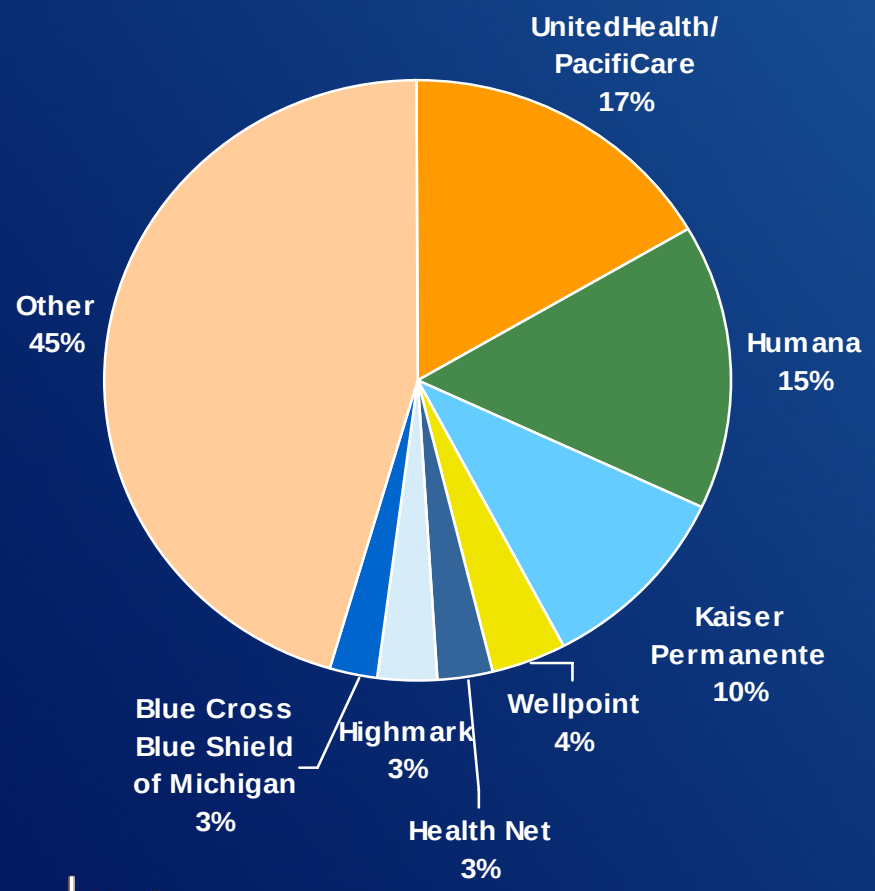
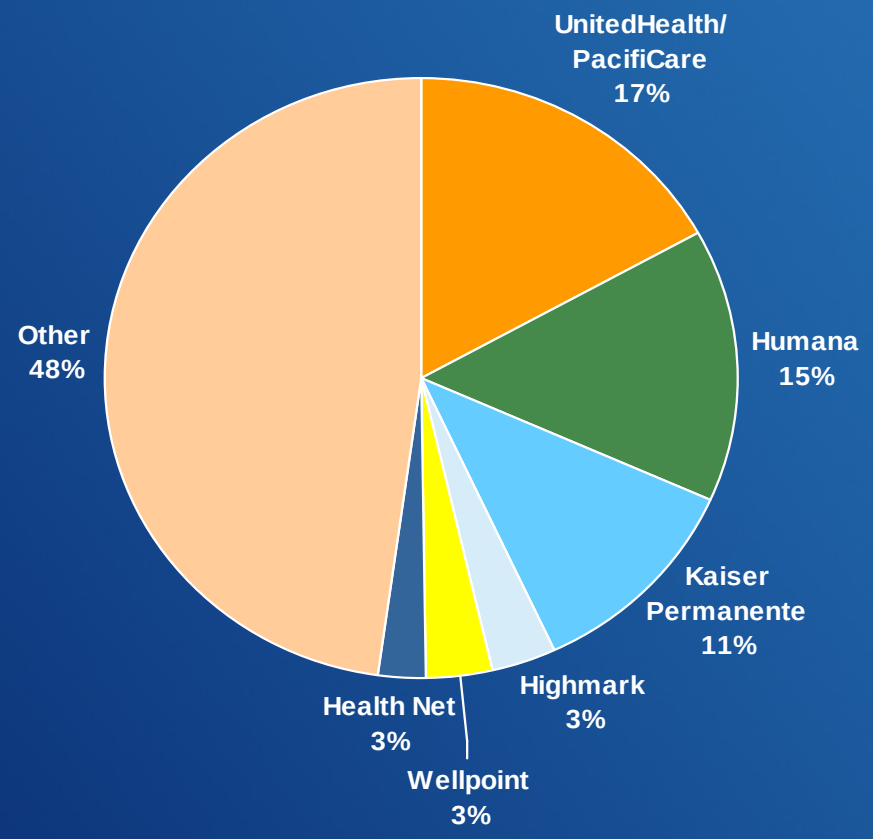
Source: CMS, enrollment by plan as of October 2008 and July 2007.

Market shares of MA-PD sponsors were stable in 2008

MA-PD enrollment in 2008 = 8.6 million



MA-PD enrollment in 2007 = 7.4 million



Source: CMS, enrollment by plan as of July 2007 and October 2008.

Enrollment patterns for 2008

- Larger share of MA-PD enrollees get enhanced benefits through their plan
- Nearly half of PDP enrollees get extra help with premiums and cost sharing through low-income subsidies (LIS)

	PDP enrollees	MA-PD enrollees
Enhanced (v. basic) benefits	23%	93%
Plan has no deductible	51%	94%
Plan offers some gap coverage	7%	63%
Receive LIS	45%	18%

Source: MedPAC analysis of CMS 2008 landscape and enrollment data.

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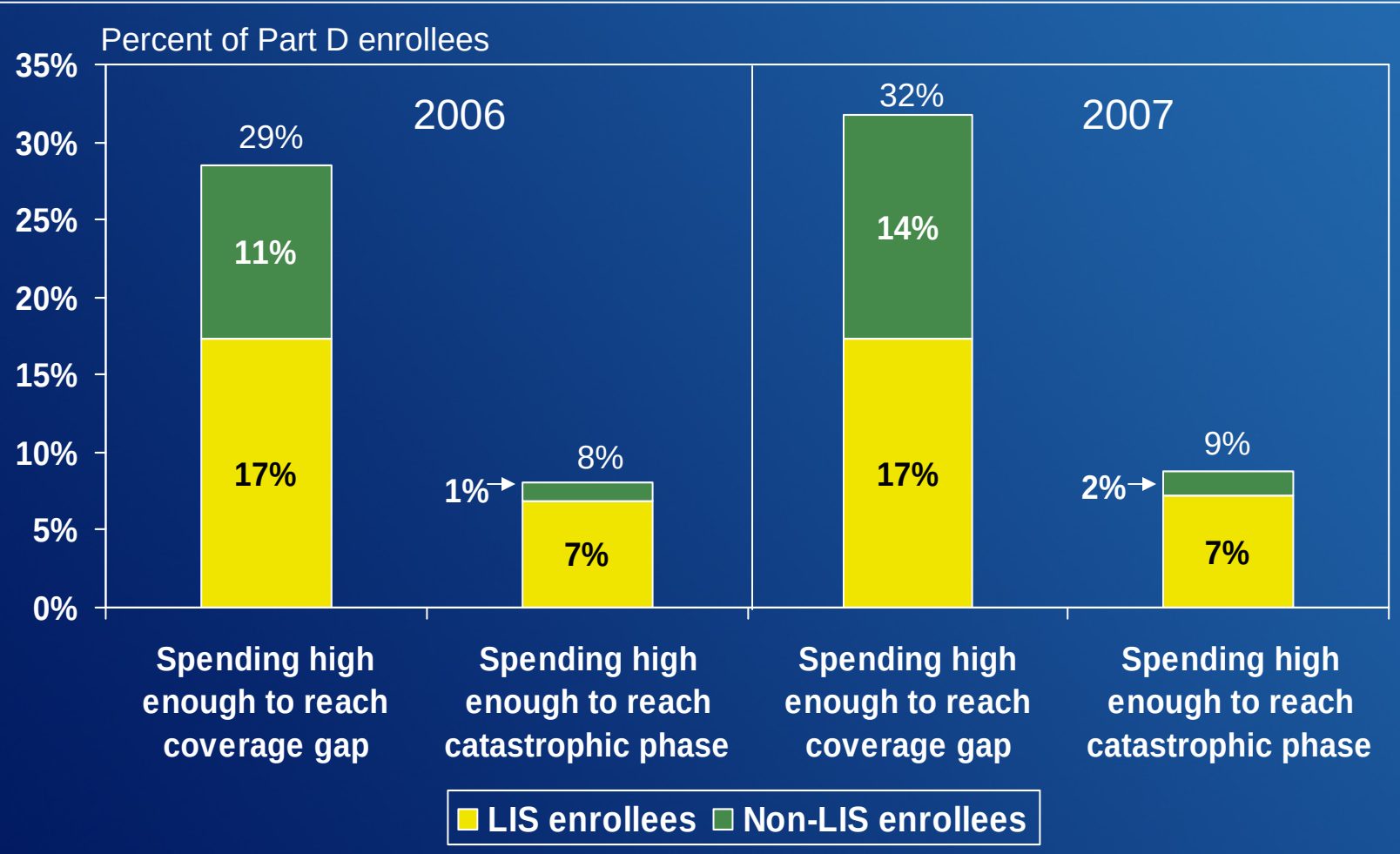
CMS findings on Part D spending



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Source: CMS.

Plans offered for 2009

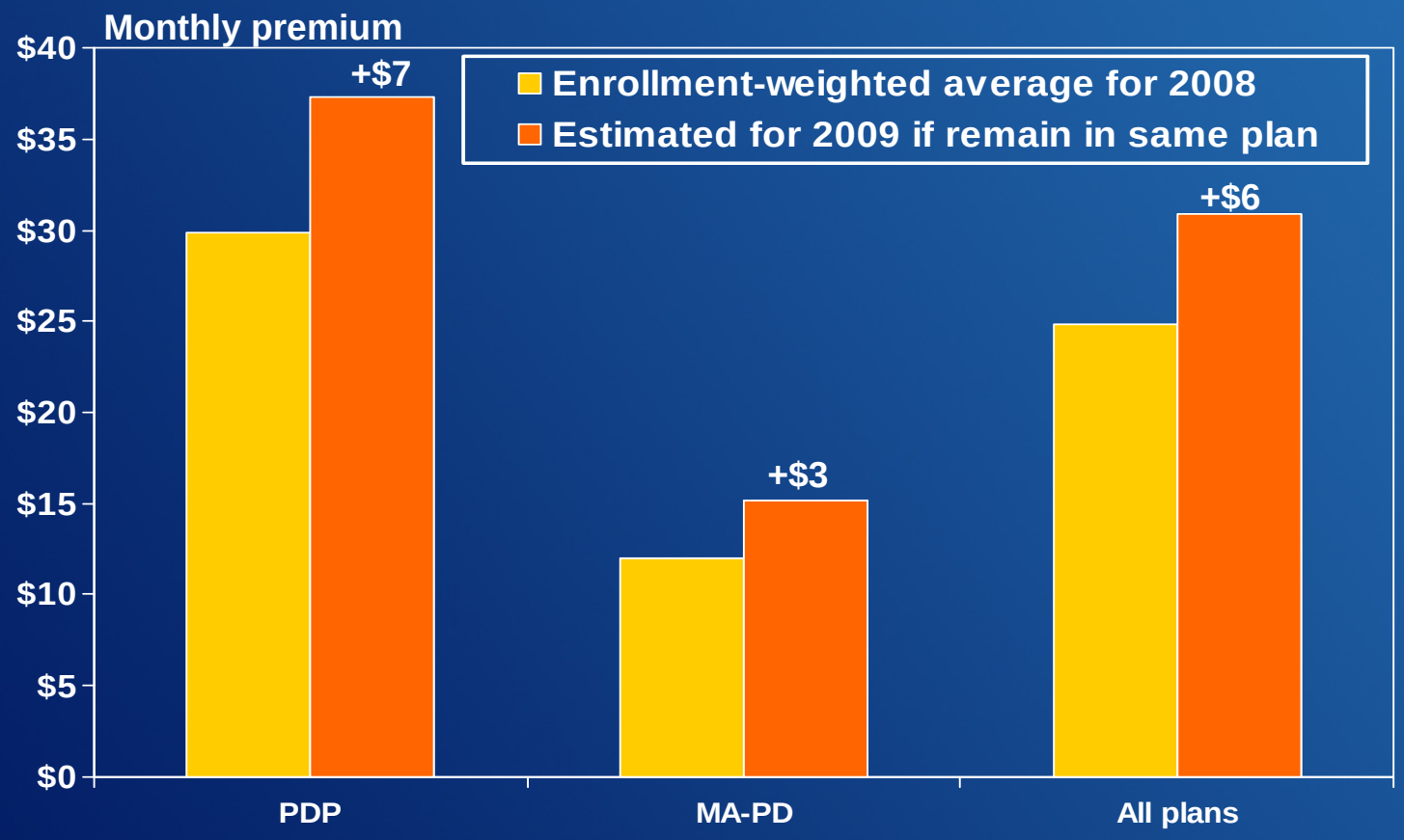
PDPs

- 7% fewer plans
- Median region has 49 PDPs available
- 55% have no deductible
- Gap coverage
  - Offered by 25% of PDPs
  - Nearly all plans with gap coverage include some generics but no brand-name drugs

MA-PDs

- 6% increase in plans
- Decline in PFFS, growth in local PPOs and HMOs
- 88% have no deductible
- Gap coverage
  - Offered by 52% of MA-PDs
  - About a third of plans with gap coverage include some generics and brand-name drugs

On average, enrollees will pay $6 more in monthly premiums if they stay in the same plan



Note: Excludes employer, cost, special needs, and Part B-only plans, demonstrations, and plans in U.S. territories. MA-PD amounts are the portion of each plan's overall premium attributable to drug benefits net of Part C rebate dollars.

Source: MedPAC analysis of CMS landscape, bid, and enrollment data.

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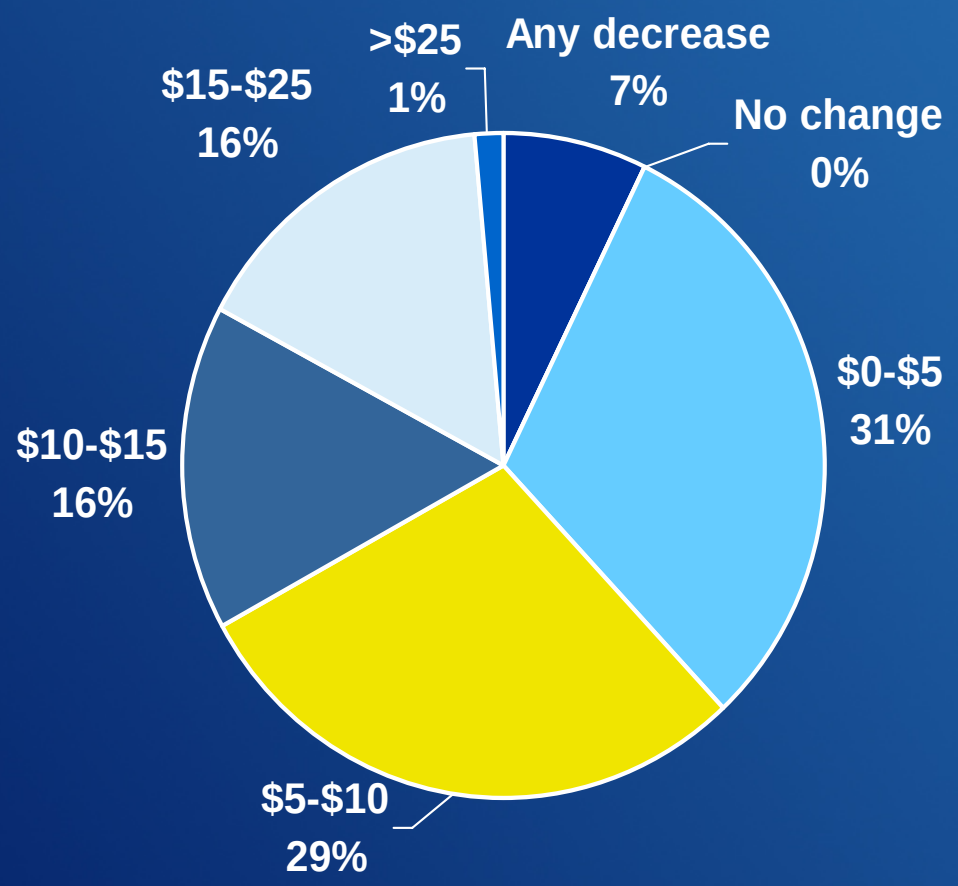
All but 7% of non-LIS PDP enrollees will see a premium increase if they stay in the same plan

Distribution of non-LIS PDP enrollees by the size of their increase in monthly premium if they remain in the same plan for 2009



Note: Excludes LIS enrollees, employer plans, and plans in U.S. territories.
Source: MedPAC analysis of CMS landscape, bid, and enrollment data.

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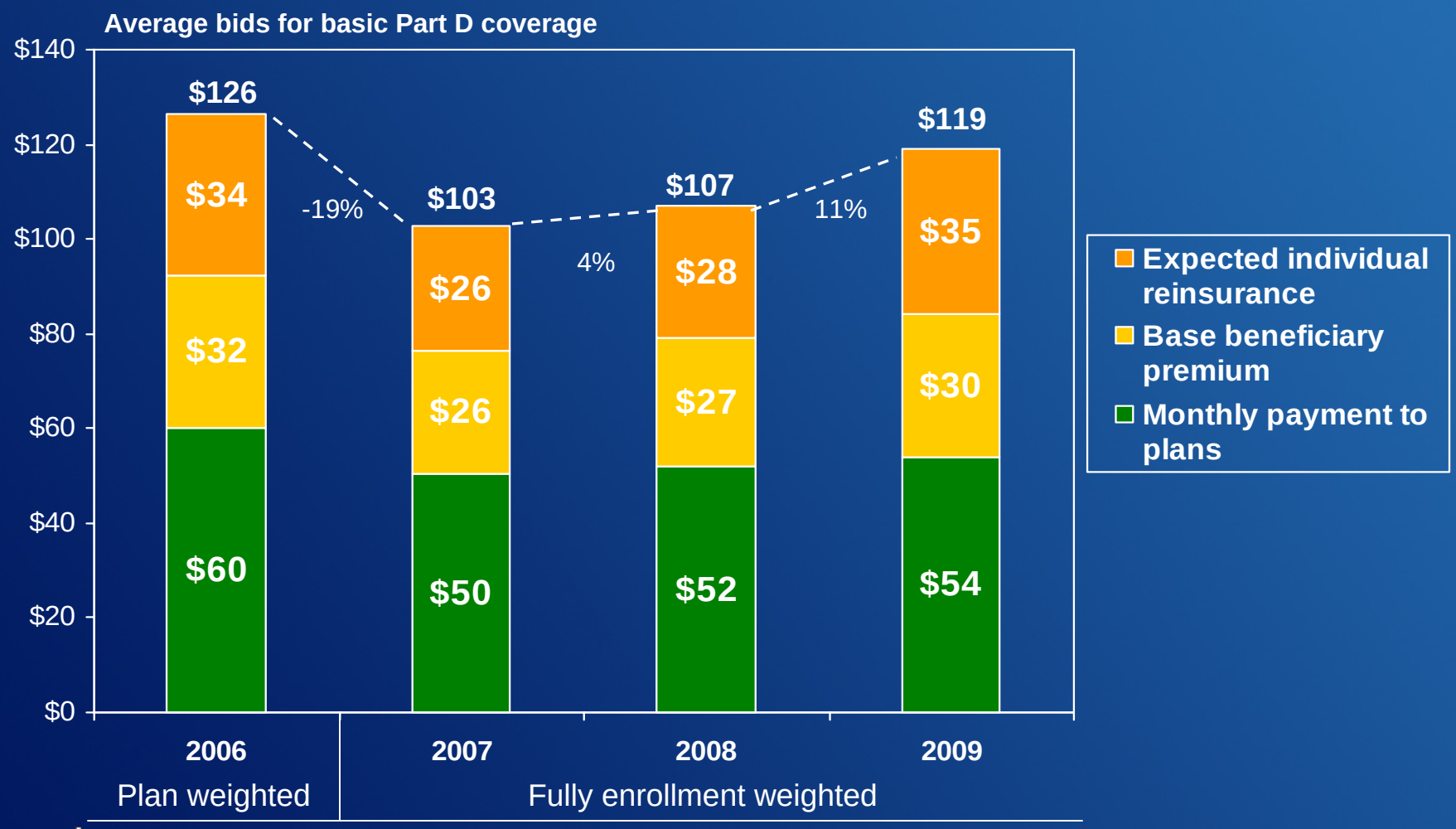
Reasons for premium increases

- CMS moved to full enrollment weighting to set national average bid, payments to plans, and enrollee premiums
- Plan sponsors raised their bids for 2009
  - General trend in drug costs
  - Reluctance of enrollees to switch plans
  - Questions about desirability of LIS enrollees

2009 trend in bids for basic coverage high due to projected catastrophic spending



Source: MedPAC based on data from CMS.

Fewer plans qualify as premium-free to LIS enrollees in 2009

- New method for setting LIS premium subsidy thresholds in each region
  - Weight plan premiums by LIS enrollment
  - Former approach used total enrollment
- Even with the new method, for 2009:
  - 308 PDPs qualify compared with 495 in 2008
  - CMS expects to reassign 1.3 million LIS enrollees to a plan offered by a different sponsor

Topics for discussion

- Policy strategies for low-income beneficiaries
- Reluctance of non-LIS enrollees to switch plans
- Explanations for higher expectations of catastrophic spending