



Medicare Prescription Drug Benefit: Educating Beneficiaries

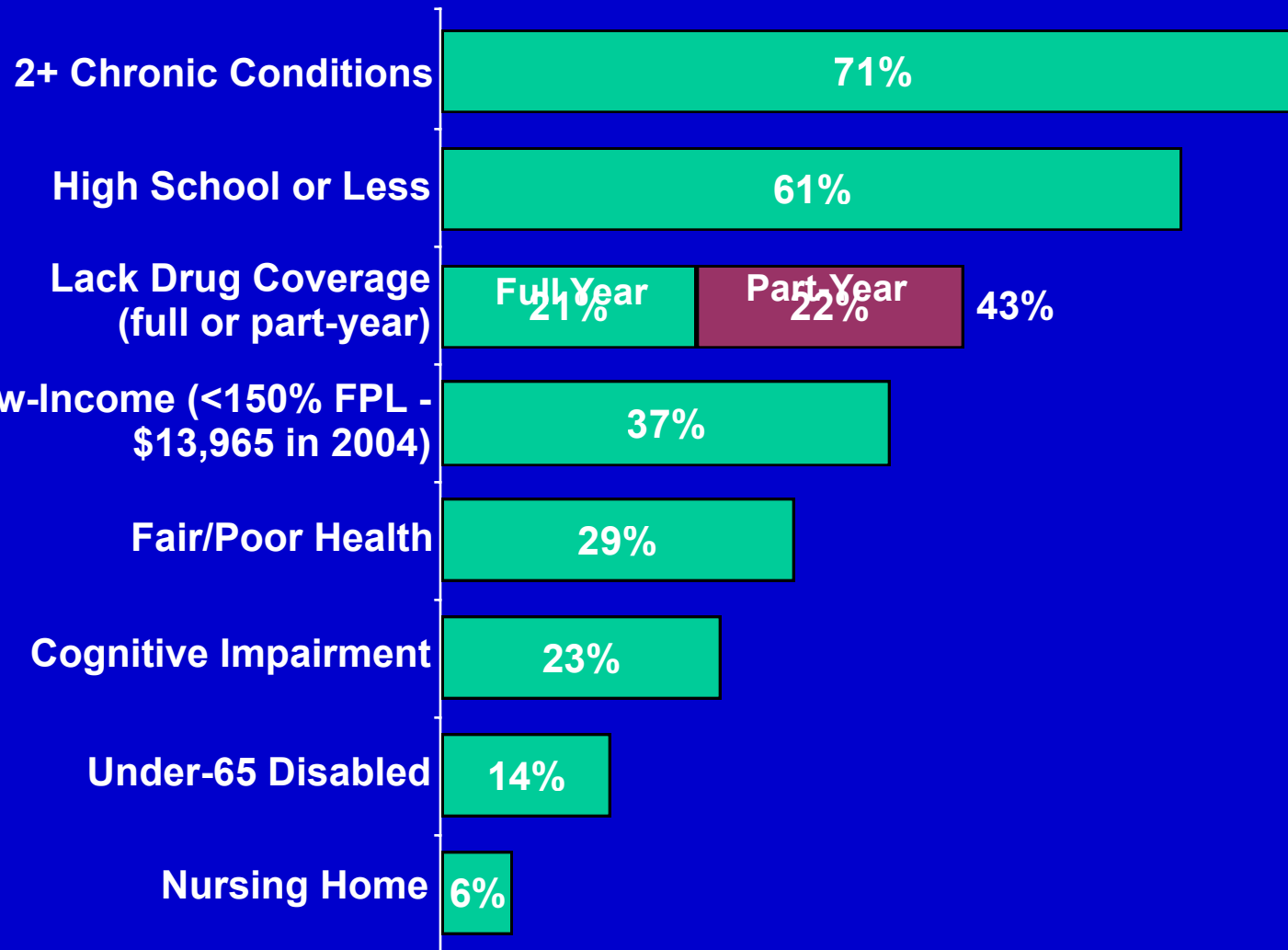
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The Henry J. Kaiser Family Foundation
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**The Medicare Population,
the Medicare Drug Benefit and
Future Choices**

Characteristics of the Medicare Population

Percent of total Medicare population:



What's Different about Part D?

- Unlike Part B, coverage under Part D is not automatic for those receiving Social Security
- Beneficiaries need to take action – when they first go on to Medicare and possibly each year
 - Penalty for late enrollment
- New paradigm: puts seniors/disabled beneficiaries in the driver's seat
- Prescription Drug Plans (PDPs) do not exist in current marketplace
- The “right” decision could depend on many factors:
 - Individual's current source of coverage
 - Specific medications an individual takes
 - Income/assets
 - Options available to individual in their area

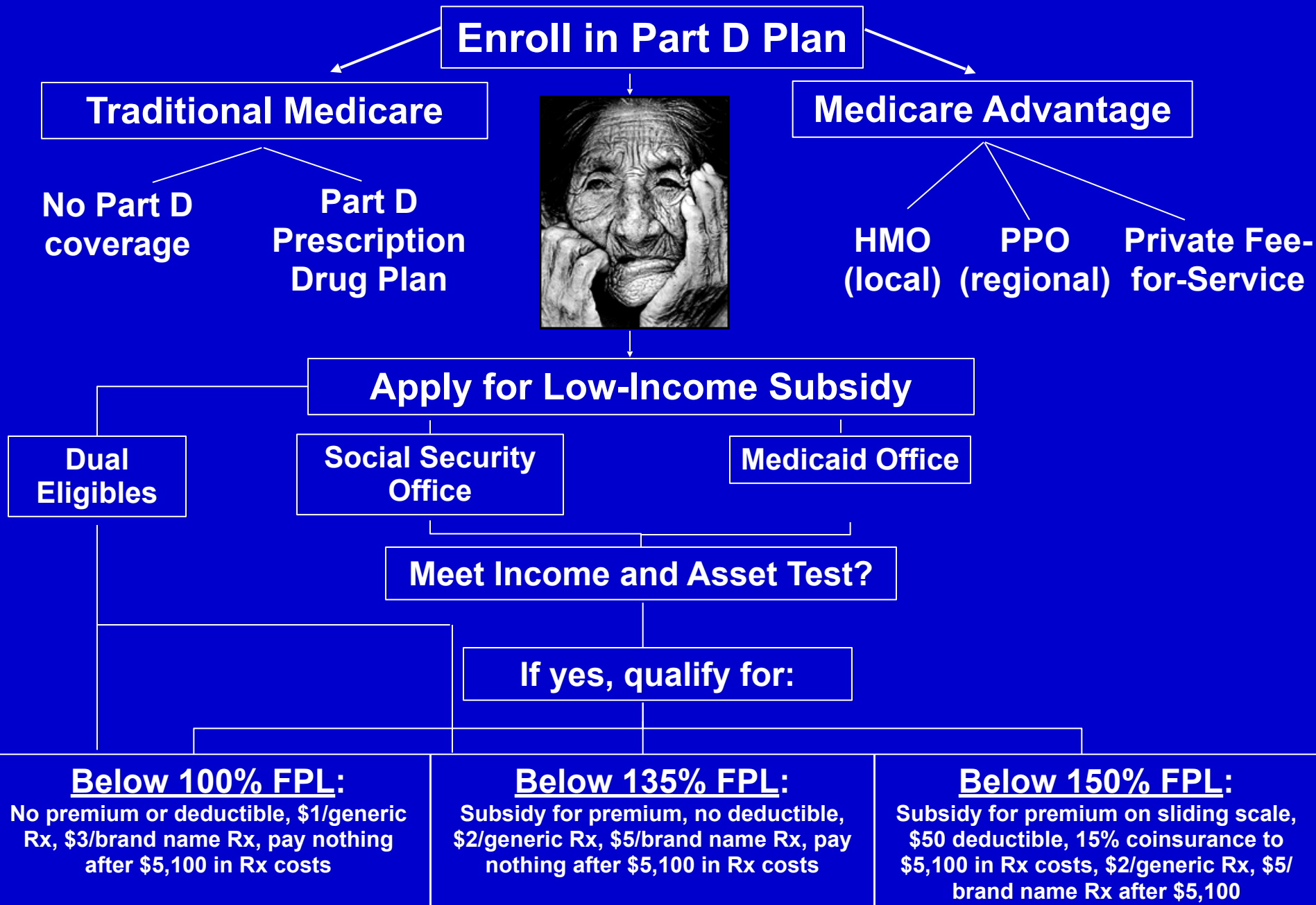
Medicare Part D is not for couch potatoes...



New Decisions: Answers Matter

- Should I sign up for a Medicare Part D plan?
- What types of Part D plans are available in my area? (MA-PD or PDP)?
- Which type of plan is best for me?
- How do I compare plans in my area?
 - Specific drugs covered?
 - Cost-sharing requirements?
 - Premiums?
 - Reputation?
 - Quality?
- How do I enroll in a Part D plan?
- Do I qualify for low-income subsidies?
- Where do I sign up to get the additional subsidies?
- Do I have to do all of this again – every year?

Decisions for Medicare Beneficiaries, 2006



The Transition for “Dual Eligibles” Poses Unique Challenges

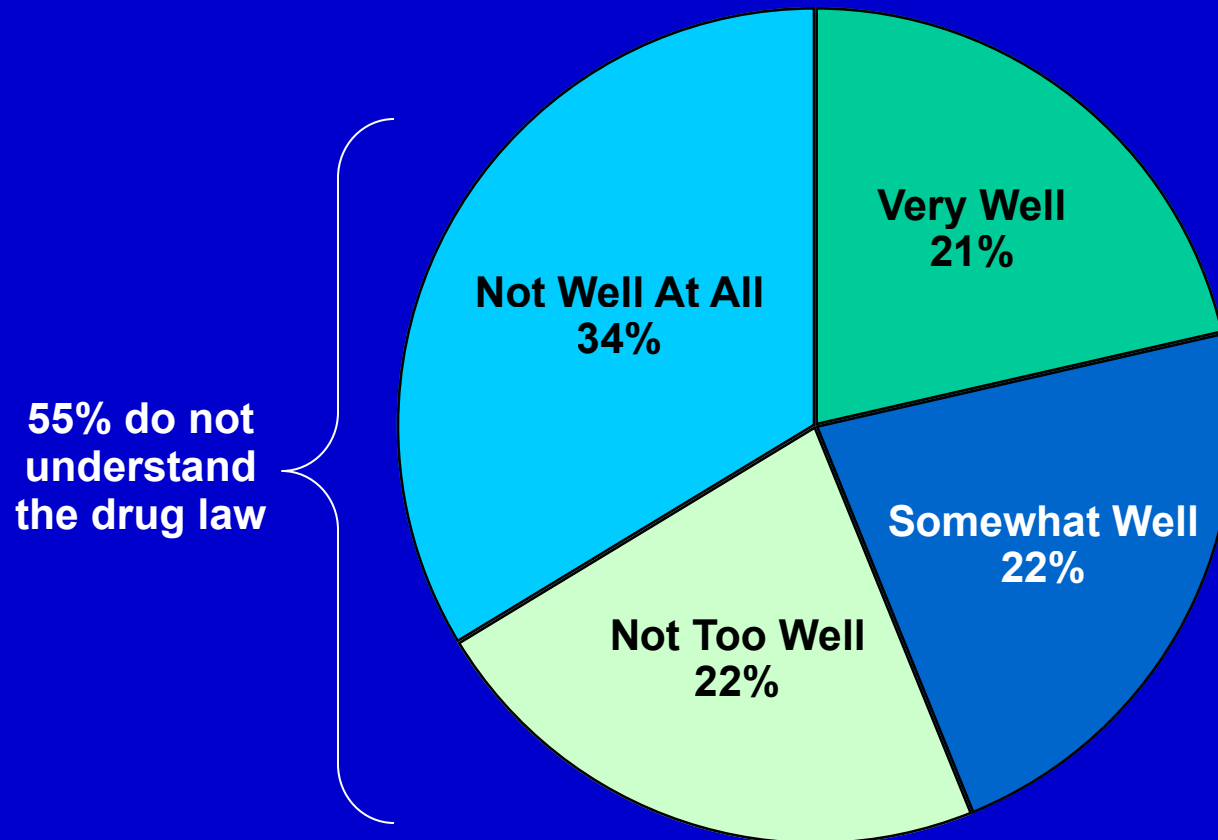
- 6.5 million “dual” eligibles to shift from Medicaid to Medicare Part D plans:
 - 75% have 2+ chronic conditions; 1 in 4 in nursing home
 - Fill 33% more prescriptions than all beneficiaries (43 vs. 33)
- Medicaid will no longer pay for prescriptions after December 31, 2005
 - By January 1, 2006, dual eligibles will have to be enrolled in a Medicare Part D plan or will lose drug coverage
- If duals do not sign up, they will be auto-enrolled
- Key issues for duals
 - Risk of no coverage during transitional period
 - Drugs previously covered by Medicaid may not be covered by Medicare Part D plan
 - Learning new system for receiving drug benefits
 - Choosing new plan, if unhappy with auto-enroll assignment

Beneficiaries are facing a steep learning curve...



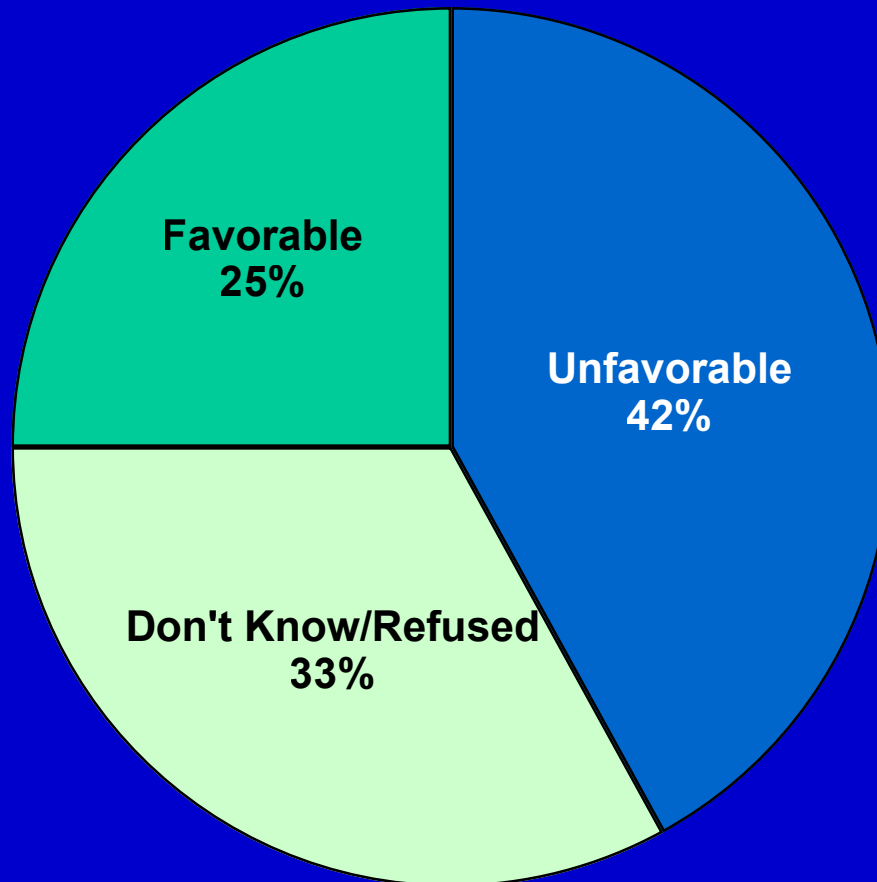
More than Half of Seniors Say They Do Not Understand The New Law

As you may know, at the end of 2003, President Bush and the U.S. Congress approved a new Medicare law that includes some coverage of prescription drug costs for seniors. How well would you say you understand this new law?



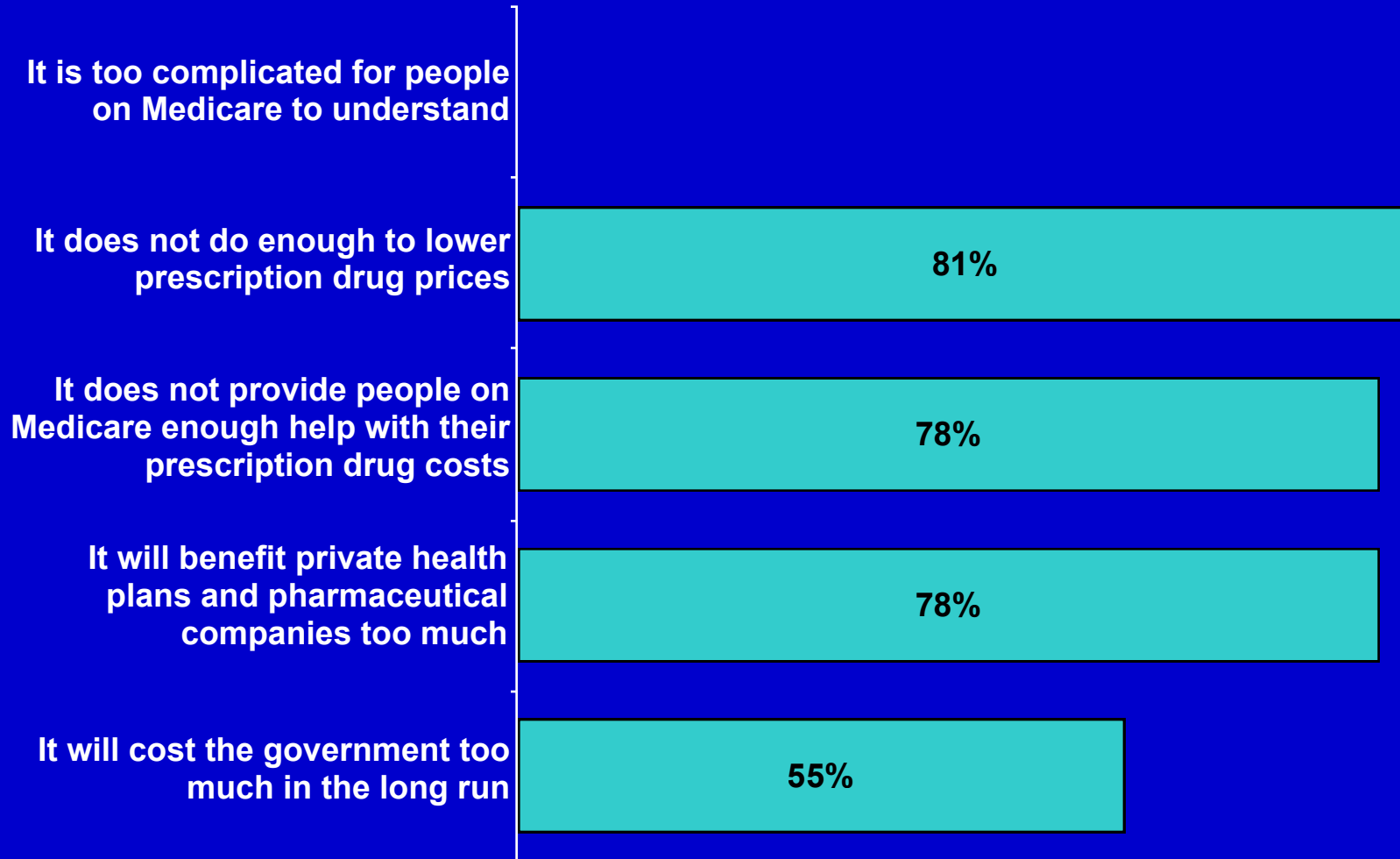
Seniors Are More Unfavorable than Favorable About the Medicare Drug Law

Among seniors: Given what you know about it, in general, do you have a favorable or unfavorable impression of the new Medicare law?



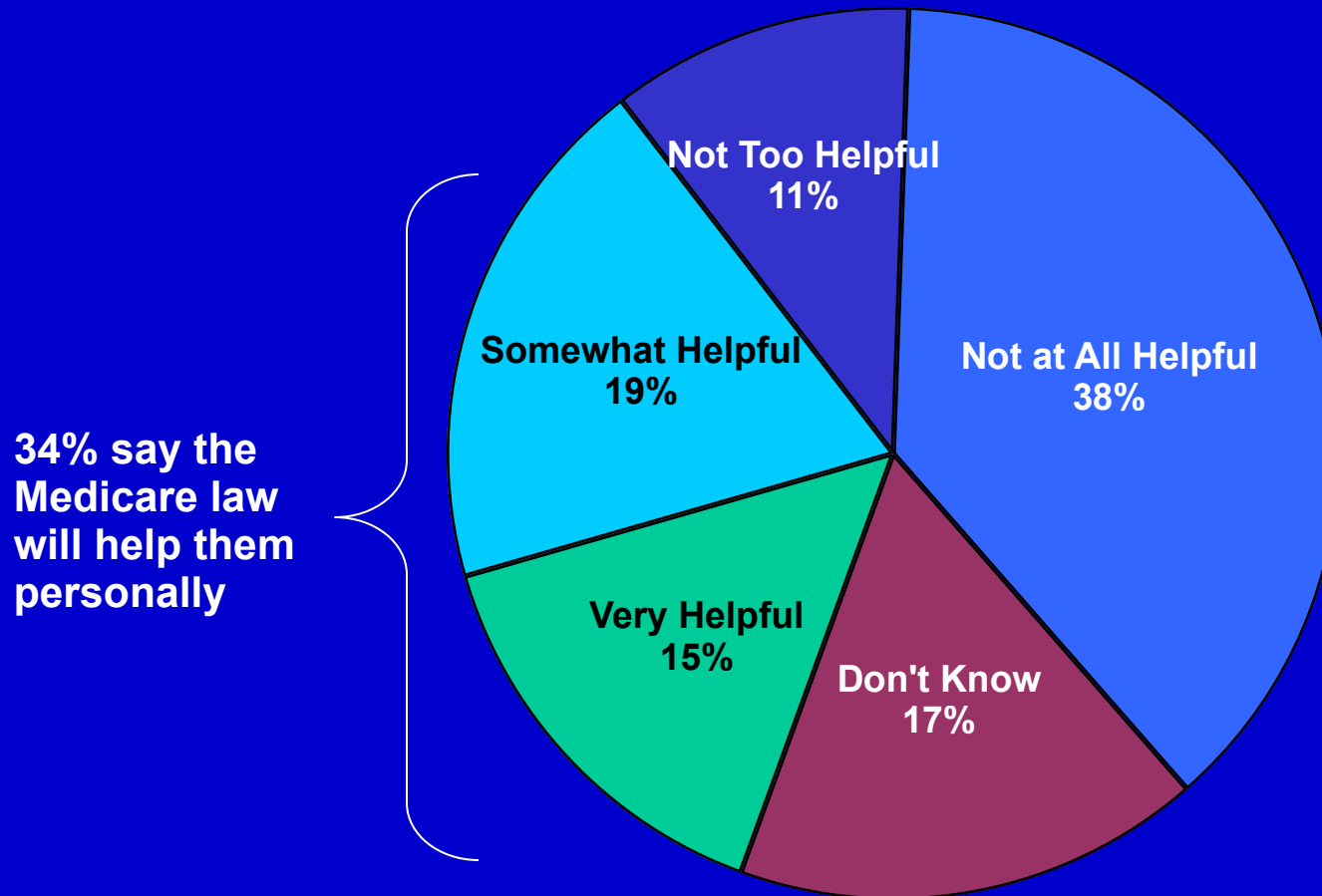
Perceived Problems with the New Medicare Law

Among seniors: Percent who agree that the following are problems with the new Medicare law that need to be fixed...



Perceived Helpfulness of New Medicare Law

Among seniors: How helpful do you think the new Medicare law will be for you personally?



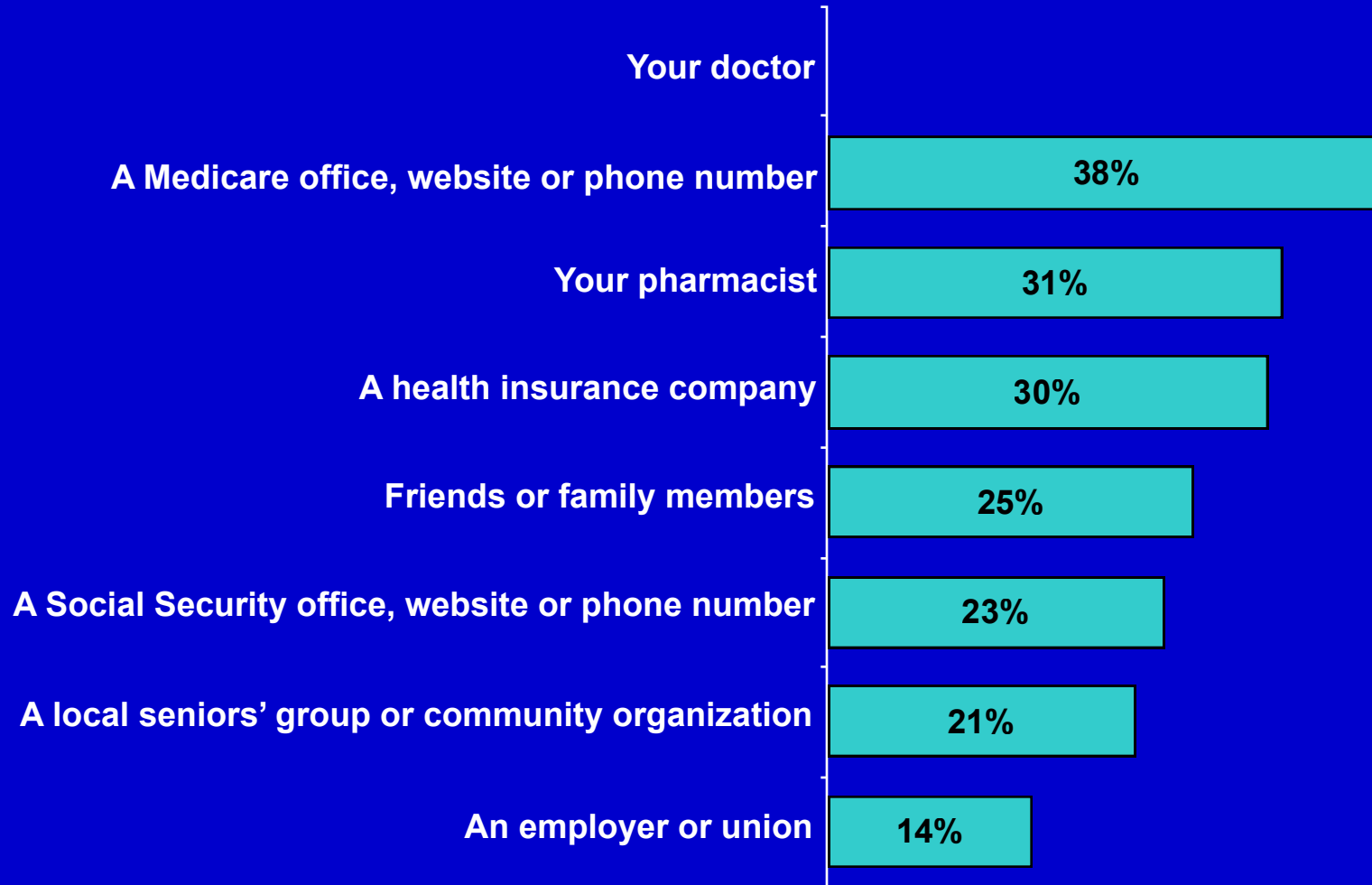


Where Do Beneficiaries Turn for Information About Medicare?

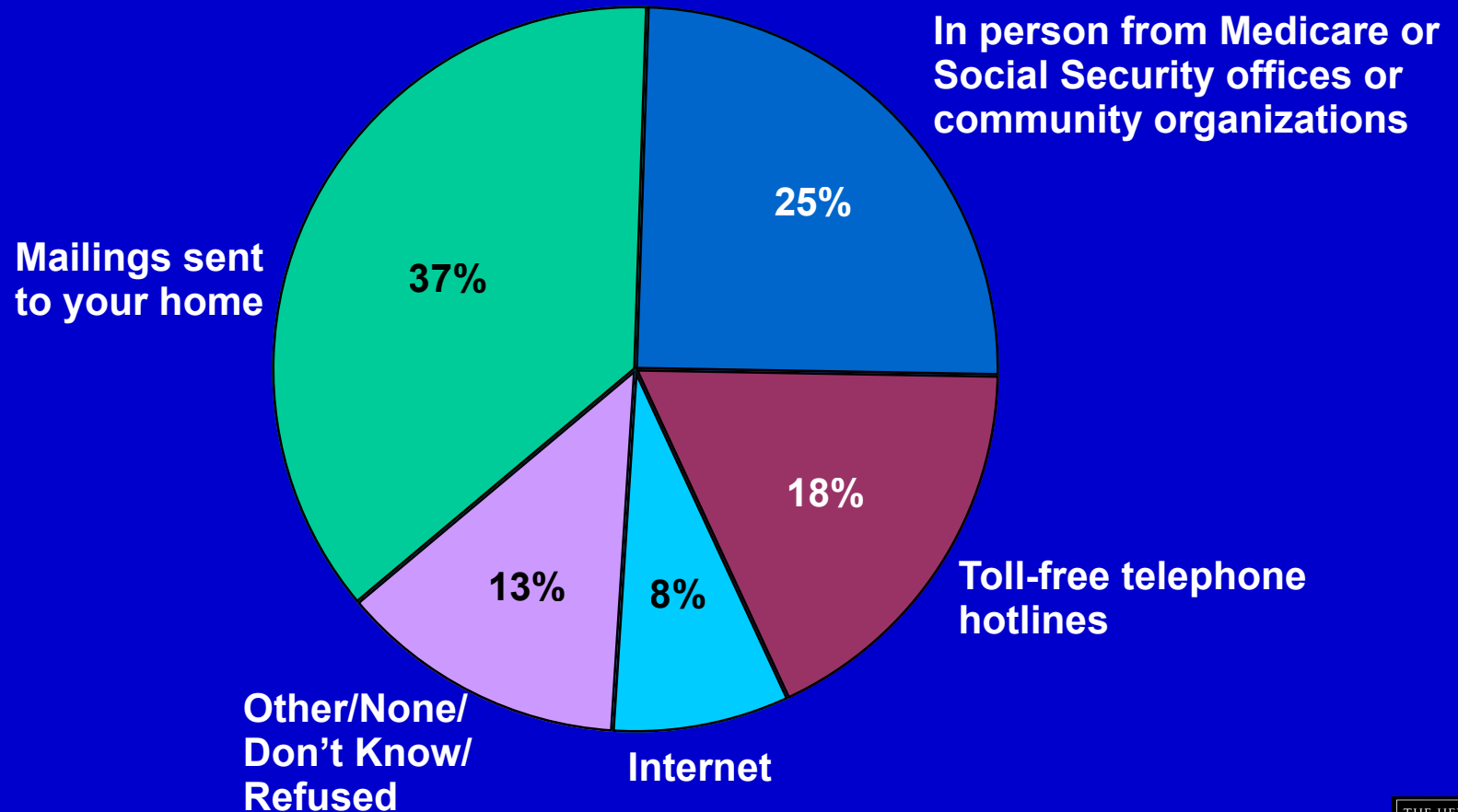


Sources For Information About Medicare Drug Plan

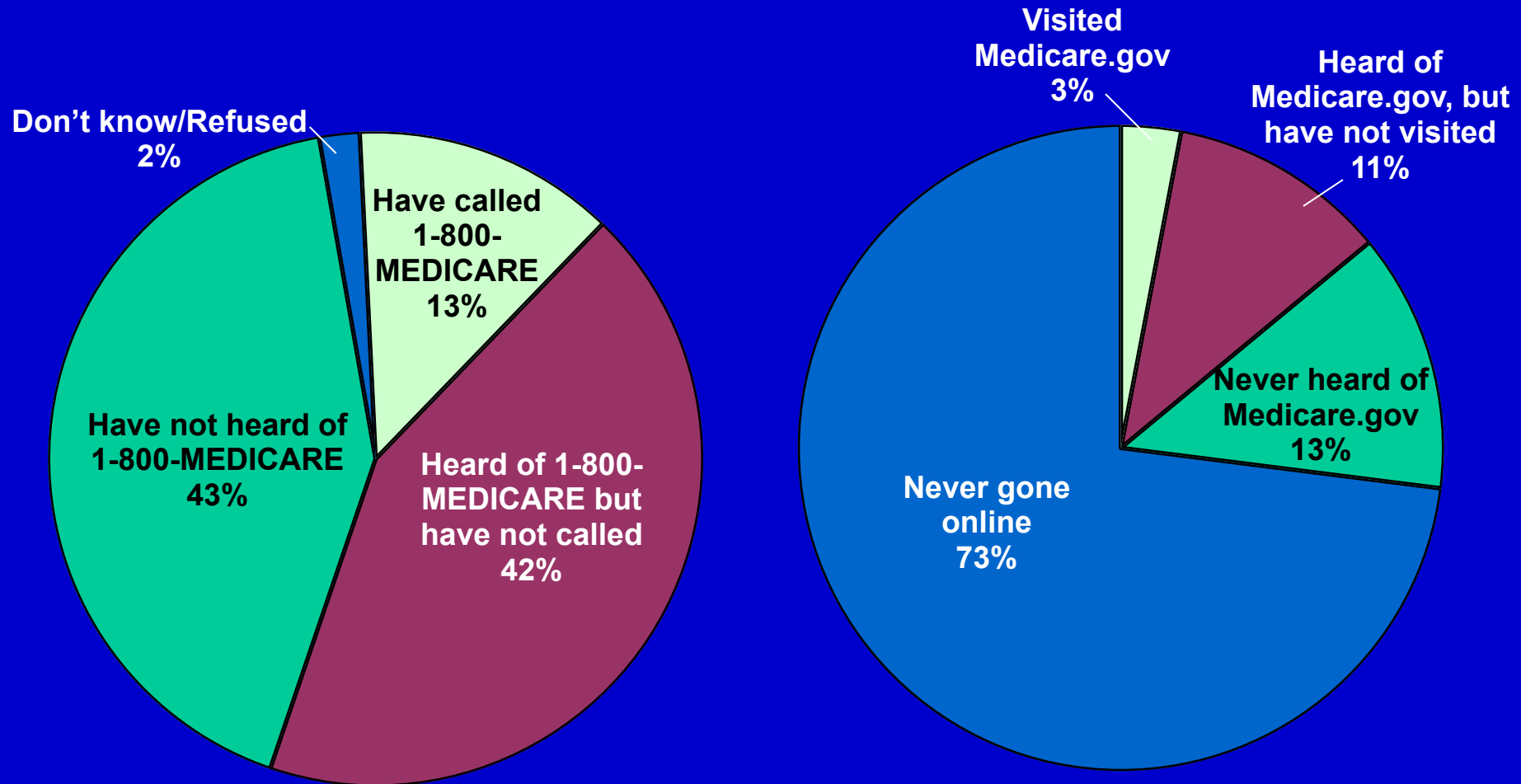
Among seniors: Percent who say they would be very likely to turn to each of the following for help in deciding whether to enroll in a Medicare drug plan...



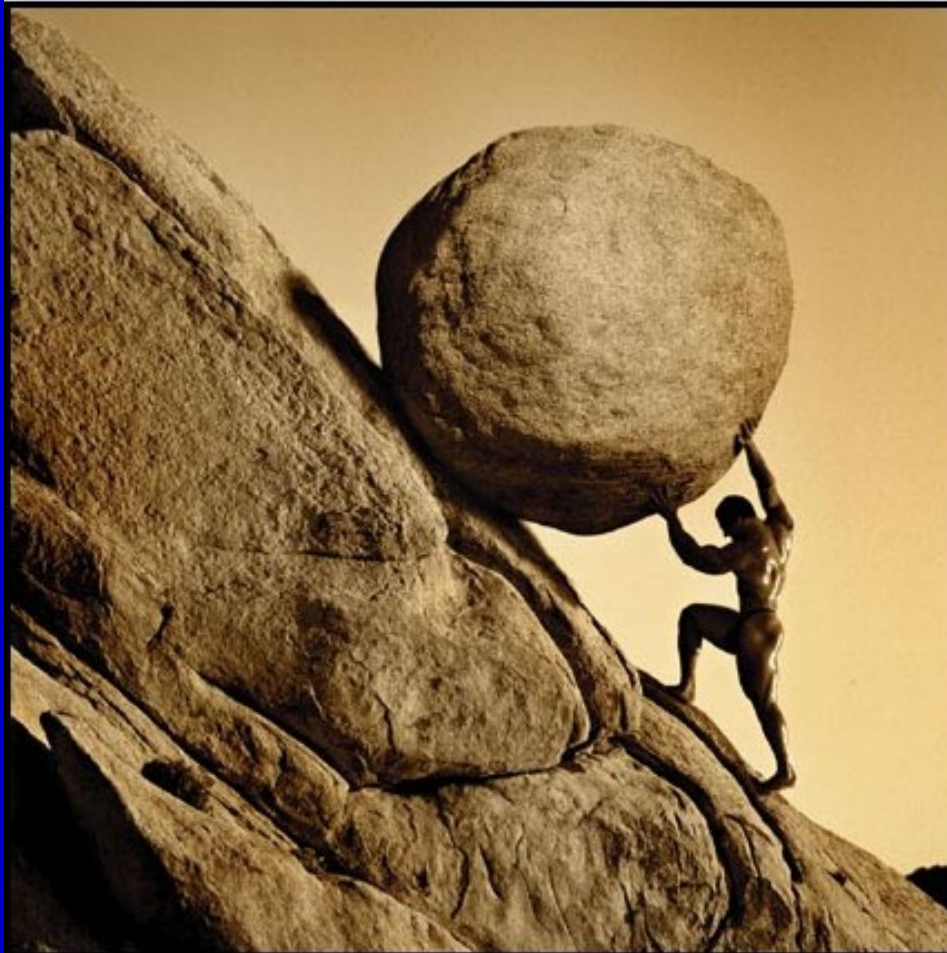
Preferred Way to Get Information



Reported Awareness and Use of 1-800-MEDICARE and Medicare.gov

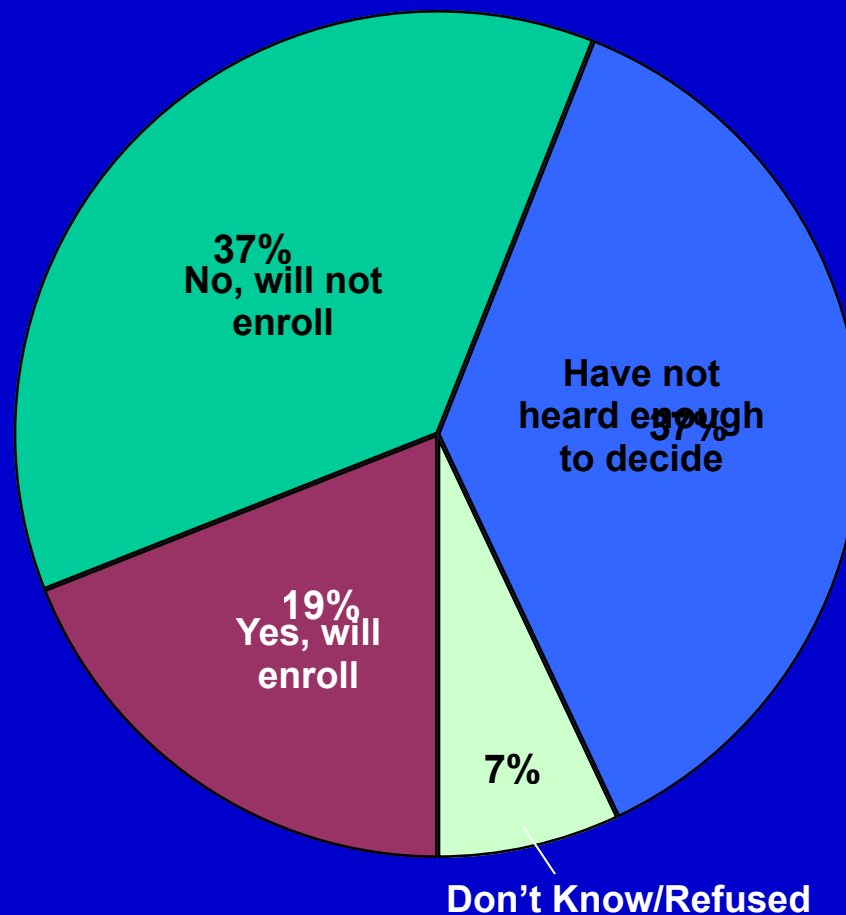


CMS Meets Sisyphus

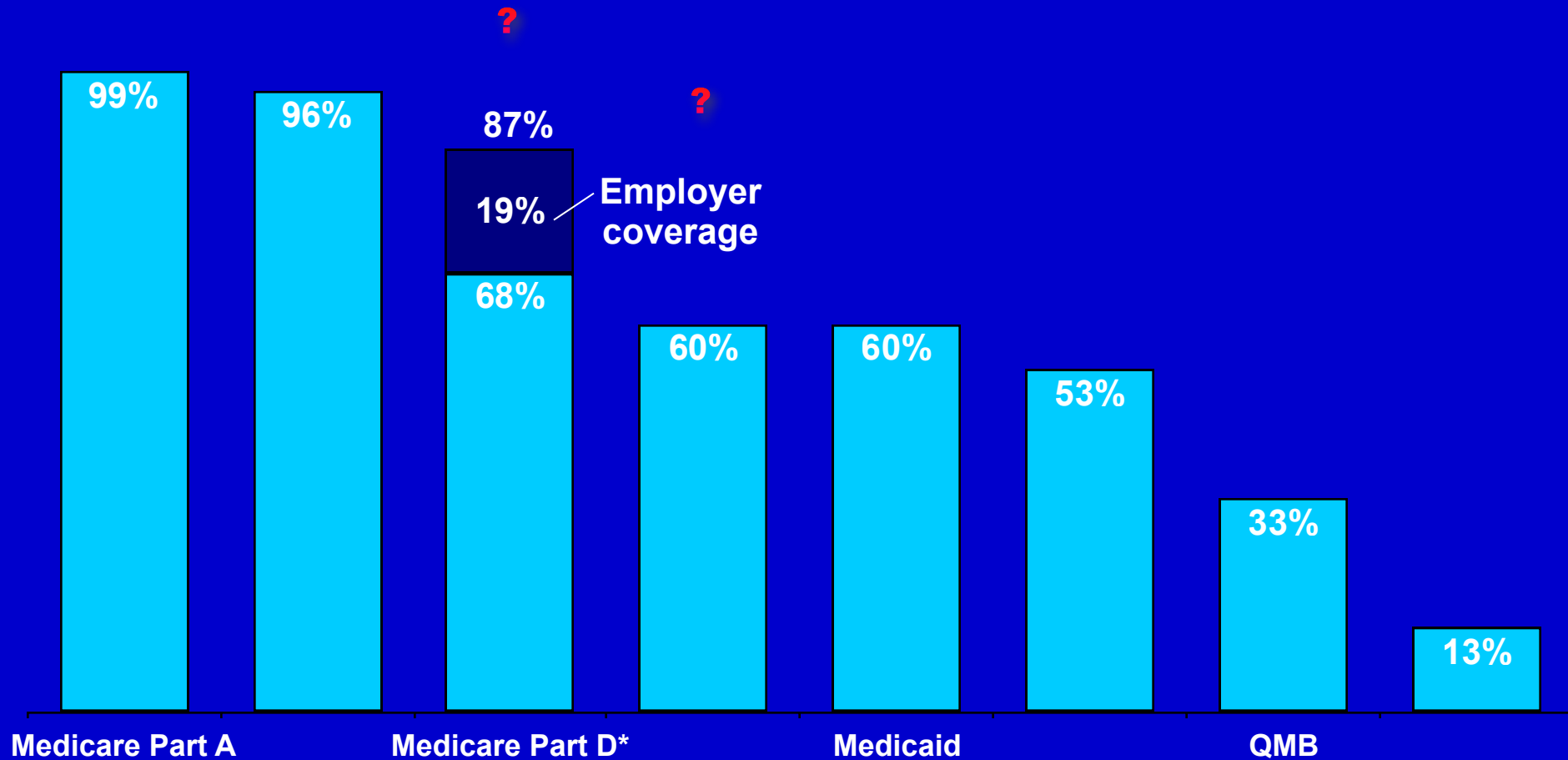


Will Beneficiaries Enroll in Part D in 2006?

Among seniors: Thinking ahead to 2006 – when the new Medicare drug benefit becomes available – do you think you will enroll in a Medicare drug plan, you will not enroll in a Medicare drug plan, or have you not yet heard enough to decide?



Participation Rates: How Will Part D Compare?



* Medicare Part D begins in January 2006. Rates are estimates from CBO.

** Part D Low-income subsidy begins in January 2006.

Note: Numbers appearing as a range were averaged. Take-up rates for Medicare Parts A and B, Medicaid, and SSI are from 1975-1996.

SOURCE: Medicare Part D, Part D Low-Income Subsidy, QMB, and SLMB rates from CBO, July, 2004; National Bureau of Economic Research, March 2001.

Implementation Challenges for CMS: Beneficiary Education

- With less than a year to go before benefit goes into effect, people on Medicare lack knowledge about the new drug benefit, are more negative than positive, and doubt the new drug benefit will help them personally
- Rhetoric needed to pass the law (program is voluntary, “if you like what you have, you can keep it”) may be counterproductive during implementation stage
- CMS faces challenge of communicating multiple messages to multiple subgroups in multiple settings
 - Messages differ based on current circumstance (source of coverage, income, assets)
- May be difficult for CMS to compete with information communicated through marketing activities
- Success will depend, at least in part, on beneficiaries’ response to these new challenges