MEDICARE PART D CASE STUDIES

Cornell University
College of Human Ecology
Cornell Cooperative Extension

Volume 3 Number 12

Cornell University Resource Education for Medicare Part D

THE BEST PLAN

THE CASE

A SHIP counselor for over a decade, Betsy is extremely knowledgeable in her work and has a large following of clients who depend on her for assistance. She is very engaged in her community, volunteering for several programs and participating in many activities. Frequently she will have incidental contact with her clients outside of the office.

Like others, Betsy was bewildered with the advent of the Medicare Part D prescription drug program. She now feels quite comfortable with the program, has her 'regulars' that meet with her on an annual basis, and is very proficient at using the web based plan finder tool on medicare.gov.

Betty knows that the plan finder allows beneficiaries to enter detailed personal medication regimen information, including drug name, dosage form, dose, and frequency to identify the plan with the lowest total annual cost. Calculations also account for monthly premiums and cost sharing amounts for each prescription throughout the year under all plans. She carefully, accurately, and meticulously inputs prescription details for each person and invariably points the client towards the least expensive plan.

Betsy provides assistance to about 200 people each year. Every November, TC meets with Betsy to evaluate, among other things, his Medicare Part D plan and review his plan options. Using the plan finder, Betsy helps TC determine the best plan for TC based on overall annual costs.

TC is quite gracious for this assistance and always tells Betsy he will think it over before enrolling. Each year Betsy later learns that TC has signed up for a plan that is different than the one which she suggested.

"He never picks the least expensive plan," she complains. "I'm frustrated because every year he takes up my valuable time and then goes and does what he wants to do anyway. Why should I bother helping him if he is not going to do as I suggest?"

Although highly controversial, a key feature of the Medicare Part D legislation is the use of private insurers to provide a wide range of multiple public insurance products. Numerous companies offer many plans, all with varying prices and benefit design features. This represents a departure from the traditional government model of uniform and mandated benefits. The plan finder is the hallmark tool for sorting out the differences in the plans.

Betsy would like to learn why people don't always pay attention to the information provided by the plan finder.

****

WHAT WOULD YOU DO?

Part D Trivia Question

What proportion of Medicare beneficiaries under age 65 (typically eligible due to permanent disability or severe kidney disease) reported not filling a prescription due to cost concerns in 2007?

A. 4.4%
B. 8.1%
C. 16.6%
D. 27.5%

THE STUDY

The opportunity to select the specific plan to meet an individual's needs from many competing plans seems ideal, but this complexity can also often confound and stifle the beneficiary decision making process. Cost may not be the most important consideration for many. For some, it may not even be a consideration at all. Part D enrollment decisions may be driven by several other factors.

Findings from one study suggest that the wide range of choices, might in fact, actually be counterproductive for beneficiaries looking to maximize their savings on prescription drugs. In 2006, most beneficiaries did not choose the lowest cost plan available to them when a retrospective analysis looked at their actual drug expenditures over the course of the year. Only 6 percent choose the lowest cost plan. Had all enrollees chosen the least expensive plan, an average of $520 savings per beneficiary would have been realized.

Additionally, there are important considerations that are not included in pricing data. It is necessary for Betsy to acknowledge these factors as contributing drivers of Medicare Part D decisions. Despite higher costs, some beneficiaries might choose a plan with a highly recognizable brand name or a good reputation. This is an intangible characteristic that is difficult to measure or quantify.

To others, a plan with less formulary restrictions, such as prior authorization or step therapy might be more attractive. This may provide easier access to medications, especially for people who are on less common drugs. A plan with more drugs on its formulary might be more attractive to some individuals, especially for a person who has an unstable condition or is likely to come down with a short term illness during the course of the year and need additional medications. The medication that such a person might need is more likely to be covered by a plan with a couple of thousand medications on its formulary than a plan with only a few hundred.

Some beneficiaries may choose to sign up for a plan that contracts with a higher cost, non-network pharmacy because it is more convenient, rather than the pharmacy that is in the network of the lowest cost plan. There are also service considerations of the Pharmacy, such as delivery, charge accounts, and patient counseling.

Over the course of a year, a person's health status almost inevitably will change. Coincident with the change in health status, there will most likely be a change in that person's medication regimen. Deterioration of a chronic condition may require increased dosages, or new medications. An acute illness may require additional, temporary medications. Any such change is likely to cause an increase in the total annual cost over that which was calculated with the plan finder prior to the start of the year.

Based on total annual costs, the plan finder certainly is the gold-standard for selecting a prescription drug plan. An analysis of the other factors as determinants in picking a prescription drug plan might shed some light on Betsy's dilemma but might also prove to be an elusive study for researchers.

Part D Trivia Answer

In 2007, **27.5%** of beneficiaries under age 65 reported not filling a prescription due to cost. 16.6% of those reporting fair to poor health status had unmet prescription needs compared to 4.4% among those reporting good to excellent health. The overall rate among elderly beneficiaries was 8.1%.

www.CURxED.human.cornell.edu/ email: CURxED@cornell.edu

This material is based upon work supported by a grant from the Dean of the College of Human Ecology and Smith Lever funds from the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.
Cornell University offers equal program and employment opportunity.