

## MEDICARE PART D

JANUARY 2007

### How Many Plans?

Number of Medicare prescription drug plans by state for 2007:

1	Pennsylvania	66
1	West Virginia	66
3	New York	61
3	Ohio	61
5	Texas	60
6	South Carolina	59
7	Arkansas	58
7	Florida	58
9	Alabama	57
9	New Jersey	57
9	New Mexico	57
9	Oklahoma	57
9	Oregon	57
9	Tennessee	57
9	Washington	57
16	Delaware	56
16	District of Columbia	56
16	Georgia	56
16	Idaho	56
16	Illinois	56
16	Maryland	56
16	Utah	56
23	California	55
23	Colorado	55
25	Indiana	54
25	Kentucky	54
25	Michigan	54
25	Nevada	54
25	Wisconsin	54
30	Arizona	53
30	Iowa	53
30	Kansas	53
30	Louisiana	53
30	Maine	53
30	Minnesota	53
30	Mississippi	53
30	Missouri	53
30	Montana	53
30	Nebraska	53
30	New Hampshire	53
30	North Dakota	53
30	South Dakota	53
30	Virginia	53
30	Wyoming	53
45	Connecticut	51
45	Massachusetts	51
45	North Carolina	51
45	Rhode Island	51
45	Vermont	51
50	Hawaii	46
51	Alaska	45

SOURCE: Kaiser Family Foundation, www.statehealthfacts.org

## Medicare Part D

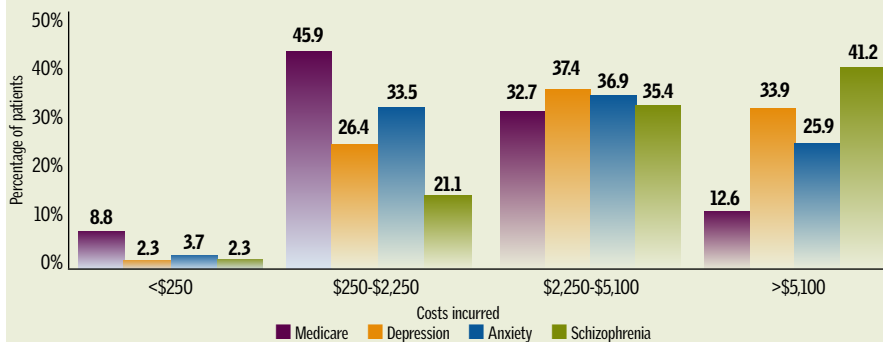
Millions of Medicare beneficiaries became eligible for prescription drug coverage when Medicare Part D, originally created by the Medicare Prescription Drug, Improvement and Modernization Act of 2003, launched in January 2006. But the landmark program has been plagued by confusion and criticism. Part D's complex structure has perplexed many beneficiaries, and the

benefit's availability exclusively through private plans has generated considerable debate. The program's gap in coverage, or "doughnut hole," is yet another source of concern. Still, one survey showed that although healthcare leaders have identified several areas for improvement in Part D, a majority of those leaders hold positive overall views of the program.

### THE DOUGHNUT HOLE

#### The cost of mental health

The Medicare Part D prescription drug benefit pays most of a participant's drug bills until costs reach \$2,250 in a year. At that point, the program stops paying until costs reach \$5,100. The Medstat MarketScan Medicare Database indicates that had Medicare Part D been in place in 2003, mental health patients would have been affected earlier and more often by the "doughnut hole" than the average Medicare beneficiary. More than 71 percent of depression patients, nearly 63 percent of anxiety patients and nearly 77 percent of schizophrenia patients would have landed within or passed through this coverage gap.



SOURCE: Thomson Medstat; study funded by National Institute of Mental Health

#### When they hit the hole

The Medstat MarketScan Medicare Database also shows that mental health patients are affected by the doughnut hole earlier in the year and more often than the average Medicare beneficiary.

	Percent reaching doughnut hole	25th percentile doughnut hole date	Median doughnut hole date
All Medicare patients	54.1%	June 3	Aug. 6
Depression	71.3%	April 27	June 21
Anxiety	62.9%	May 6	July 6
Schizophrenia	76.6%	April 16	June 1

SOURCE: Thomson Medstat; study funded by National Institute of Mental Health

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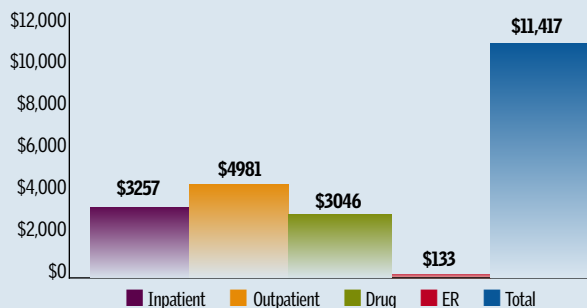
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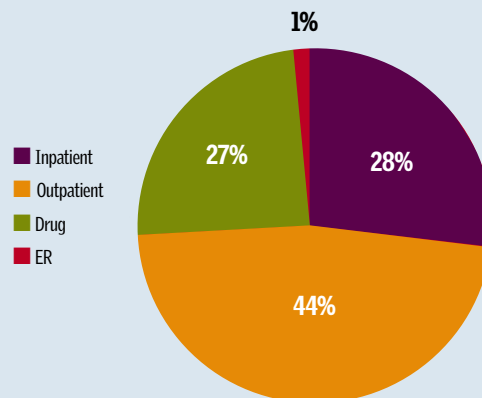
#### Average payments for all Medicare patients

At \$3,046, Part D drug payments constitute more than a quarter of the average annual total payments for all Medicare patients.



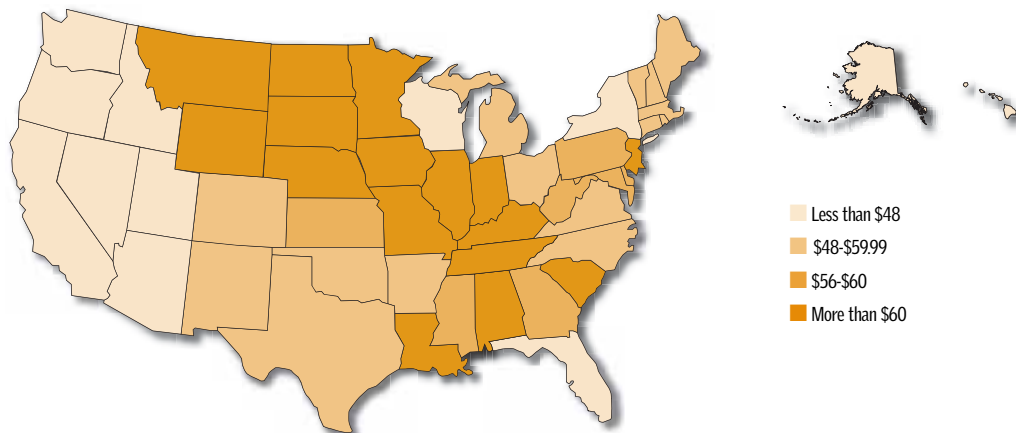
SOURCE: Thomson Medstat; study funded by National Institute of Mental Health

#### Percentage of payments for all Medicare patients



### PREMIUM COSTS

This map shows average monthly Medicare prescription drug plan premiums by state for 2007.

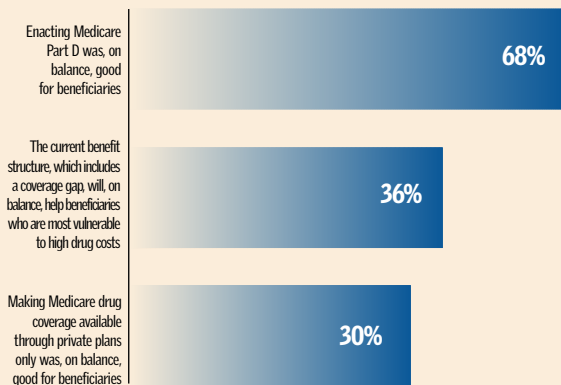


SOURCE: Kaiser Family Foundation, www.statehealthfacts.org

### PART D PERCEPTIONS

A Harris Interactive survey conducted for The Commonwealth Fund asked healthcare industry leaders if they agreed with a group of statements about Part D. Sixty-eight percent of respondents agreed that enacting Part D was good for beneficiaries.

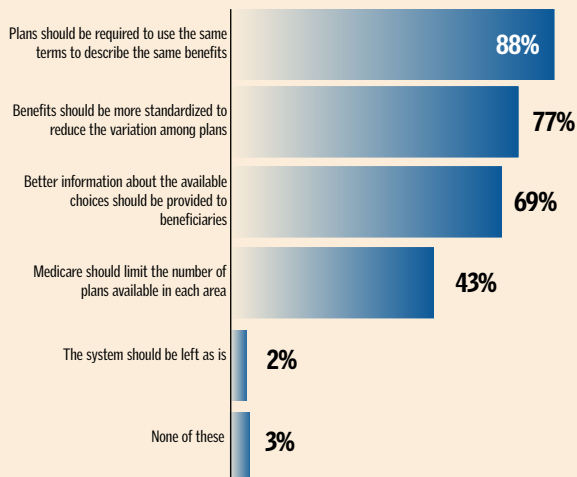
#### Percent saying they agree or strongly agree



SOURCE: The Commonwealth Fund Health Care Opinion Leaders Survey, 2006.

### MAKE IT SIMPLE

The same Commonwealth Fund survey asked healthcare leaders how Part D should be made easier for beneficiaries. Eighty-eight percent of respondents said plans should be required to use the same terms to describe the same benefits.



SOURCE: The Commonwealth Fund Health Care Opinion Leaders Survey, 2006.

