

## Medicare Beneficiary's Use of Prescription Drug Discount Cards, CY 2002

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The recently enacted Medicare Prescription Drug, Improvement and Modernization Act of 2003, authorizes the implementation of the Medicare-Approved Drug Discount Card Program. This program is designed to help people in Medicare with the cost of prescription drugs. In the past several years as prescription drugs have increased, a number of Medicare beneficiaries have begun to use drug discount cards for out-of-pocket expenditures.

In the latter part of CY 2002, the MCBS began collecting data about the use of discount cards to purchase prescriptions.

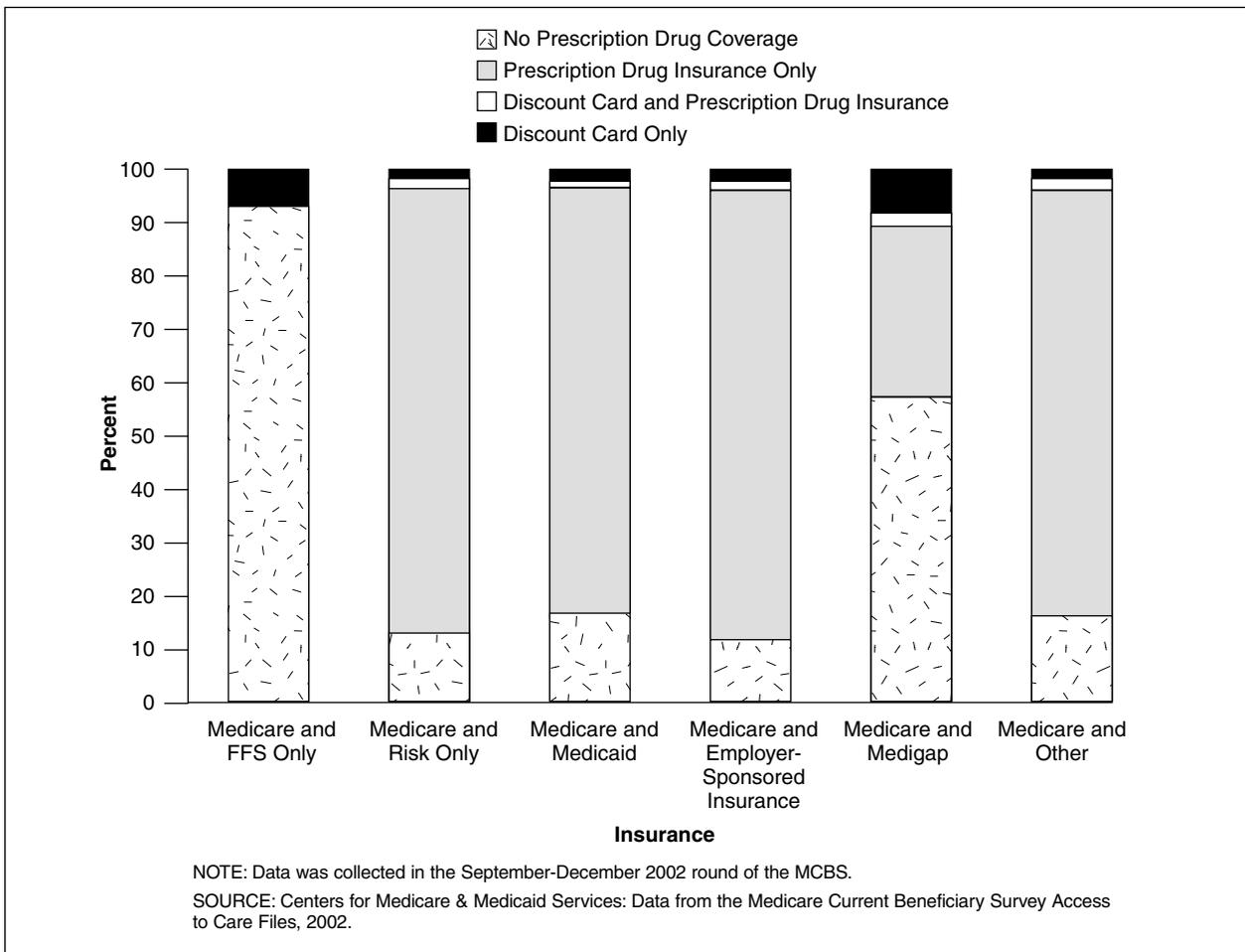
These cards are not health insurance instead they provide discounts on health services not covered by health insurance.

This highlight utilizes data collected in fall 2002 to examine the acquisition of prescription drug discount cards by the Medicare population. At that time, roughly 5 percent of non-institutionalized beneficiaries reported having prescription discount cards. Another 2 percent of beneficiaries report health insurance plans that appear to be discount cards from their name.

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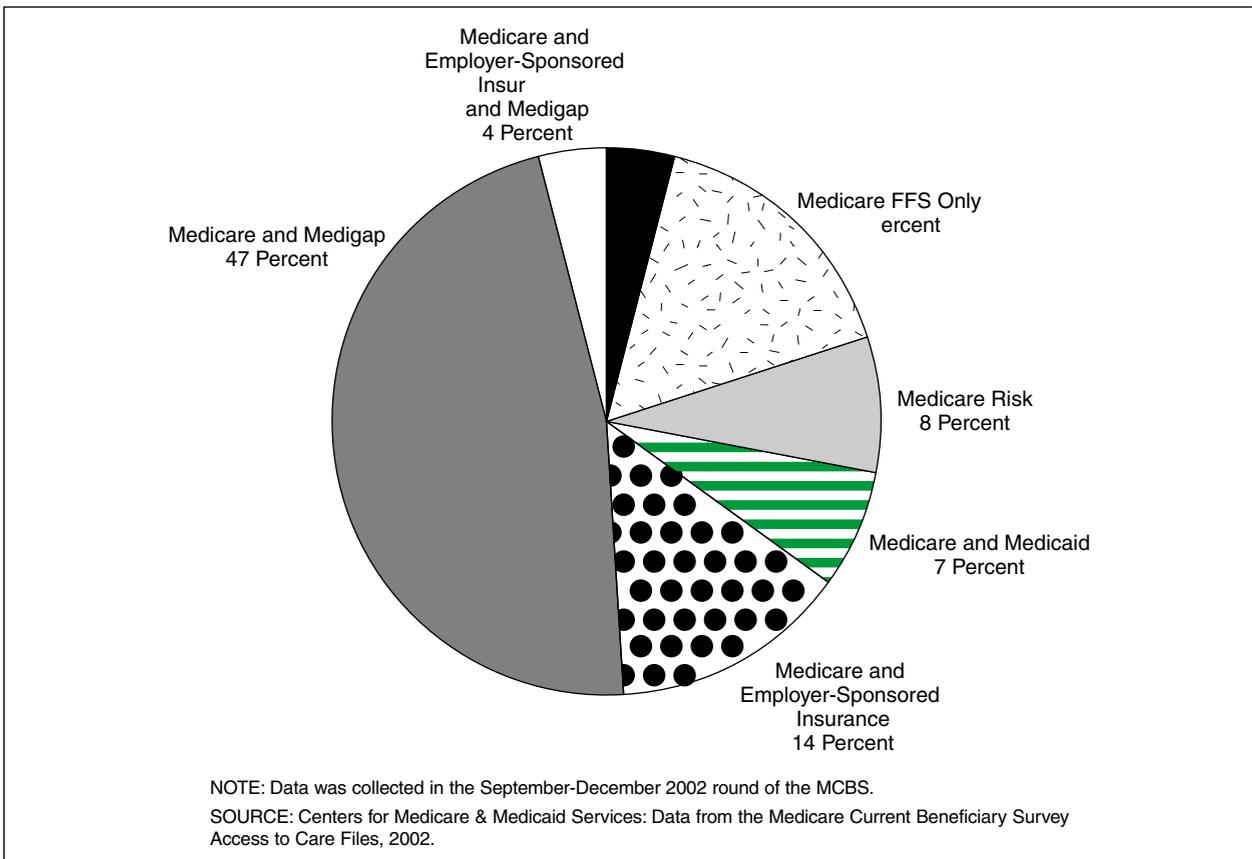
The authors are with the Centers for Medicare & Medicaid Services (CMS). The views expressed in this article are those of the authors and do not necessarily reflect the views of CMS.

**Figure 1**  
**Prescription Drug Coverage, by Type of Insurance: 2002**



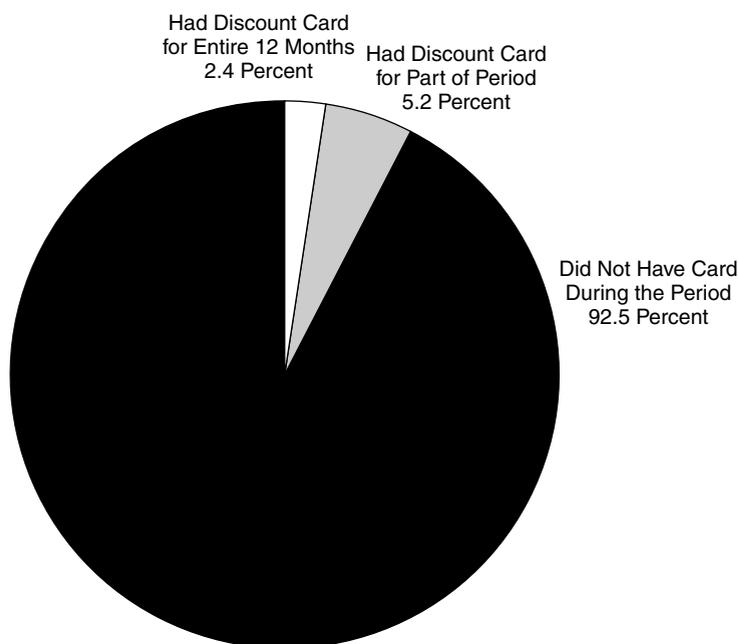
- As might be expected, beneficiaries without prescription drug insurance are much more likely to have a prescription drug discount card than those with insurance. In general, 10 percent of beneficiaries who report they don't have prescription drug insurance say they have a discount card, while only 2 percent of those who report having prescription drug insurance indicated they have a discount card.
- About 10 percent of beneficiaries who report having an individually purchased insurance indicated they have a discount card. Beneficiaries who report they are without supplement insurance are the second largest group of discount cardholders at 6.6 percent.

**Figure 2**  
**Prescription Drug Discount Cards, by Type of Insurance: 2002**



- Almost one-half of beneficiaries who report having drug discount cards have self-purchased insurance. This is not surprising given that a significant portion of beneficiaries are in this insurance group (23 percent), and this group has the highest percent of reported discount cards.
- Roughly two-thirds of beneficiaries who report having drug discount cards are in FFS Medicare with some type of supplemental private health insurance.

**Figure 3**  
**Beneficiaries With Discount Cards: 2002-2003**



NOTE: Data was collected in three successive rounds of the MCBS: September-December 2002, January-April 2003, and May-August 2003.

SOURCE: Centers for Medicare & Medicaid Services: Data from the Medicare Current Beneficiary Survey Access to Care Files (2002) and preliminary 2003 data.

- Roughly one-half of the beneficiaries who reported they had a discount drug card in fall 2002 kept the card for 12 months. However, about 5 percent of all Medicare beneficiaries had a drug card for less than the entire 12-month period.

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