

Prescription Drug Coverage Among Medicare Beneficiaries

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The Medicare Current Beneficiary Survey (MCBS) is a longitudinal survey of a nationally-representative sample of Medicare enrollees. The survey collects information on a variety of topics, including beneficiaries' health status; health care use and financing; and social, economic, and demographic characteristics. Medicare administrative data is regularly coupled with the information collected through the survey for validation purposes.

INTRODUCTION

In 2006, MCBS survey participants were asked a series of questions pertaining to the new Part D prescription drug plan. This highlight will look at beneficiary knowledge and understanding of the new Medicare prescription drug benefit, as well as prior year prescription drug costs for those who: (1) chose to enroll in a Part D plan (self-selected), (2) were auto-

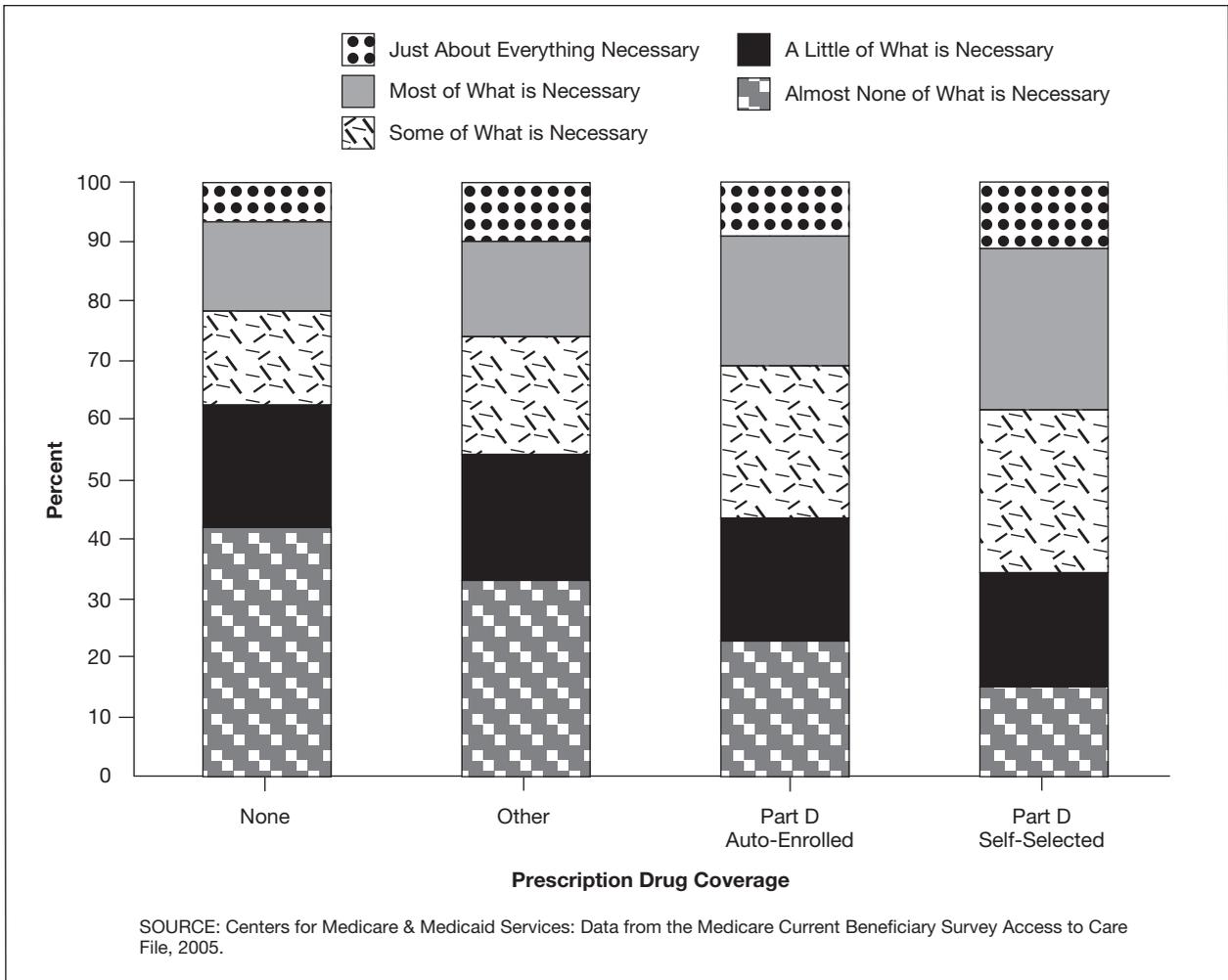
enrolled (deemed), (3) had other prescription drug coverage, and (4) chose to forgo prescription drug coverage. This highlight will further examine selected characteristics and self-reported health of beneficiaries reporting no prescription drug plan coverage and their likelihood or unlikelihood of enrolling in a prescription drug plan for 2007.

Medicare beneficiaries reporting prescription drug coverage tend to spend more on prescription drugs, and tend to know more about, and have a better understanding of, the new Part D benefit. Beneficiaries reporting no prescription drug coverage in 2006 spent about one-half of what those with prescription drug coverage spent in 2004. Moreover, beneficiaries currently without coverage and reporting they were unlikely to enroll in a Medicare prescription drug plan for future coverage are a select group. They tend to more commonly be male, white, and report having higher incomes and better health than those indicating a likeliness to enroll in future prescription drug coverage.

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

Figure 1

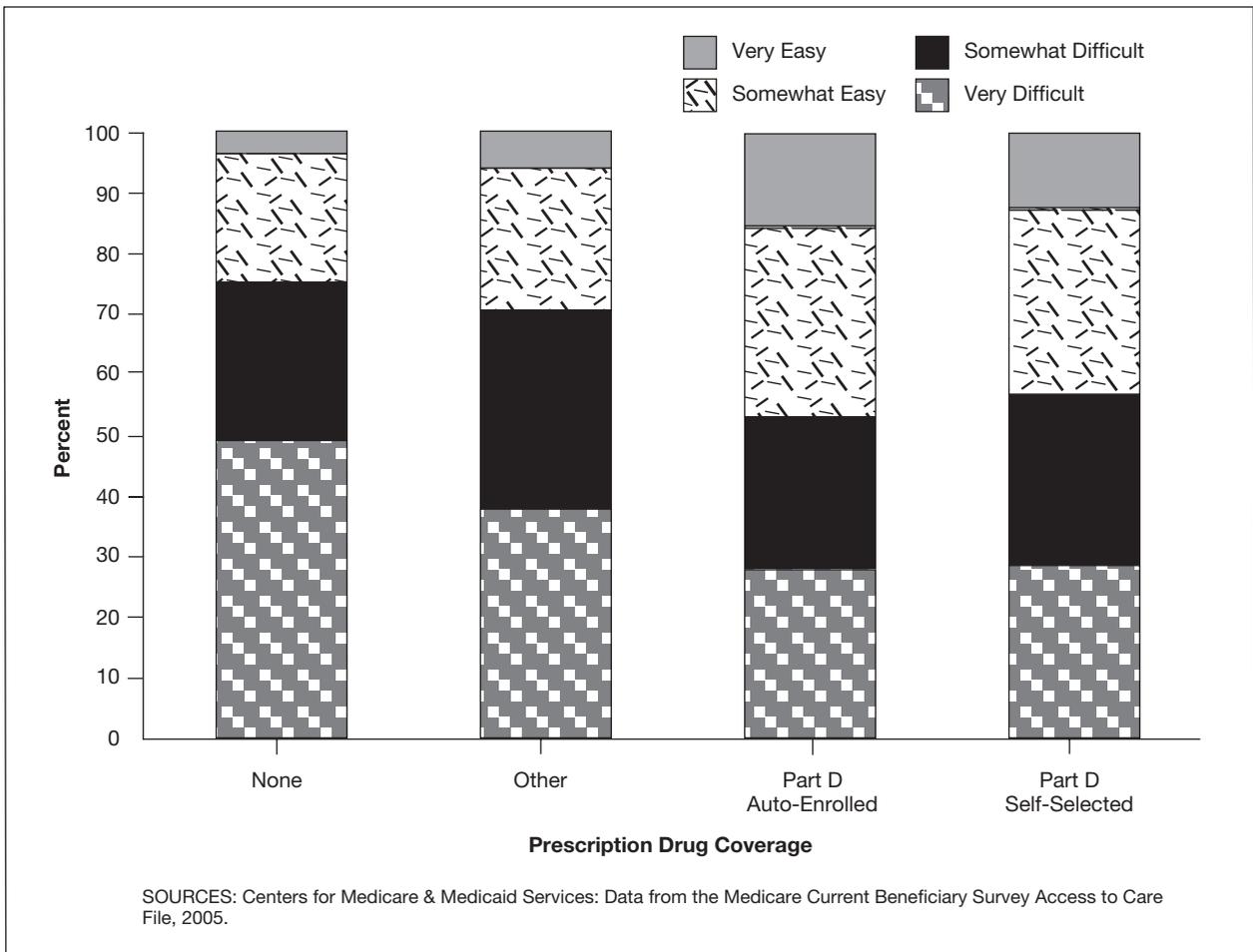
How Much Beneficiaries Think They Know About the New Medicare Prescription Drug Benefit Based on Their Prescription Drug Coverage



- The amount of reported knowledge increased with familiarity of the prescription drug benefit. Those with no coverage reported the least amount of knowledge while those who had chosen a Part D plan reported the most knowledge.
- A higher percentage of beneficiaries with no coverage indicated they knew a little to almost none of what is necessary about the new Medicare prescription drug benefit (62.5 percent), compared to 34.3 percent of those reporting Part D coverage (self selected).

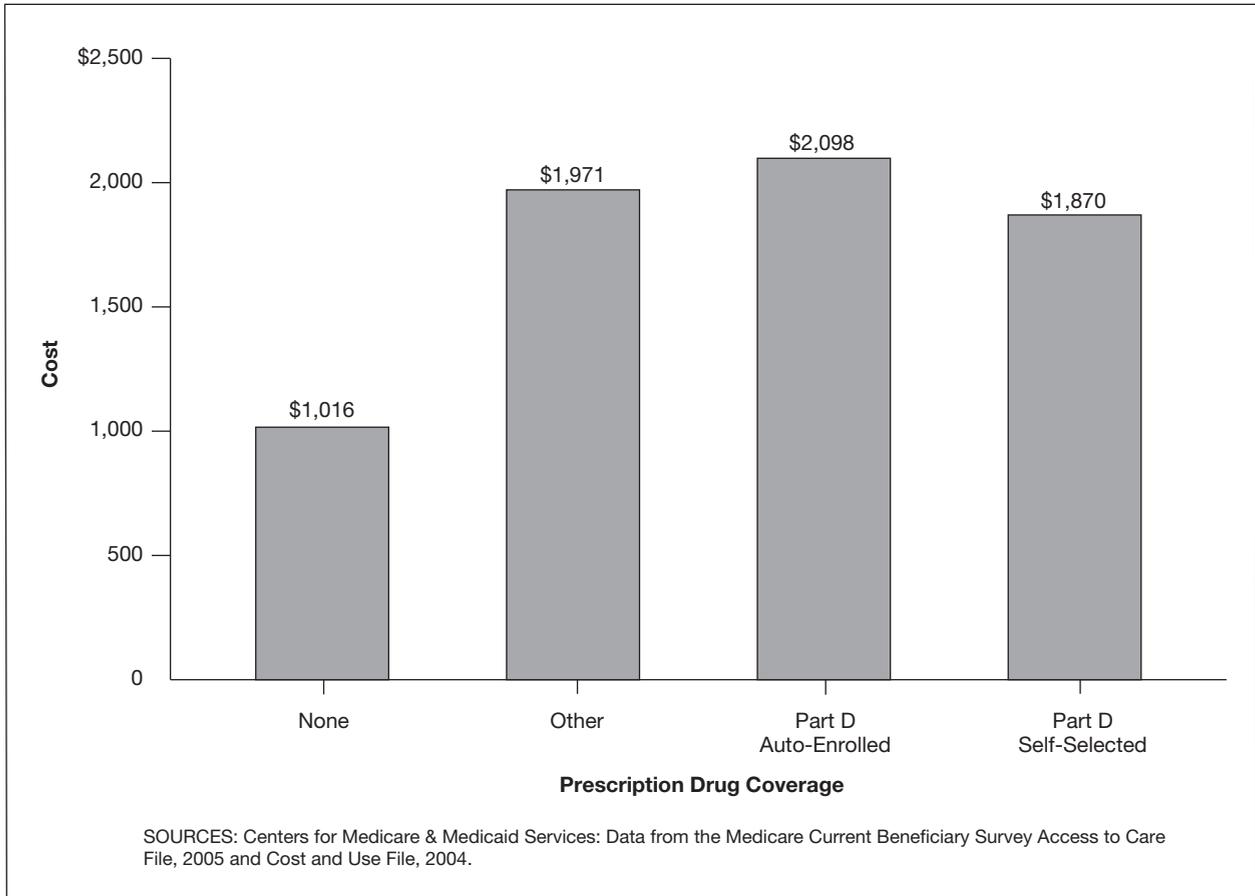
Figure 2

Do Beneficiaries Think the New Medicare Prescription Drug Benefit is Understandable?



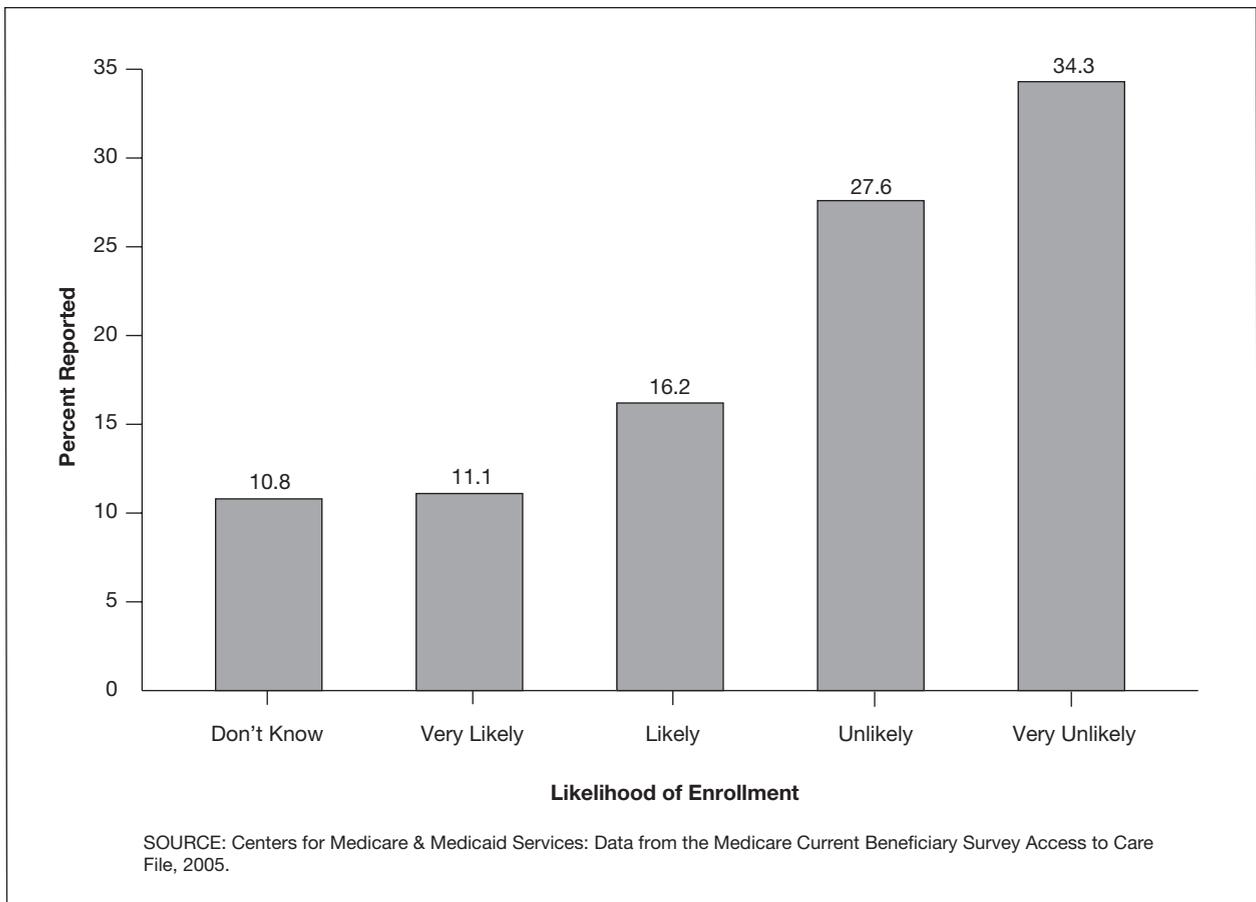
- Beneficiaries with the most familiarity with the prescription drug benefit (those enrolled in a Part D plan) reported the most ease and least difficulty with understanding the benefit. Only 24.9 percent of beneficiaries with no coverage indicated that the new benefit was very easy or somewhat easy to understand compared with 43.4 percent who indicated such, of those who chose Part D coverage. Conversely, 75.1 percent of beneficiaries with no coverage indicated that the new benefit was somewhat difficult or very difficult compared to 56.6 percent of those who chose (self-selected) Part D coverage.
- Beneficiaries with Part D coverage who were auto enrolled showed similar ease with understanding the new prescription drug benefit as those who self selected such coverage (47.1 percent of auto enrolled and 43.5 percent of self selected with Part D coverage indicated the new benefit was very easy or somewhat easy to understand).

Figure 3
Average Prescription Drug Cost in 2004 for Medicare Beneficiaries Based on Their Reported Enrollment in a Prescription Drug Plan in 2006



- Medicare beneficiaries reporting no prescription drug coverage in 2006 spent on average, about one-half (\$1,016) of what those with coverage spent on prescription drugs in 2004.
- Nearly 45 percent of those who reported they were not enrolled in a prescription drug plan in 2006 indicated that they don't take enough prescriptions to need such a plan, as a reason for their nonenrollment.

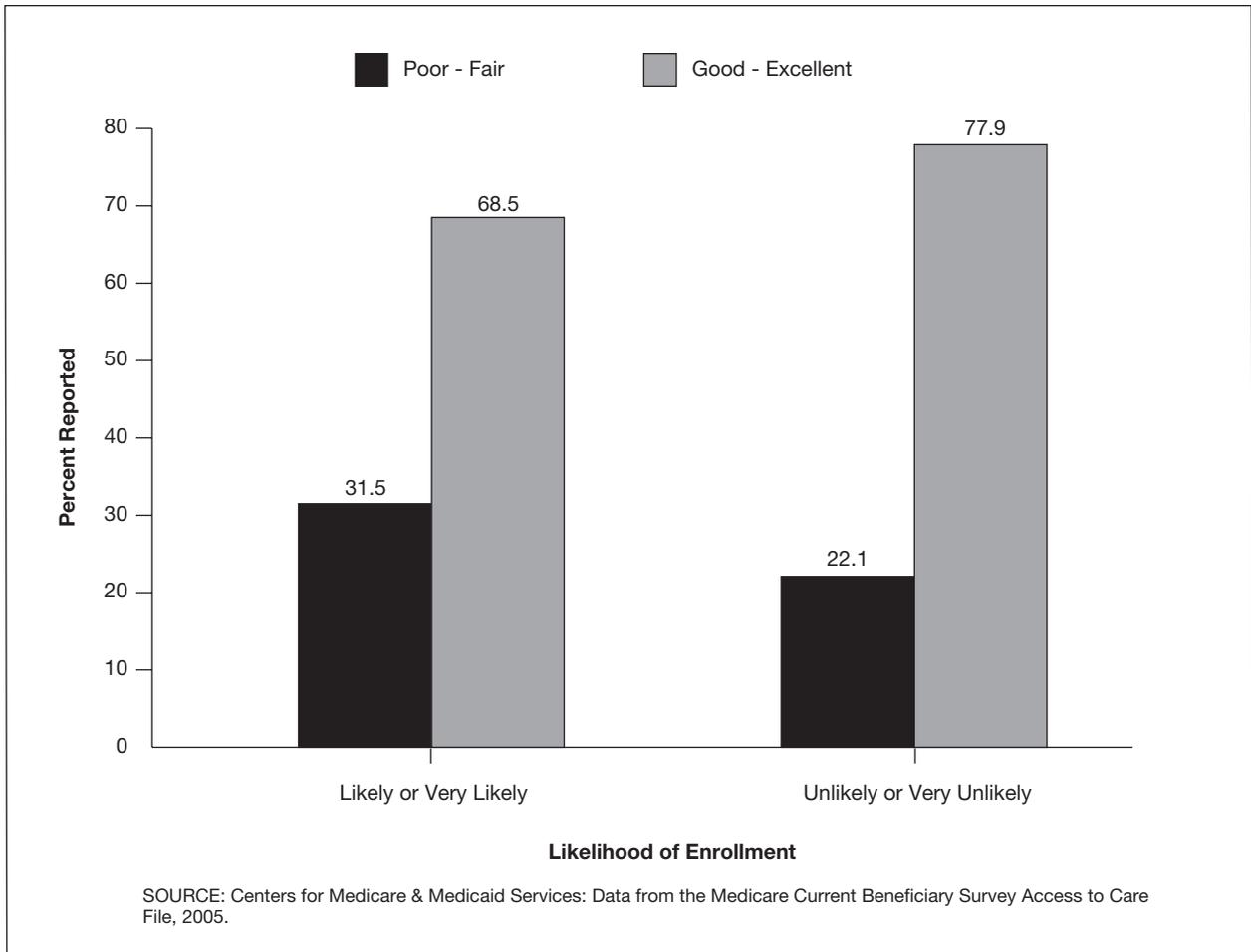
Figure 4
Reported Likelihood of Enrollment in a Medicare Prescription Drug Plan in 2007 Among Beneficiaries Reporting No Prescription Drug Coverage



- The majority of beneficiaries (61.9 percent) not enrolled in a Medicare prescription drug plan in 2006 reported that they were unlikely or very unlikely to enroll in such a plan in 2007.

Figure 5

Beneficiaries Reporting No Prescription Drug Coverage: Self-Reported Health and the Likelihood of Enrollment in a Medicare Prescription Drug Plan in 2007



- Of those beneficiaries reporting no prescription drug coverage in 2006, the self-reported health of those unlikely to enroll in a Medicare prescription drug plan for coverage in 2007 was generally better than those who said that they were likely to enroll.

Table 1
Beneficiaries Reporting No Prescription Drug Coverage: Demographics for the
Likelihood of Enrollment in a Medicare Prescription Drug Plan in 2007

Demographic	Likelihood of Enrollment	
	Likely - Very Likely	Unlikely - Very Unlikely
Sex		
Male	49.6	52.1
Female	50.4	47.9
Race		
White	68.9	78.0
Black	15.0 ¹	9.8
Hispanic	10.4 ¹	8.2 ¹
Other	5.7 ¹	4.0 ¹
Income		
<\$25,000	70.8	66.7
>\$25,000	29.2	33.3

¹ Estimates are based on 50 persons or fewer and are considered unreliable.

SOURCES: Centers for Medicare & Medicaid Services: Data from the Medicare Current Beneficiary Survey Access to Care File, 2005 and Cost and Use File, 2004.

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