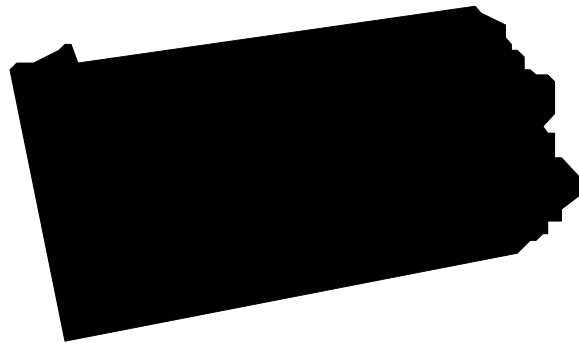




The Medicare Part D Impact Series
Special Report

The Impact of Medicare Part D on Pennsylvania Seniors: A Case Study Approach

October 2006



Case Study Mid-term Report
[January 2006-June 2006]

Pennsylvania Alliance for Retired Americans ♦ 231 State Street, 7th Floor ♦
Harrisburg, PA 17101 ♦ (717) 231-2866 ♦ www.retiredamericans.org

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PREFACE

This report from the Pennsylvania Alliance for Retired Americans (PARA) represents the first in a series of grassroots approaches to analyze the impact of the Medicare Modernization Act (MMA) on Pennsylvania seniors. This study is supported by a grant from the Labor Education Center at Indiana University of Pennsylvania and the State System of Higher Education.

This research attempts to study the phenomena surrounding the implementation of Medicare Part D. We would like to extend a deep appreciation to our Case Studies who have allowed us to take time out of their busy lives each month to inquire about sensitive topics relating to their health and prescription drug costs. Your participation has been crucial to allowing us to study on an intimate level the subtle impacts of Medicare Part D.

A very special thanks to the research team that was instrumental in allowing this project to come to fruition - Jean Friday, Marie Malagrecia, Leon Shore, Mike Doyle, Ed Pace, Mike Donaldson, and Dan Marshall. These individuals are our Medicare Advocates and remain on the frontline of collecting data each month from our Case Studies.

A special thanks to President Bill George and Secretary Treasurer Rick Bloomingdale of the Pennsylvania AFL-CIO, for their generous support with various in-kind services, making it possible for the Pennsylvania Alliance to accomplish all that we do. The assistance the PARA receives from the PA AFL-CIO officers and staff has always been integral to our success.

Several individuals were consulted in this study. The Pennsylvania Alliance acknowledges Dianna Porter, Director of Policy at the National Alliance for Retired Americans, Connie Engholm, Deputy Director of Field Mobilization at the National Alliance for Retired Americans, and Emerson Padiernos, Graduate Student at the University of Pennsylvania School of Nursing for their feedback.

This report was designed, researched and written by Danielle Pere, Senior Field Organizer of the Alliance For Retired Americans. This report is dedicated to the memory and legacy of Marty Berger, the former President of the Pennsylvania Alliance for Retired Americans, whose vision and unique leadership inspired and compelled us to believe beyond our boundaries.

ABOUT THE PENNSYLVANIA ALLIANCE

The Pennsylvania Alliance for Retired Americans is a non-partisan, non-profit, grassroots organization representing more than 300,000 retirees and seniors statewide, including 145 affiliated organizations. Headquartered in Harrisburg, the Alliance's mission is to advance public policy that protects the health and economic security of older Americans by teaching seniors how to make a difference through activism.

The purpose of the Pennsylvania Alliance is to create a statewide network of senior and retiree organizations in order to educate and inform the membership, the public, and elected officials about issues that affect the well-being and security of senior citizens and retirees.

Founded in 2004, the Pennsylvania Alliance works to ensure social and economic justice and full civil rights for all citizens so that they may enjoy lives of dignity, personal and family fulfillment and security. The Alliance believes that all older and retired persons have a responsibility to strive to create a society, which incorporates these goals and rights; and that retirement provides them with opportunities to pursue new and expanded activities with their unions, civic organizations, and their communities.

To learn more about the Pennsylvania Alliance and our educational programs, please contact our state office at 1-800-242-3770, extension 866 or visit us on the web at www.retiredamericans.org.

EXECUTIVE SUMMARY

In January 2006, the Pennsylvania Alliance for Retired Americans began to track 62 seniors across the state of Pennsylvania. These seniors were enrolled in one of 7 different categories of prescription drug coverage; one of which is the new Medicare Part D prescription drug benefit. This study tracked the cumulative cost of co-payments of brand name and generic drugs, monthly premiums, deductibles, and out of pocket costs for each of the seven categories. This preliminary report represents the 1st 6 months of data of a year-long study that ends in January 2007.

This study found that Pennsylvania seniors who received their medications through Medicare Part D: paid more in drug co-pays and monthly premiums; were subjected to significant coverage gaps; and had significant restrictions on covered medications than those in the other major categories. The preliminary findings of this study suggest that Pennsylvania seniors enrolled in Medicare Part D have yet to benefit from this legislation. Based on Pennsylvania seniors enrolled in this study, Medicare Part D has not produced any significant or tangible financial savings for seniors in need of a comprehensive prescription drug benefit. Furthermore, this legislation has potentially significant deleterious effects to health related outcomes for Pennsylvania seniors (i.e. medication adherence, morbidity, and increased hospitalization).

The study has some limitations; one of which is that it was not designed to be scientifically rigorous. Therefore, one must be very careful in generalizing the results of this case study in the state or national level. This study has its own unique strengths: (1) this is the first study to document the experience of Pennsylvania seniors enrolled in Medicare Part D and how their experience compare to other seniors enrolled in a different plan; (2) this study can provide some insight and perspective to the true financial and health costs of this legislation; and (3) this study lays some foundation for a more rigorously designed health policy research.

INTRODUCTION

January 1, 2006, marked the beginning of the most comprehensive policy change to the federal Medicare program since its inception. The Medicare Modernization Act of 2003 established, in the midst of a great deal controversy, the first ever Medicare prescription drug benefit offered as a voluntary “Part D”. Managed by an array of private insurance companies, Medicare Part D, represents a historic shift in healthcare policy - from a federal to private insurance company-managed health care benefit.

The Pennsylvania Alliance for Retired Americans, a non-profit, non-partisan statewide retiree advocacy organization, received grant support from the Labor Education Center at Indiana University of Pennsylvania to assess the impact of the Medicare Part D Prescription Drug Benefit, the result of the Medicare Modernization Act (MMA) of 2003, on seven categories of Pennsylvania seniors. The Pennsylvania Alliance for Retired Americans developed a “Medicare Impact Study”, designed to provide first-hand research on how the implementation of this new law is impacting Pennsylvania seniors over the course of one year.

Overall, PARA’s Medicare Impact Project is designed to accurately document how the new Medicare Prescription drug (Rx) benefit is affecting affordability and access to prescription drug coverage for Pennsylvania retirees so that local, state, and federal agencies along with lawmakers are aware and understand the true impact of this new law on seniors. The specific aims of the Medicare Impact Study are to determine if, in general, seniors are better off, worse off, or remain unchanged in terms of access to affordable prescription drugs. More specifically, we examine relationships between categories of prescription drug coverage in correlation to accessibility and affordability of necessary prescription drugs.

In order to specifically document how Medicare PART D is affecting affordability and access to prescription drug coverage, PARA is currently profiling 62 case studies in 8 different geographic regions, covering every area of the state, of seniors that fall into each of the 7 different levels of Rx coverage categories for up to a year. To implement the research project, PARA has trained volunteer retiree “Medicare Advocates” who cover every part of the state interviewing case studies and recording statistics that fall into each of the 7 categories of prescription drug coverage.

METHODOLOGY

In October 2005 the Pennsylvania Alliance for Retired Americans developed an “Official Prescription Drug Survey Form” that was distributed widely to the Pennsylvania senior / retiree population as a means for recruiting case studies [Official Rx Survey - APPENDIX A]. In November 2005 the Prescription Drug Survey was field tested at two different Elderly Housing Development & Operations Corporation (EHDOC) senior high-rise living facilities in Pittsburgh. After the field test and the appropriate modifications were completed, the Survey was distributed to the general public in November 2005. The Survey was mailed to: (1) All ARA members and affiliates, (2) All Area Agencies on Aging – 56 statewide (3) All Senior Centers –650 statewide (4) PA Department of Aging and (5) Various non-profit organizations that serve with targeted demographic.

We began evaluating surveys December 2005 through March 2006 to determine eligibility for case studies in the following categories (it was our goal to achieve 2 case studies per category in each of the 8 geographic regions):

Categories of Rx Coverage Being Studied:

1. Seniors who currently have no Rx coverage;
2. Seniors who are covered under a employer/ Union/ VA/ TRICARE & Federal Employees Health Benefits (FEHB) plan;
3. Seniors who currently receive their prescription coverage through Medicaid (the dual-eligible population);
4. Seniors who subscribe to a Medicare Advantage Plan or other Medicare Health Plan;
5. Seniors who currently receive their prescriptions from an international pharmacy;
6. Seniors who are currently enrolled in PACE or PACENET – Pennsylvania’s long standing State Pharmacy Assistance Program;
7. Seniors who enrolled in a PART D prescription drug plan

In order to be considered as a case study, the senior must be:

1. 65 years of age or older Must be 65 years of age or older or receiving Social Security Disability benefits
2. Taking at least 1 prescription drug
3. Willing to sign a consent and waiver form
4. Willing to be contacted each month by a PARA Retiree Medicare Advocate for one year to collect information on their prescription drug status and usage

Case Studies By Geographic Regions (Zones):

(Entire State of Pennsylvania is included in the Study)

Zone 1: Philadelphia County

Zone 2: Delaware, Chester, Montgomery, and Bucks Counties

Zone 3: Dauphin, Berks, Lehigh, Northampton, Lebanon, and Schuylkill Counties

Zone 4: Carbon, Monroe, Pike, Wayne, Susquehanna, Bradford, Tioga, Lycoming, Sullivan, Wyoming, Lackawanna, Luzerne, Columbia, Montour, Northumberland, and Union Counties

Zone 5: Erie, Crawford, Mercer, Lawrence, Beaver, Butler, Venango, Warren, McKean, Potter, Clinton, Cameron, Clearfield, Jefferson, Clarion, Forest, and Elk Counties

Zone 6: Allegheny, Washington, and Greene Counties

Zone 7: Armstrong, Westmoreland, Fayette, Somerset, Bedford, Blair, Cambria and Indiana Counties

Zone 8: Centre, Mifflin, Juniata, Perry, Cumberland, Lancaster, York, Adams, Franklin, Fulton, and Huntingdon Counties

Data Collection

Of the 1300 surveys sent to Pennsylvania seniors, 409 respondents returned the survey. The exclusion criteria for the returned surveys were: (1) Refused consent to sign waiver of consent to participate in the study, (2) Did not fill-out the surveys completely (3) Respondent fell into two or more categories. A significant majority of the respondents did not want to sign a waiver or be contacted each month for a year.

Seventy-two Case Studies were originally accepted into the study and sixty two remain. There were 4 case studies who declined to participate after the study began. There were 3 of the accepted Case Studies who became too ill or disabled to continue participation and 1 case study who moved to a different state. Two of the case studies stopped taking any medication (due to returned health) so we were not able to collect any data from them.

Accepted Case Studies were paired with their Medicare Advocate by region. Starting in February 2006, Medicare Advocates begin contacting their case studies to collect data on a variety of different aspects of their prescription drug coverage. Medicare Advocates contacted by phone or met with their Case Studies once per month for data collection purposes only and did not advise or assist their case studies in any manner in terms of their health care needs. A series of standard questions are asked each month in order to monitor how Case studies are being impacted by Part D, if at all [Monthly Survey - APPENDIX B]. A separate one time survey was developed just for the case studies who were enrolling in a Part D plan in order to evaluate their initial experience enrolling in the plan and receiving their first prescriptions [Part D Initial Enrollment Survey - APPENDIX C].

Limitations of Study

This project utilizes the case study method. The goal of this study is to understand the phenomena of the implementation of Medicare Part D across the senior population of Pennsylvania. Using this approach, common themes are drawn to identify similarities and differences between categories of Rx coverage. Although we use these descriptive statistics to make inferences about Rx coverage, our data is limited by the fact that it is not statistically significant outside of our case studies. Due to the fact that the study focuses on one particular state, and furthermore, breaks the state down into region of study, it would be very difficult to replicate the study and achieve the same results. It should also be noted that Case Study participants are not random – they were chosen through an interview process in order to make sure that they met the qualifications listed on page 5. Thus, this study should be viewed as a qualitative analysis that allows us to view a “snapshot” of how Medicare Part D is impacting a wide variety of seniors and how Medicare Part D coverage ranks in terms of cost and accessibility compared to other Rx Coverage programs available to the Pennsylvania senior population.

CASE STUDY CATEGORIES

TABLE 1

1. Category 1: Case Studies Who Enrolled in PART D Stand Alone Plan

Case Studies who were recruited to participate in this category tended to enroll during the initial enrollment period of November 15th 2006-May 15th 2006. Medicare Part D Case Studies are characterized by the following factors:

- Premiums averaged \$38.00 per month or \$456.00 annually
- Cost sharing structures included a \$250.00 annual deductible. Case studies in this category pay 25% of their Rx costs between \$251.00 - \$2,250.00. Beneficiaries pay 100% of costs between \$2,251.00 and \$5,100.00 (this coverage gap is often referred to as the “doughnut hole”)
- Each drug plan is offered through private insurance companies and has different formularies, accepted pharmacies, quantity limits, prior authorization requirements, and step therapy requirements. There are 52 different Rx plans in Pennsylvania with only 15.4% offering some type of coverage in the doughnut hole.

2. **Category 2: Case Studies Who Have No Rx Coverage**

Case Studies from this category tended to take very little medication, and what they did take, they paid for out of pocket. Many of the case studies did not welcome the financial responsibility of signing up for a Part D stand-alone plan if they felt they were not going to utilize it.

3. **Category 3: Case Studies Who Utilize International Pharmacies**

Case Studies from this category tended to receive their prescriptions through Canada by utilizing international web based pharmacies.

4. **Category 4: Case Studies Who Have a Medicare Advantage + Rx Coverage**

Medicare Advantage is the new name for Medicare + Choice, the managed care Part C program in Medicare. It allows private companies, primarily Health Maintenance Organizations and Preferred Provider Organization to offer a managed care health plan to Medicare eligible beneficiaries. Case studies from this category were already enrolled in a Medicare Advantage Plan at the time of Medicare Part D implementation and were automatically enrolled in the New Part D benefit.

5. **Category 5: Case Studies Who Have TRICARE or VA Benefits (Military Health Plans)**

Case studies from this category are enrolled either in the Veterans Administration Health System, which includes a substantial Rx benefit, or the TRICARE system. Both types of Rx benefits offer a very low set co-payment for generics and brand name drugs.

6. **Category 6: Case Studies Who Have Employer or Union Provided Rx Coverage**

Case studies from this category differ in the types of benefits they enjoy, though most have comprehensive coverage thru a union negotiated contract or provided by their former employer without the use of a union contract. Government / state retirees are represented in this category.

7. **Category 7: Case Studies Who Are Enrolled in PACE or PACE NET**

Case studies from this category, the **Pharmaceutical Assistance Contract for the Elderly** (PACE) are considered lower-income in order to qualify for this special prescription drug program offered by Pennsylvania's Department of Aging and funded by the Pennsylvania

Lottery. During the months of January – March 2006, Case studies from this group were told not to enroll in a Part D plan and that their Rx Coverage would not be affected by the implementation of Part D.

The PACE program is only available for seniors with an annual income of \$14,500.00 or less or \$17,700 for a married couple. Case studies in this category pay a flat co-payment of \$6.00 for generics or \$9.00 for brand names.

The PACENET's income limits are slightly higher than those for PACE. A single person's total income can be between \$14,500 and \$23,500. A couple's combined total income can be between \$17,700 and \$31,500. PACENET beneficiaries must meet a \$40.00 monthly deductible, which is cumulative. In addition, there is a flat \$8 co-payment for each generic prescription medication and a \$15 co-payment for each brand name prescription medication.

8. Category 8: Dual Eligibles

Prior to January 1, 2006 this category of Case Studies received their medication through the federal - state Medicaid program due to their poverty level. These case studies were automatically enrolled in a Part D plan prior to Jan 1, 2006, essentially losing their Medicaid coverage. Dual eligibles are very low-income seniors and people with disabilities who, are both enrolled and receive benefits from both the Medicaid and Medicare programs. While dual eligibles represent a comparatively small portion of the population, they tend to consume a disproportionate amount of health care resources, including the use of medications.

COMPARATIVE ANALYSIS

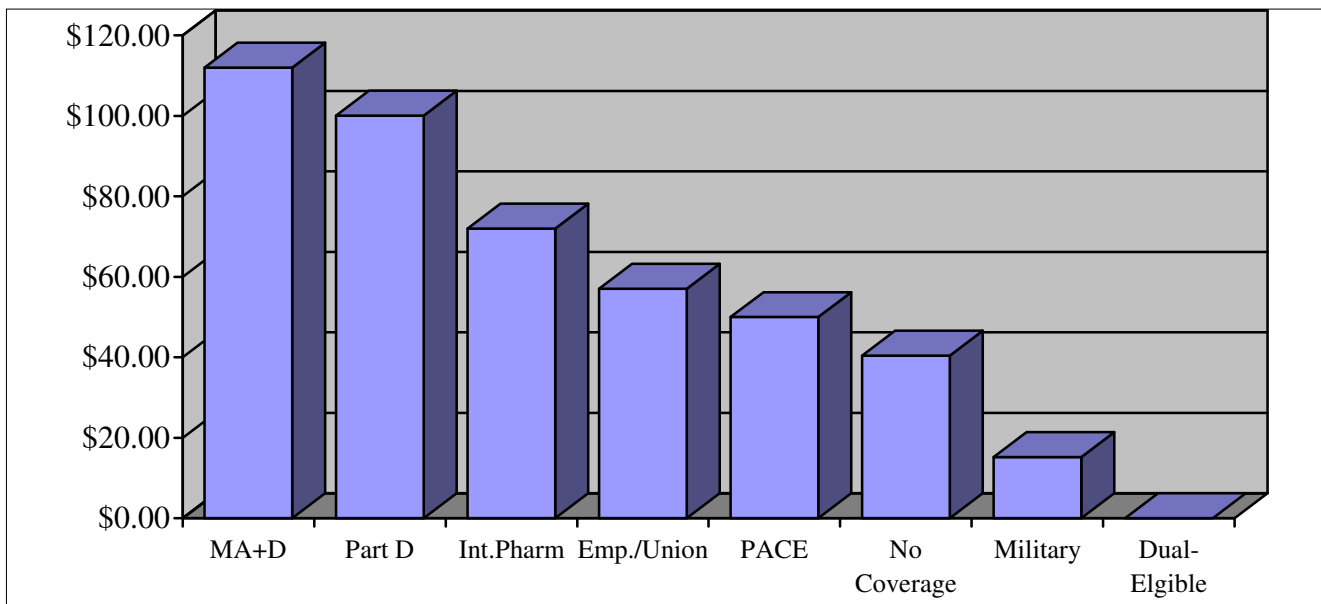
FIGURE 1– Case Study Data Breakdown

<u>Category</u>	<u>Number of Case Studies Participants</u>	<u>Average Number of Drugs Prescribed</u>	<u>Average Premium</u>	<u>Average Co-Pay for Generic</u>	<u>Average Co-Pay for Name Brand</u>	<u>Total Average Cost Per Month</u>
<u>Part D</u>	18	5.7	\$28.33	\$11.15	\$31.30	\$100.10
<u>No Coverage</u>	5	3	\$0.00	\$0.00	\$0.00	\$89.50
<u>International Pharmacy</u>	2	6	\$0.00	\$0.00	\$0.00	\$72.00
<u>Medicare Advantage with Rx Coverage</u>	5	5.4	\$18.46	\$14.91	\$29.00	\$112.00
<u>TRICARE & VA (MILITARY)</u>	5	6.8	\$0.00	\$1.00	\$3.00	\$15.20
<u>Employer/ Union</u>	16	4.92	\$26.00	\$6.50	\$11.80	\$57.07
<u>PACE / PACE NET</u>	11	6.18	\$0.00	\$7.00	\$12.00	\$50.00
<u>Dual-Eligible</u>	1	5	\$0.00	\$0.00	\$0.00	\$0.00

NOTES on Figure 1.0

- The Total Average Cost Per Month Column includes co-payments on all prescriptions filled and monthly premium
- Prescriptions filled at pharmacy and thru mail order

Figure 2: Average Cost per Month by Category



EMERGING THEMES

From the Comparative Analysis Figures 1 and 2 it is clear which Case Study group out of the 7 categories of prescription drug coverage consistently paid the lowest overall costs for their prescriptions and coverage. However, numbers alone do not tell the entire story. Below are a series of emerging themes that were documented during the first 6 months of data collection.

Theme #1: The Impact of Cost Sharing (Co-pays, Deductibles, & Premiums)

Case studies who were in the (1) Military, (2) PACE/PACE NET and (3) Employer/Union categories experienced a relatively lower level of cost sharing compared to Case Studies in the Medicare Part D, International Pharmacy and No Coverage categories. In the case of PACE and Military Case Studies, our Case Studies paid an established co-pay for generic and name brand prescription drugs. Only PACE NET set a nominal cumulative \$40.00 deductible. The Employer /Union category offered Case Studies established co-pays on prescriptions but also introduced in many cases small deductibles and modest monthly premiums. All in all the cost sharing mechanisms in the Military, PACE, and Employer/Union did not produce a financial or accessibility burden for any of our Case Studies in these categories.

Our Case Studies in the Medicare Part D Category (including Medicare Part D provided through a Medicare Advantage plan) were subjected to cost sharing that was more complex and severe.

Besides setting a \$250.00 annual deductible, Medicare Part D calls for beneficiaries to pay 25% of the cost of their prescription prior to reaching the coverage gap. In addition, most Case Studies in the Part D category were also subject to a three or fourth-tiered formulary in which the most expensive drugs in the fourth tier often had a co-pay of \$30.00 to \$60.00. Consequently, Case Studies in Medicare Part D paid more in co-pays, particularly for higher priced brand name drugs. For instance, a Case Study from Northwestern PA in the Medicare Part D Category who is taking 8 different prescription drugs is paying co-pays that range from \$8.00 up to \$69.50 per month. In contrast, a second Case Study, also from Northwestern PA in the Employer/Union Category is taking 11 medications and paying a flat fee of \$4.00 for generic and \$6.00 for brand name per month

NOTE: Since none of our Case Studies in the first 6 months of the study, reached the “doughnut hole” associated with Medicare Part D coverage, we will not explore this cost sharing mechanism at this time.

Theme #2: The Purchasing Power Affect

Medicare Part D specifically prohibits the federal government from negotiating the cost of prescription drugs with Pharmaceutical companies. Case studies who were in the Military, Union/Employer, PACE and International Pharmacy categories, all benefited from their various plans negotiating the costs of prescription drugs by using the massive purchasing power of the collective beneficiaries.

The most drastic example of the effect of purchasing power is evident when Case Studies in the Medicare Part D Category (including the Medicare Advantage Category) are compared to Case Studies in the VA/TRICARE category.

Theme #3: Access and Affordability of Necessary Prescriptions

This impact study includes many Case Studies who suffer from terminal illnesses / conditions, including depression, acute anxiety, cancer, heart disease, and also includes case studies that have had major surgeries that require extensive medication adherence as part of their recovery process. Many of the Case Studies with more serious or terminal illness / conditions take upwards of 8 prescriptions each day and often need very specific medications to accommodate their health needs.

Case Studies in the Part D category were in many cases more restricted in access and affordability of necessary prescription drugs. For instance, a Case Study from Northeast PA was forced to enroll in the most expensive Part D Plan offered by Humana just so one

of her cancer medication would be covered. The cancer medication is in the third tier formulary, so she is paying a \$60.00 co-pay each month just for this one drug. Since there is no generic and no other substitution on the market, this Case Study is forced to pay high co-pays and premiums because of her particular illness.

In addition, a Case Study, also in the Medicare Part D Category from Southwest PA suffers from acute anxiety and requires the use of very specific prescriptions to avoid hospitalization. Although her Part D premium is only a modest \$26.77 per month with \$10.00 co-pay on generic and \$30.00 co-pay on name brands, one of her most crucial medications is not covered under her formulary. She must pay the full price for this drug each month in order to avoid hospitalization. As this Case Study is on a limited income but does not qualify for Part D subsidies, she pays an additional \$75.00 each month for the uncovered drug, in conjunction with the balance of her Part D premiums and co-pays, all of which have placed an enormous emotional and financial burden on her.

In contrast, a Case Study from Southwest PA who had undergone open-heart surgery during the course of the first 6 months of the study emerged taking 12 prescription drug medications. This particular Case Study was under the TRICARE/VA Category and paid on average \$1.00 to \$3.00 for his medications. As with the other two Case Studies mentioned above, this Case Study needed very specific medication for proper recovery but was not subject to strict formularies or high co-pays on name brand drugs.

CONCLUSIONS & POLICY RECOMMENDATIONS

The Medicare Part D program, which has provided prescription drug benefits to enrolled seniors since January 1, 2006, comes with a hefty price tag to taxpayers, currently estimated at \$746 billion dollars over the next decade. As a wealthy and prosperous nation, we should and do take seriously our social commitment to care for our older citizens. With the rising costs of health care at all levels, health care policy must be crafted and adopted with extreme prudence and routinely scrutinized for financial accountability and effectiveness. As taxpayers, as grandchildren, as senior citizens, as advocates, we must ask, “What are we getting for our money?”

The Winners and Losers in the Medicare Part D System

Research collected on our Case Studies point towards the fact that Medicare Part D has proved most effective in assisting seniors who are extremely low-income and qualify for government subsidies as well as somewhat relieving a financial burden for seniors who previously had no prescription drug coverage and paid full price for their medications. For instance, we have two Case Studies that signed up for Medicare Part D in January 2006. Previously they were paying full costs for their medications. Upon enrolling and receiving benefits from their Part D, their overall prescription costs was cut in half.

However, the comprehensive benefit of Medicare Part D remains elusive for many of the Case Studies we followed in this category. Those of our case studies who benefited the least from Medicare Part D were beneficiaries that took more than 5 drugs, beneficiaries who had terminal illnesses such as cancer, that were being treated with expensive top-tier drugs, and beneficiaries who suffered from anxiety and/or depression in which only very specific (often expensive or non-formulary drugs) prescriptions would provide treatment. In short, the more brand name, top-tier drugs a case study utilized, equaled diminished costs savings for them under PART D.

Negotiation of Prescription Drug Prices

Although the presumption that private plans, through marketplace competition, would secure cheaper drug prices for Part D, our Case Study research found that the beneficiaries with the lowest Total Average Cost Per Month benefited from the use of purchasing power and efficient negotiation of drug prices to drive down the costs of drugs. The Veterans Administration and TRICARE (Military Rx Plans) offer stark examples of how to effectively negotiate real savings for beneficiaries and taxpayers. The State Pharmaceutical Assistance Program - PACE and PACE NET also provided significant savings for Pennsylvania seniors.

Based on our preliminary 6 months research, the Pennsylvania Alliance for Retired Americans recommends that in order to allow Medicare Part D beneficiaries to achieve the same level of cost savings as their counterparts enrolled in other plans, Medicare must be allowed to directly negotiate with pharmaceutical companies, using the enormous purchasing power of beneficiaries to dramatically drive down the overall costs of

prescriptions. With taxpayers footing the bill for approximately three-fourths of the costs of Medicare Part D, this is not an unreasonable policy goal.

Eliminating Coverage Gaps

As detailed in Table 1.0 Category 1, Medicare Part D coverage is not comprehensive. During the first 6 months of this study (January 1, 2006 – June 30 2006) none of our Case Studies in the Part D category fell into the doughnut hole, though several, were nearing this phase. However, the coverage gap remains a major concern of all of our Case Studies subject to it. All of the other Case Study categories of Rx coverage had no coverage gaps.

Conclusion

Data from Case Study analysis suggests that out of our 62 Case Studies, those who are enrolled in the Medicare Part D prescription drug benefit are paying more in co-pays, premiums, and general cost sharing than their counterparts who are enrolled in State, Military, Employer, or Union Rx Plans, or seniors who obtain their medications from an International Pharmacy. The documented impact of Medicare Part D also reveals that Case Studies in this category are subject to stricter formularies and significant coverage gaps and thus have a more difficult time securing affordable prescription drugs.

If these initial results remain consistent for the remainder of the study, the Pennsylvania Alliance for Retired Americans recommends the following policy changes to the Medicare Modernization Act:

- Provide prescription drug coverage directly through the federal Medicare program for maximum efficiency and savings
- Allow Medicare the authority to negotiate for lower drug prices on behalf of 43 million beneficiaries
- Eliminate the coverage gap (or “doughnut hole”)

The Pennsylvania Alliance for Retired Americans believes that this initial research points to the ultimate solution of having Medicare provide and administer the prescription drug benefit, just as it does Medicare Part A and Part B. Coupled with negotiating power, a Medicare-run prescription drug benefit will produce enough savings to provide a universal, comprehensive and affordable benefit that will allow the Case Studies in Medicare Part D to enjoy similar benefits that Case Studies in the other categories currently receive.

NOTE: *This is the mid-term Impact report that analyzed data on 62 Case Studies from January 2006- June 2006. A year- end report will be published in February 2007 by the Pennsylvania Alliance for Retired Americans, which will analyze comprehensive Case Study data from January 2006 to January 2007.*

The Implementation of the Medicare Modernization Act: Assessing the Impact on
Pennsylvania Retirees

Official Prescription Drug Survey

AGREEMENT TO PARTICPATE:

Please Read Carefully

January 1, 2006, marked the beginning of the most comprehensive policy change to the Federal Medicare program since its inception with the creation of “Part D”, the establishment of the Medicare prescription drug benefit. The Pennsylvania Alliance for Retired Americans (PARA), a non-profit, non-partisan advocacy organization for seniors, has received a grant from the Labor Education Center at Indiana University of Pennsylvania, through the PA State System of Higher Education to assess the impact of the Medicare Part D Prescription Drug Benefit, resulting from the Medicare Modernization Act (MMA) of 2003.

The information you provide **WILL REMAIN CONFIDENTIAL** and will only be screened by ARA Staff and PARA Zone Coordinators for research and statistical purposes. Information gathered in this survey will be used for two reasons: **FIRST**, to see if you qualify for a year - long study beginning in 2006. **SECONDLY** this data will be used to help the ARA determine the impact of the Medicare Part D on Pennsylvania seniors and will be used to help improve the law in future years.

If the ARA determines that you qualify for this study, Dani Pere, Field Coordinator, we will contact you by phone to discuss your possible participation.

Please sign below to indicate that you have read and accept this agreement to participate:

Signature:

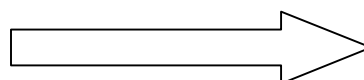
Date:



Name: _____	
Address: _____	

Phone number: _____	Fax: _____
Email: _____	

Begin Survey on Next Page



DIRECTIONS FOR COMPLETETION

Please fill out each section that applies to you with a black or blue ink pen. If you have any questions on how to complete this survey, please call our office at 1-800-242-3770, ext 866 for assistance.

Section A

General Information:

(1A.) Please check the box that indicates your age range:

55-64 65-70 71-80 81 and above

(2A.) Please check the box that best describes your current marital status

Married Single Divorced Widowed Other

(3A.) Do you belong to any of these organizations?

AARP Local Senior Center Union Retiree Organization
 Other National Committee to Preserve Social Security and Medicare

Other Organization(s): _____

(4A.) Are you a member of the Pennsylvania Alliance for Retired Americans through an organizational affiliation or individual membership?

Yes No

(5A.) Were you a member of a union during your working career?

Yes No

(6A.) If so, which union did you belong to:

Section B

Current Prescription Drug Coverage Status

(1B.) On the Following Pages You Will Find **11 PLANS** That Describe Different Categories of Prescription Drug Coverage. Pick Only the Plan(s) That Applies to You. You **DO NOT NEED TO FILL OUT ALL THE PLAN TYPES**.

Below is a Sample of How to Fill Out Your Prescription Drug Status

SAMPLE ONLY

SAMPLE ONLY

Fill Out All That Apply:

- 1) **Name of Plan:** Keystone 65
- 2) **Annual Deductible:** \$100.00
- 3) **Monthly Premium:** \$33.00
- 4) **Co-payment for Generics Drugs:** \$5.00
- 5) **Co-payment for Brand Name Drugs:** \$10.00

STEP BY STEP DIRECTIONS:

- 1) **Name of Plan:** Keystone 65
- 2) **Annual Deductible:** Amount you pay each year before your regular benefits kick in, not applicable with all plans
- 3) **Monthly Premium:** Amount you pay each month for your prescription drug coverage
- 4) **Co-payment for Generics Drugs:** Amount you pay for when purchasing generic drugs
- 5) **Co-payment for Brand Name Drugs:** Amount you pay when purchasing brand name prescription drugs. This co-payment is often a higher amount

Section B Current Prescription Drug Coverage Status Continued

Employer or Union Provided Retiree Rx Coverage

Fill Out All That Apply

1) Name of Plan: _____

2) Annual Deductible: _____

3) Monthly Premium: _____

4) Co-payment for Generics Drugs: _____

5) Co-payment for Brand Name Drugs: _____

PLAN 1

Medigap Policy with Rx Coverage

Fill Out All That Apply

1) Name of Plan: _____

2) Annual Deductible: _____

3) Monthly Premium: _____

4) Co-payment for Generics: _____

5) Co-payment for Brand Name: _____

PLAN 2

Section B

Current Prescription Drug Coverage Status Continued

Medicare Advantage Plan with Rx Coverage

Fill Out All That Apply

- 1) Name of Plan: _____
- 2) Annual Deductible: _____
- 3) Monthly Premium: _____
- 4) Co-payment for Generics: _____
- 5) Co-payment for Brand Name: _____

PLAN 3

Veteran's Administration

Fill Out All That Apply

- 1) Name of Plan: _____
- 2) Annual Deductible: _____
- 3) Monthly Premium: _____
- 4) Co-payment for Generics: _____
- 5) Co-payment for Brand Name: _____

PLAN 4

PACE or PACE NET

Fill Out All That Apply

- 1) Circle One: PACE OR PACE NET
- 2) Annual Deductible: _____
- 3) Monthly Premium: _____
- 4) Co-payment for Generics: _____
- 5) Co-payment for Brand Name: _____

PLAN 5

Section B
Current Prescription Drug Coverage Status Continued

TRICARE

Fill Out All That Apply

- 1) Name of Plan: _____
- 2) Annual Deductible: _____
- 3) Monthly Premium: _____
- 4) Co-payment for Generics: _____
- 5) Co-payment for Brand Name: _____

PLAN 6

FEHB

Fill Out All That Apply

- 1) Name of Plan: _____
- 2) Annual Deductible: _____
- 3) Monthly Premium: _____
- 4) Co-payment for Generics: _____
- 5) Co-payment for Brand Name: _____

PLAN 7

Purchase Rx from International Pharmacy

Fill Out All That Apply

- 1) Country purchased from: _____
- 2) Name of Pharmacy: _____
- 3) Prescriptions Purchased Through:

_____ Mail Order Catalog	_____ Internet	_____ Phone
_____ In Person	_____ Other	

PLAN 8

Section B

Current Prescription Drug Coverage Status Continued

No Current Prescription Drug Coverage

Fill Out All That Apply

1) Are you considering signing up for the new Medicare PART D Benefit that started in January of 2006?

YES NO UNSURE

2) If yes, how are you deciding which plan to sign up for?

3) If you have already signed up for a Medicare Part D plan:

(a) Provider Name: _____

(b) Co-pays: \$ _____

(c) Monthly Premium: \$ _____

(d) Coverage Gaps: _____

4) If you are not signing up at this time, can you please share your reasons why?

PLAN 9

Section B

Current Prescription Drug Coverage Status Continued

Medicaid

Fill Out All That Apply

Prior to January 1, 2006 did Medicaid pay for ALL or PART of your prescription drug costs:

YES NO UNSURE

If yes, please list any deductible you paid: _____

Please list any Co-payment for Generics that you paid: _____

Please list any Co-payment for Brand Name that you paid: _____

Do you know if the Federal Government AUTO-ENROLLED you in a Medicare Part D Prescription Drug Plan prior to January 1, 2006: (Definition of auto-enrolled: the Federal government randomly assigned you to a prescription drug plan)

YES NO UNSURE

If you were AUTO-ENROLLED in a Medicare PART D Plan, what Rx plan did the government assign you to: _____

PLAN 10

Signing Up for a New Medicare Part D Prescription Drug Plan

What is Your Current Level of Coverage?

Did You Qualify for Extra Help From the Federal Government in Paying You Rx Costs?

_____ Yes OR NO _____

Which Prescription Drug Plan Under Medicare Part D Will You Be Signing Up For:

Monthly Premiums: _____

Co-Pays on Generics:

Co-Pays on Brand Name:

Does the Plan You Choose Have Any Coverage Gaps:

YES NO UNSURE

PLAN 11

Section C

Personal Drug Table

(1C.) Please list your current prescription drugs and the costs you pay per MONTH:

Name of Prescription Drug Medication and Dosage	Amount You Pay Out of Pocket	Total Cost of Medication (If Known)
<i>Example:</i> Lipitor - 20 mg/30 tablets	\$15.00	\$107.99
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL:.		

(2C.) Please check the box(s) that best describes the way you purchase your prescriptions:

Pharmacy Mail Order Catalog Internet Other

(3C.) Please check the box that describe how often your prescription(s) is filled:

30 Days 60 Days 90 Days Other

Section D**Actual Prescription Drug Costs, Availability, & Coverage
Limitations**

Please Answer All That Apply

(1D.) How much do you currently pay on supplemental insurance premiums each month for Rx coverage:

\$_____

(2D.) Does your current Rx Plan cover all the medications that you need to take?

Yes

No

(3D.) If not, how do you obtain medications that are not covered under your current plan?

Purchase on own

Samples from my doctor

Other

(4D.) Have you ever been unable to fill your prescription because your current Rx plan stopped covering your medication?

Yes

No

(5D.) Does your current Rx plan require that you get special permission / prior authorization before it will cover medication you need?

Yes

No

(6D.) Does your current Rx Plan have any limitations on the types of prescriptions that you are covered for?

Yes

No

Section D

Actual Prescription Drug Costs, Availability, & Coverage Limitations

(6d.) If yes, please describe. *Example: Requiring a generic before the use of a brand name drug.*

(7D) Does your current Rx Plan impose limits on the how many prescriptions it will fill each month?

Yes No

(7d.) If so, what is the limit on the number of prescriptions you can fill each month:

(8D.) Does your current Rx Plan impose limits on the number of pills that can be included in one prescription?

Yes No

(8d.) If so, what is the limit on the amount of pills that can be filled at one time for one prescription?

(9D). Do you currently use any drug discount cards:

Yes No

(10D). If so, who sponsors the card and how much do you save:

a. Sponsor _____

b. Name of Card _____

c. Savings _____

Section D

Actual Prescription Drug Costs, Availability, & Coverage Limitations

(10D.) Are you considering signing up for the new Medicare PART D Benefit at anytime during 2006?

Yes No

(11D.) If yes, will your part D plan save you money?

Yes No

(11d.) If known, please describe any savings you will benefit from:

(12D.) Do you have an estimate of your monthly out-of-pocket costs?

Yes No

(12d.) If known, please describe an estimate of your monthly out-of-pocket costs - including deductibles, monthly premiums, gaps in coverage, and co-pays for prescriptions:

(13D). Is there anything else that you would like us to know about your current situation regarding prescription drugs?

YOU HAVE NOW COMPLETED THE END OF THE SURVERY!!

We thank you in advance for your willingness to help to improve the Medicare PART D law. Thanks again from the Pennsylvania Alliance – we appreciate your participation, time, and effort in this important survey. Once your survey is processed you will be notified by phone to discuss your possible participation as a case study with our research project.

Please return complete forms to:

PARA

Attn: Survey Desk

231 State Street

7th Floor

Harrisburg, PA 17101

Office Phone: (717) 231-2866

Toll Free: 1-800-242-3770, ext.866

Fax: (717) 238-8541

Email:

dpere@retiredamericans.org

www.retiredamericans.org

Points of Contact: Dani Pere, Field Organizer, ARA

Mike Donaldson, Operations Support Administrator, PARA

Official Use Only

Date Received: _____ Received By: _____

Eligible: YES NO Contacted: _____

Need More Information: _____

Notes:

MONTHLY CASE STUDY QUESTIONNAIRE

Zone: _____

Date: _____

Class:

- | | |
|---|------------------------------|
| (1) Employer / Union / VA / Tricare /FEHB | (2) Medigap Policy |
| (3) Medicare Advantage | (4) PACE / PACE NET |
| (5) No Coverage | (6) Medicaid (Dual-Eligible) |
| (7) International Pharmacy | (8) Part D Coverage |

Name of Rx Plan: _____

Case Study Name: _____

Retiree Coordinator Signature: _____

Directions:

Please email this document to: dpere@retiredamericans.org

Please fax this document to: (717) 238-8541

Please mail this document to:

Dani Pere
PARA
231 State Street, 7th Floor
Harrisburg, PA 17101

Privacy Compliance

Do not share any information on this questionnaire, or let anyone view this document except: (1) PARA Officers, (2) Executive Board Members, (3) Retiree Zone Coordinators and (4) National ARA Staff. These are the only categories of individuals who may review this information.

Questions:

1. How did you obtain your prescriptions: *Please Circle & Check*

- a. Mail Order b. Pharmacy c. International Pharmacy
___ 30 Day Supply ___ Canada
___ 90 Day Supply ___ Mexico

2. Was there a change of price in any of your prescriptions – a sharp or small increase or decrease from the last time your prescription was filled?

___ Yes OR ___ No

a. If so, why did the change in price occur?

b. Does the change present any hardship to you?

3. Were there any changes in your prescription co-payments for generics or name-brands?

___ Yes OR ___ No

a. If so, why did the change in price occur?

b. Does the change present any hardship to you?

4. Did you have any difficulties filling your prescriptions in a timely / efficient manner? If so, please describe.

___Yes OR ___No

5. Were there any known changes in your formulary (if one applies)? If YES, please describe the change

___Yes OR ___No

6. Did your Rx Plan cover all the Medication you needed to take this month? If not, how did you obtain your medications that were not covered?

___Yes OR ___No

7. Did you receive any written, electronic, or oral communication from you plan administrator, union, former employer, CMS, Social Security, or other relevant organization about your Rx coverage status?

___Yes OR ___No

a. If “YES” what did the letter communicate to you?

b. Are you willing to provide us with a copy of the letter?

i. If yes, attache to back of questionnaire

8. Is there anything else that you would like to share with us about your prescription drug status for this month?

Please List All of Case Studies Drugs and Costs:

Name of Prescription Drug Medication (Generic or Name Brand) and Dosage	Amount You Pay Out of Pocket	Total Cost of Medication (If Known)
Example: Lipitor - 20 mg/30 tablets (Name Brand)	\$15.00	\$107.99
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		

TOTAL RX COSTS FOR THIS MONTH: _____

TOTAL RX PREMIUM COSTS THIS MONTH: _____

TOTAL DEDUCTABLE COST THIS MONTH: _____

OTHER:

Zone Coordinator Notes / Comments:

PART D – ADDITIONAL CASE STUDY QUESTIONNAIRE

Zone: _____

Date: _____

Class:

(1) Part D Coverage

Name of Rx Plan: _____

Case Study Name: _____

Retiree Coordinator Signature: _____

Background:

Case studies who are signing up (have signed up) for a new Medicare Part D Rx plan may face special challenges or unique circumstances. To this end, a separate set of one time questions have been developed to highlight the case studies overall experience signing up for a PART D plan. These questions should be asked the first time you interview your case study.

1. Why did you decide to sign up for a PART D Plan?

2. Did you qualify for any type of extra help?
 - a. Please describe:

3. Out of all the plans available in PA, how did you decide which plan was best for you?

4. When did you sign up?

5. How would you rate the level of difficulty in terms of signing up for the PART D Benefit on a scale of 1-10 with 1 being extremely easy and 10 being extremely difficult?

a. 1 2 3 4 5 6 7 8 9 10

b. Please explain your rating:

6. How long did it take to receive your new Rx Card after you applied for PART D?

7. What was your experience like the first time you used your new Rx benefit at the local pharmacy?

8. Was your regular pharmacist / pharmacy in your new plans network?

9. Were all the drugs you were taking previous to January 1, 2006 in your new PART D plans formulary?

10. Are you subject to prior approval for any drugs? If so, please explain why:

11. Does your plan require you to try a generic before paying for the name brand that your doctor prescribed?

12. Does your PART D plan include any supplemental benefits such as coverage for the donut hole?

13. Is there anything else you would like us to know about your overall experience?