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Anybody who has a parent or parents who are in the senior bracket are familiar with the complexities of Medicare Part D. Even those of us in the industry are stumped by the different nuances of this new plan.

With enrollment in full swing, Medicare Part D is having a significant impact on the industry. In the first four weeks, more than 1 million people signed up, with up to 20 million seniors eventually expected to participate. The initial enrollment period ends May 15, 2006. Seniors with existing prescription drug benefits will have to choose to stay with their current coverage or move to a Part D plan; 15 million to 17 million seniors have no prescription drug coverage. Every plan that offers Part D coverage has its own formularies, warded by a plan committee. Patients will have to consider the formularies of each plan when deciding which plan to enroll in, or whether to enroll at all.

For many seniors, Medicare Part D is a lot of cumbersome forms, unintelligible language, and just plain confusing.

The seniors in my life, my father who just turned 70 and my mother who is, well let's just say 60ish, are having no better luck navigating through the Medicare maze than their friends.

Thankfully, both are in comparably good health — a couple of daily medications — but nothing serious. My father is not participating in the plan because he receives his medications from the local Veteran's Administration office, which offers them for less than he can get under Medicare. My mother, on the other hand, received much of the information she needs to make a decision from her local insurance agent. Many of their friends are in the same boat and are searching for the best information to make the best decision.

During a recent visit, I took a straw poll among my parents' friends. Many said they were still confused even after having attended seminars, speaking with representatives at the local Wal-Mart and drug stores, and receiving information from their own insurance carriers. My small sample mirrored what some national polls have found: 71% of seniors found Medicare Part D somewhat



Taren Grom

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or very hard to understand. And who can blame them?

And even though most pharmaceutical companies have put together programs to help educate seniors, there is still a long way to go to ensure proper enrollment of those eligible for benefits under the plan.

For pharmaceutical companies there is a lot at stake. In early February, CMS announced that the net cost to the federal government for the drug coverage in 2006 is expected to be \$30.5 billion, down from a previously estimated \$38.1 billion. The actual or "net" costs to the federal government, accounting for Medicaid savings, are also significantly lower over 10 years, dropping from last year's estimated \$737 billion to \$678 billion. For the 10-year period from 2006 to 2015, the "total" Medicare drug benefit cost, without accounting for Medicaid savings, is now estimated to be about \$130 billion less — \$797 billion compared with an estimated \$926 billion last year. State "clawback" payments are now projected to be 25% less over this period.

As of January, about 24 million Medicare beneficiaries now have drug coverage, with about 3.6 million self-enrolled in the new "stand-alone" prescription-drug plans and around 300,000 new enrollees in Medicare Advantage plans with drug coverage.

Clearly, Medicare Part D has its benefits, now only if our seniors can figure out a way to finish the paperwork.

Taren Grom
Editor

Navigating through the maze