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2009 MEDICARE PART D PREMIUMS TO RISE DRAMATICALLY: OVER 2 MILLION LOW INCOME BENEFICIARIES AT RISK

Skyrocketing prices and plan changes leave low-income beneficiaries to navigate confusing system in search of affordable drug coverage

USA – Over 2 million low-income Medicare beneficiaries may once again face a disruption to their prescription drug coverage as skyrocketing premium costs and a dramatic reduction in plans available will require them to switch to new Medicare Part D plans to avoid new costs next year. Changes to the 2009 Medicare Part D plans will force low income beneficiaries to switch to new plans or face premiums that they cannot afford and/or limit access to the medicines prescribed by their doctors, according to a report released today by the National Senior Citizens Law Center (NSCLC). Open enrollment for selecting a new plan starts November 15th and runs until December 31st; new plans will take effect on January 1st, 2009.

The Low Income Subsidy program provides total or partial premium assistance to over 9 million low-income seniors and individuals with disabilities. These Medicare beneficiaries only receive the full benefit of the subsidy if they enroll in plans with premiums below an amount set yearly by Medicare. Because Medicare Part D benefits are administered through private insurance companies, premium costs change from year-to-year and so do the plans that are fully covered by the subsidy.

Approximately twenty-five percent of Low Income Subsidy recipients are currently enrolled in plans that are fully covered by the subsidy in 2008, but will not be in 2009. These beneficiaries will need to switch to a new plan in order to avoid a premium in 2009. The majority (1.6 million) of these beneficiaries will be automatically reassigned to a new plan by Medicare. But since Medicare's reassignment process does not consider the prescription drug need of the beneficiary, the new plan may not cover their drugs. And the reassignment process can be disruptive and confusing. Reassigned beneficiaries must become accustomed to a new card, a new customer service center, a new formulary, new utilization management rules, a new exceptions and appeals process, a new pharmacy network, a new mail order system and more.

The remaining 620,000 impacted Low Income Subsidy recipients will need to change plans themselves in order to avoid the new premium costs starting in January 2009. It is likely that many beneficiaries will not understand the importance of changing plans. These beneficiaries will be surprised to receive premium bills in January. Those who do understand the need to change plans may have difficulty finding another plan that covers the drugs they need.

“We are trying to get the word out now to help beneficiaries avoid a disruption in access to their medications,” said Kevin Prindiville, Staff Attorney at the National Senior Citizens Law Center. “Everyone who receives premium assistance from Medicare for their Part D benefit should make sure that the subsidy will continue to cover their plan premiums and that their plan will continue

to cover their prescriptions. All beneficiaries need to make sure that the plan they will be enrolled in for 2009 covers the drugs they need.”

Trends show that plan choice under the Part D program is shrinking, particularly for those who benefit from the Low Income Subsidy that assists with premium, deductible, and co-pay costs. With fewer and fewer plans to choose from, it becomes less likely that LIS recipients will find plans they can afford that cover the medications they need.

- Between 2008 and 2009, in every state at least three of the plans that qualified as low income subsidy plans in 2008 will not be low income subsidy plans in 2009.
- Between 2008 and 2009, the total number of low income subsidy plans offered decreased in all but one state. In one state there will only be one low income subsidy plan in 2009.
- The number of low income subsidy plans offered across all states decreased by nearly 40% between 2008 and 2009 and has decreased by over 50% since 2007.
- More than 1.6 million low income beneficiaries will be reassigned by Medicare to a new plan in 2009. An additional 620,000 will need to switch plans themselves to avoid a monthly premium.
- Non-low income Medicare Part D beneficiaries will also face higher premium costs.

“Depending on a variety of factors, low income Part D beneficiaries may find themselves unable to access their prescription medication, paying a monthly premium that they cannot afford, or both,” said Hector Javier Preciado, Health Policy Director at the Greenlining Institute. “The current Part D system and its lack of stability places too heavy a burden on beneficiaries, many of whom are ill, do not speak English as a first language, or are simply overwhelmed by the complexity of the choices before them.”

The disruption beneficiaries face this year is not new. Last year, over 2.5 million Low Income Subsidy recipients were affected by plan changes. The sheer number of beneficiaries affected each year means that many beneficiaries who needed to change plans last year need to change plans this year too.

The new NSCLC report recommends a number of changes to the Medicare Part D system that would reduce annual disruption to low income beneficiaries, including:

- Establishing a Medicare-administered Part D plan to provide Part D enrollees the same options and choices they have in other parts of the Medicare program;
- Changing the way that plans eligible for the Low Income Subsidy are identified in order to reduce the annual changes to eligible plans;
- Requiring plans that are eligible for the Low Income Subsidy also provide high quality, comprehensive services;
- Improving the reassignment process so that it also takes a beneficiary’s known prescription needs into account when identifying a new plan;
- Expanding communications to better inform *all* subsidy recipients about likely changes to their current plans and options available to them for the coming year; and
- Sharing more information with the public about Low Income Subsidy recipients and the reassignment process.

Beneficiaries seeking assistance making choices about their coverage in 2009 should contact their local State Health Insurance Assistance Program (SHIP). They can get the number for their local SHIP office at www.shipusa.org. For a copy of the full NSCLC report, go to <http://www.nsclc.org/areas/medicare-part-d>.

About the National Senior Citizens Law Center

The National Senior Citizens Law Center advocates nationwide to promote the independence and well-being of low-income elderly and disabled Americans.

Since 1972, the National Senior Citizens Law Center has worked to promote the independence and well-being of low-income elderly and disabled Americans, especially women, people of color, and other disadvantaged minorities. Because we believe in publicly-funded safety net programs, we work to preserve and strengthen Medicaid, Medicare Part D, Social Security and SSI. To guarantee fair treatment, we work for greater access to federal courts for citizens and for better enforcement of consumer's legal rights in safety net programs.

NSCLC works toward an America in which elderly people and people with disabilities can live in dignity and safety, free of the worries and pain of poverty, able to afford health care to the end of their days, and able to contribute to their families and societies to the best of their abilities.

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