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**Contact:**

CMS Office of Public Affairs  
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**MEDICARE PRESCRIPTION DRUG BENEFIT'S PROJECTED COSTS  
CONTINUE TO DROP**

**PART D ATTRACTS NEW BENEFICIARIES AND ACHIEVES HIGH RATES OF  
SATISFACTION**

Continuing a solid record of strong competition and wise beneficiary choice, the projected cost of providing Medicare beneficiaries with a prescription drug benefit through private health plans has come down again, according to FY 2009 budget documents that will be released next week.

The overall projected cost of the drug benefit is \$117 billion lower over the next ten years than was estimated last summer due to the slowing of drug cost trends, lower estimates of plan spending and higher rebates from drug manufacturers. Compared to original Medicare Modernization Act (MMA) projections, the net Medicare cost of the new drug benefit is \$243.7 billion (or 38.5 percent) lower over the ten- year period (2004-2013) used to score the MMA.

Moreover, following the third open enrollment season for the prescription drug program, there are 1.5 million more enrollees in Part D, bringing the total number of beneficiaries enrolled in Part D to 25.4 million. The total number of Medicare beneficiaries with drug coverage is now about 39.5 million. In addition, seniors enrolled in the prescription drug program are extremely satisfied. Recent independent surveys indicate that beneficiaries' satisfaction with the Part D benefit is at more than 85 percent.

"As we enter the third year, Medicare's prescription drug benefit is proving a resounding success," said U.S. Health and Human Services Secretary Mike Leavitt. "Enrollment continues to rise, customer satisfaction remains very high, and costs for beneficiaries and taxpayers are considerably lower than original projections."

Noting the enrollment of 250,000 additional beneficiaries who are eligible for extra help through the Low-Income Subsidy (LIS) program, Kerry Weems, acting administrator for the Centers for Medicare & Medicaid Services (CMS) noted, "Medicare's Part D prescription drug program is becoming a stable and familiar part of the nation's health care landscape. At the same time, we remain committed to finding and enrolling people eligible for the low income subsidy and will continue to work with partners throughout 2008 to encourage eligible beneficiaries to apply for the subsidy. Moreover, LIS eligible beneficiaries can enroll in a Medicare drug plan at any time throughout the year and not wait until the next open enrollment period, nor incur a late enrollment penalty."

Tracking surveys that CMS conducted in January on Medicare's outreach activities and further development of the Agency's plan compare tools indicated these efforts were successful. Results from the survey indicate that 85 percent of people with Medicare were aware of the open enrollment period and over two-thirds reviewed their current plan for cost and coverage changes.

1-800-MEDICARE received over 4 million calls during the Nov 15 – Dec 31, 2007, open enrollment period, an 11 percent increase from the comparable period in 2006. At the same time, online enrollments totaled more than half a million enrollments, a 49 percent increase over the number who enrolled online during the fall 2006.

"People with Medicare are increasingly knowledgeable about the prescription drug benefit, and they used the information and resources provided by CMS to compare the available plans," Weems said. "As informed consumers, many beneficiaries decided to remain with their current plan, but others took this opportunity to enroll in a different plan that, in their judgment, better meets their needs in 2008."

CMS' data indicate that in 2008 about 3.1 million Part D enrollees, or 12 percent, changed plans. Of those who changed, 2.1 million were

beneficiaries receiving the low-income subsidy (LIS) who were reassigned so they would not have to pay a premium. About six percent of all non-LIS beneficiaries who are enrolled in Part D made a change, a level that is consistent with changes made during health coverage open enrollment periods in the private sector.

Overall, about 90 percent of the nation's 44 million Medicare beneficiaries have drug coverage from Medicare or another source. Approximately 25.4 million are enrolled in Part D; 6.6 million retirees are enrolled in employer or union-sponsored retiree drug coverage that receives the Retiree Drug Subsidy (RDS); and 7.5 million are receiving drug coverage from other alternative creditable sources such as TRICARE; the Federal Employees Health Benefits Program; the Department of Veterans' Affairs or from their current employers.

National and State level enrollment data can be found at [http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/01\\_Overview.asp](http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/01_Overview.asp)