

Medicare's Drug Program Enrollment Up, Costs Down

THURSDAY, Jan. 31 (HealthDay News) -- The three-year-old Medicare Part D drug program is seeing the number of its enrollees climb, even as costs for the program fall, U.S. health officials announced Thursday.

"Overall, costs for beneficiaries and taxpayers are considerably lower than originally projections, enrollment continues to rise and customer satisfaction remains very high," Kerry Weems, acting administrator at the U.S. Centers for Medicare and Medicaid Services (CMS), told reporters.

But critics aren't so enthusiastic, with many still faulting the program for its complexity, its high co-pays on some drugs and its inability to negotiate lower prices with the drug industry.

According to Weems, the projected cost for Medicare part D is \$117 billion lower over the next decade than experts estimated just last summer. "This means that over the 10-year period [from] 2008 to 2017, the estimated \$915 billion cost of Part D fell to \$798 billion," he said.

These reductions in costs are due to the slowing of price increases, lighter administrative costs and higher rebates from drug manufacturers, Weems added.

At the same time, he reported, after the third open enrollment period that ended in December, the plan now has an additional 1.5 million people.

"Overall, there are about 25.4 million people enrolled in Part D," Weems said.

And, he noted, "there are now 39.5 million people, most in Medicare, with some form of drug coverage."

When the new drug plan rolled out in 2006, health officials estimated that 43 million Americans would be eligible for some drug benefit.

Most people surveyed today -- more than 85 percent -- are satisfied with the plan, Weems noted.

But a critic was less than impressed by those numbers.

"The administration has set a pretty low bar for measuring success," said Robert M. Hayes, president of the Medicare Rights Center. "Is Part D better than nothing? Absolutely. But do taxpayers get a dollar's worth of coverage for every dollar put into this program? Absolutely not."

Hayes believes several things need to be done to improve the program. "It's discouraging that the administration wants to pat itself on the back rather than make those changes," he said.

For one, the program needs to be less complex so that seniors have an easier time choosing a drug plan, Hayes said. In addition, drug plans need to be prevented from lumping out-of-pocket costs onto the sickest people. As an example, Hayes pointed to the high co-pays associated with chemotherapy.

Moreover, Medicare needs to be able to negotiate prices with drug companies, which it is currently prohibited from doing, Hayes said. "The program continues to pump tens of billion of dollars into the drug market, but cannot use that market power to drive prices of medicine [down] to worldwide levels," he said.

While Weems touted Part D's success, the Bush administration is about to ask for large cuts in the growth of Medicare -- cuts that go far beyond those proposed last year, *The New York Times* reported Thursday. In addition, President Bush will also ask for cuts in Medicaid, the newspaper said.

According to the *Times*, cuts in Medicare will total \$6 billion in the next year and \$91 billion from 2009 to 2013. For Medicaid, proposed cuts would top \$1.2 billion next year and almost \$14 billion over five years.

Most of the Medicare savings would come from reduced payments to hospitals, nursing homes, hospices, ambulances and home care agencies, the article said.