

Seniors must shop as Medicare drug premiums rise

By Julie Appleby, *USA TODAY* (November 12, 2007)

Starting next week, those eligible for Medicare can begin enrolling in the optional drug plan for 2008, with a dizzying array of choices – and potential premium increases for 74% of those who currently have a stand-alone drug plan.

"If seniors don't switch plans, they could well experience an increase in their premiums and, for some, it could be a fairly large increase," says Tricia Neuman of the non-partisan Kaiser Family Foundation, which analyzed Medicare data. Other changes include:

- Only one insurer – serving Florida – covers brand-name drugs in the coverage gap, known informally as the "doughnut hole." Many insurers do, however, cover generic drugs in the coverage gap.
- About 1.6 million low-income enrollees will be switched from their current plans to other insurers because premiums rose above a government benchmark.
- About 19% of those currently enrolled in stand-alone drug plans will see an increase of \$120 or more a year in premiums, unless they switch plans, while 28% would see an increase of \$60 to \$120 and 27% would see an increase of up to \$60, according to the Kaiser analysis. About 25% will see a decrease in their monthly premiums next year, and 1% will stay the same.

Residents of most states have 50 or more stand-alone drug plans to choose from.

Nationally, premiums for the drug-only program range from \$9.80 to \$107.50 a month, varying by insurer, state and plan type, the Kaiser analysis shows. If all enrollees stayed in the same plans they are in this year, average monthly premiums would rise to \$31.99, the Kaiser study says.

One of the plans with the heaviest enrollment – Humana's PDP Standard – has seen sharp price increases since the program began in 2006: Humana's standard plan averaged \$114 a year in 2006, when the insurer aimed to gain market share by being the low-price leader nationally, but has nearly tripled to \$310 in 2008, the Kaiser study says.

Humana spokesman Tom Noland says the company has "competitively priced options for 2008," including some that are lower than its standard plan cost in 22 regions.

Medicare officials say that people can avoid premium increases next year: "In every state, people will be able to find a plan that costs less than \$20 a month," says Herb Kuhn of the Centers for Medicare and Medicaid Services. Advocates say it pays to shop around.

"It's clear that for many people, the most expensive plans could have the lowest premiums," says Robert Hayes of the Medicare Rights Center. "That's because low premiums often go hand-in-hand with high co-payments for each prescription."

Continuing a trend that began last year, most insurers have dropped all coverage of brand-name drugs in the so-called doughnut hole. Some do pay for generic drugs during the coverage gap, but consumer advocates say enrollees should consider such plans carefully, as they are more costly. The

Kaiser study shows the average premium for a stand-alone drug plan with some coverage in the doughnut hole is \$63.29, compared with the average for those without at about \$31.

The program, which began in 2006, has more than 24 million enrollees. Open enrollment ends Dec 31.

COST FOR DRUG PLANS BY STATE

The cost and the number of Medicare drug plans vary by state, with most having more than 50 different plans.

State	Number of plans, 2008	Monthly premiums	
		Low	High
Alabama	53	\$18.00	\$98.00
Alaska	47	\$14.70	\$99.50
Arizona	51	\$9.80	\$99.50
Arkansas	55	\$13.00	\$98.00
California	56	\$14.30	\$102.70
Colorado	55	\$15.60	\$99.50
Connecticut	51	\$14.60	\$99.50
Delaware	52	\$16.10	\$97.50
District of Columbia	52	\$16.10	\$97.50
Florida	58	\$12.10	\$97.50
Georgia	54	\$16.60	\$97.50
Hawaii	49	\$13.70	\$99.50
Idaho	54	\$17.10	\$99.50
Illinois	53	\$17.70	\$97.50
Indiana	52	\$17.30	\$98.00
Iowa	52	\$13.90	\$99.00
Kansas	52	\$14.90	\$99.50
Kentucky	52	\$17.30	\$98.00
Louisiana	50	\$14.30	\$97.50
Maine	53	\$14.80	\$99.50
Maryland	52	\$16.10	\$97.50
Massachusetts	51	\$14.60	\$99.50
Michigan	55	\$17.90	\$97.50
Minnesota	52	\$13.90	\$99.00
Mississippi	49	\$17.50	\$97.50
Missouri	52	\$17.20	\$97.50
Montana	52	\$13.90	\$99.00

Nebraska	52	\$13.90	\$99.00
Nevada	53	\$12.10	\$99.50
New Hampshire	53	\$14.80	\$99.50
New Jersey	57	\$14.80	\$98.50
New Mexico	55	\$10.40	\$97.50
New York	55	\$16.70	\$107.50
North Carolina	52	\$14.50	\$98.00
North Dakota	52	\$13.90	\$99.00
Ohio	58	\$16.60	\$98.00
Oklahoma	52	\$16.40	\$98.50
Oregon	55	\$14.80	\$101.60
Pennsylvania	63	\$15.40	\$99.00
Rhode Island	51	\$14.60	\$99.50
South Carolina	56	\$15.40	\$99.00
South Dakota	52	\$13.90	\$99.00
Tennessee	53	\$18.00	\$98.00
Texas	56	\$12.10	\$97.50
Utah	54	\$17.10	\$99.50
Vermont	51	\$14.60	\$99.50
Virginia	52	\$15.10	\$98.00
Washington	55	\$14.80	\$101.60
West Virginia	63	\$15.40	\$99.00
Wisconsin	57	\$14.10	\$99.50
Wyoming	52	\$13.90	\$99.00

Source: Kaiser Family Foundation analysis of 2008 Part D Landscape files, Centers for Medicare & Medicaid Services (CMS), October 2007.