

# The Medicare Drug Benefit: Summary of Plan Offerings in California

Beginning January 1, 2006, the Medicare program will offer an outpatient prescription drug benefit designed to lower the cost of prescription drugs for most beneficiaries. To receive the new drug benefit, beneficiaries will have to enroll in one of two types of private Medicare insurance plans: Medicare Advantage managed care plans that will provide drug coverage and all other services covered by Medicare (MA-PDs), or stand-alone prescription drug plans (PDPs) that provide prescription drug coverage only for beneficiaries who remain in the Medicare fee-for-service delivery system. While all PDPs will be available statewide, most MA-PDs will not.

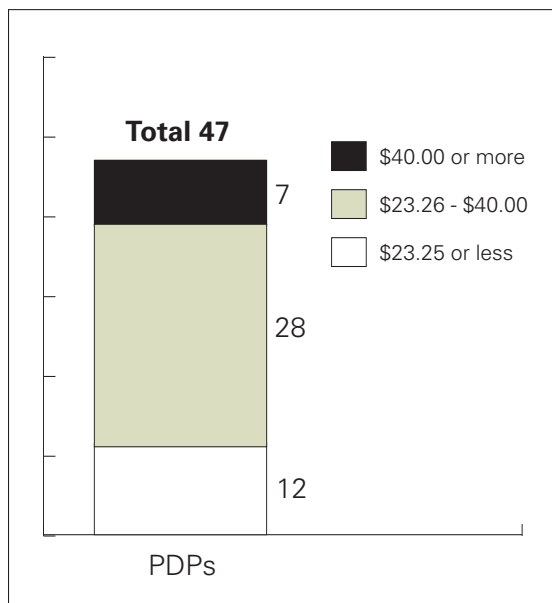
Many low-income beneficiaries who qualify for the full federal subsidy can enroll in some Medicare drug plans at no cost, provided they choose a plan offering the standard drug benefit with a premium at or below the regional benchmark (\$23.25 in California). This group includes dual-eligible beneficiaries, who will lose their Medi-Cal coverage for prescription drugs on January 1, and certain other low-income beneficiaries. (An explanation of the federal subsidy structure is included in the CHCF issue brief *The Medicare Drug Benefit: Implications for California*, available at [www.chcf.org](http://www.chcf.org).) Low-income beneficiaries who qualify for the full subsidy can also choose to enroll in a Medicare drug plan with a higher premium or an enhanced benefit design if they

pay the difference between the premium and the regional benchmark.

On September 30, 2005, the Centers for Medicare and Medicaid Services (CMS) announced the prescription drug plans that will deliver the new benefit in California. CMS has subsequently identified the plans operating in each county and provided some cost sharing and drug coverage information. Early analysis of the market response in California indicates the following:

*Beneficiaries in California will have 47 PDPs to choose from, with a wide range of premiums.*

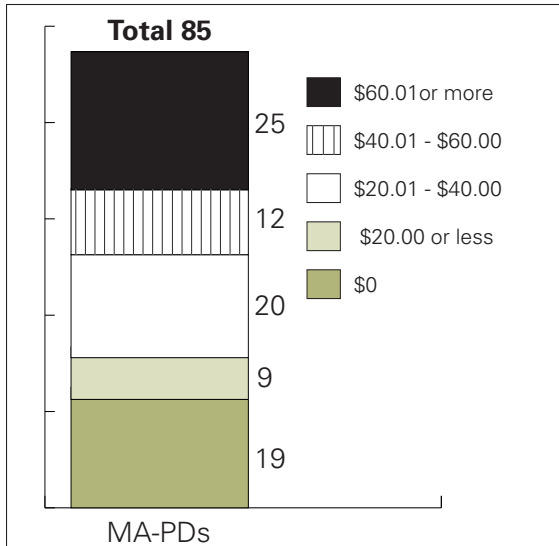
**Figure 1: Number of PDPs and Monthly Premiums**



Note: Beneficiaries enrolled in fee-for-service Medicare will continue to pay premiums for Part B coverage (\$88.50 each month in 2006) in addition to the drug benefit premiums shown here.

*MA-PDs will provide drug benefits and all other services covered by Medicare. Some MA-PDs in California will be available for no additional premium.*

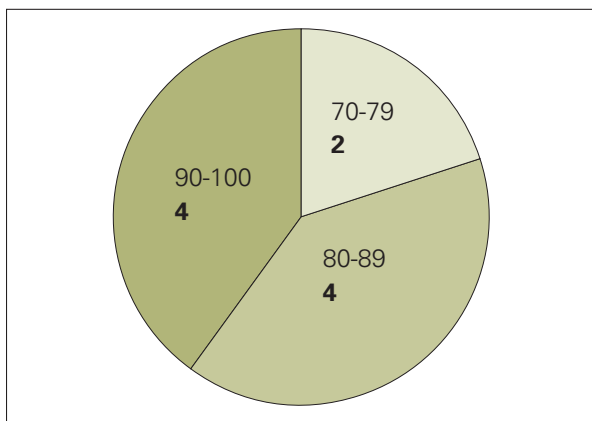
**Figure 2: Number of MA-PDs and Total Monthly Premiums**



Note: These numbers include every MA-PD offering Part A, B, and D benefits that are operating in at least one county. If multiple plans have the same name and require the same premiums and cost sharing, the plan was only counted once. Beneficiaries who enroll in an MA-PD may or may not be required to pay premiums for Part B coverage (\$88.50 each month in 2006).

*Low-income beneficiaries eligible for the full subsidy can choose among 10 statewide plans and pay no premium; four of these plans cover at least 90 of the top 100 drugs.*

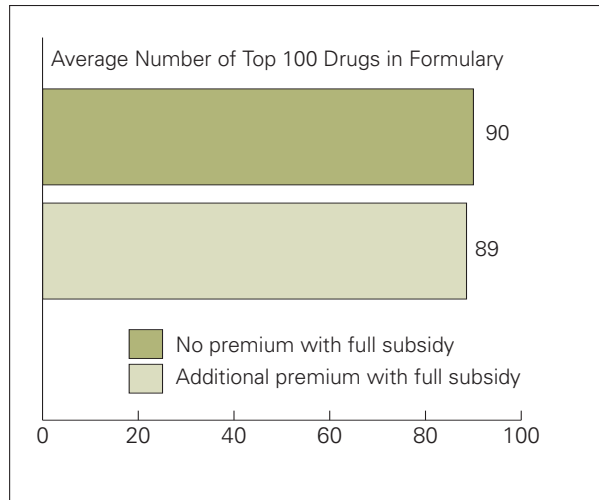
**Figure 3: Coverage of Top 100 Drugs Among Stand-Alone PDPs with No Premium for Full-Subsidy Beneficiaries**



Note: Top 100 drugs based on use among Medicare beneficiaries who are using a Medicare-approved drug discount card.

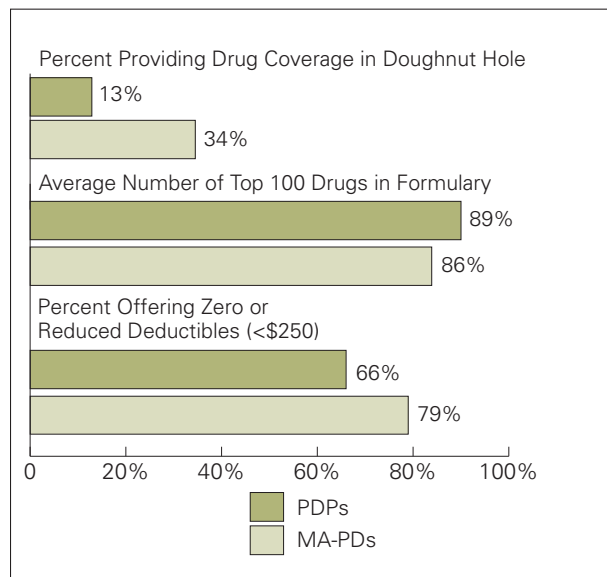
*Based on information provided by CMS, most PDPs are covering a similar percentage of top 100 drugs regardless of their premium.*

**Figure 4: Comparison of Top 100 Drugs in Formularies Among PDPs**



*MA-PDs are more likely than PDPs to provide some coverage in the doughnut hole\* and to offer zero or reduced deductibles, but cover fewer of the top 100 drugs in their formularies.*

**Figure 5: Comparison of PDPs and MA-PDs**



\*Medicare beneficiaries are responsible for 100% of their costs from \$2,250 to \$5,100 in total drug spending. This coverage gap is referred to as the "doughnut hole."

*Plan offerings vary by county from 77 PDP and MA-PD plans in Los Angeles County to 49 plans in several counties. Not all plans are available in each county.*

**Figure 6: PDPs and MA-PDs Offered in California, by County**

County	Medicare Population*	Number of PDPs		Number of MA-PDs †
		No premium with full subsidy	Additional premium with full subsidy	
Alameda	168,345	10	37	7
Alpine	160	10	37	2
Amador	7,701	10	37	4
Butte	38,845	10	37	2
Calaveras	9,094	10	37	2
Colusa	3,119	10	37	2
Contra Costa	130,070	10	37	6
Del Norte	4,859	10	37	2
El Dorado	27,179	10	37	4
Fresno	100,351	10	37	8
Glenn	4,223	10	37	2
Humboldt	21,334	10	37	2
Imperial	20,304	10	37	2
Inyo	3,722	10	37	2
Kern	85,081	10	37	13
Kings	12,354	10	37	4
Lake	13,226	10	37	2
Lassen	4,204	10	37	2
Los Angeles	1,087,002	10	37	30‡
Madera	20,288	10	37	5
Marin	38,380	10	37	4
Mariposa	3,457	10	37	4
Mendocino	15,478	10	37	2
Merced	22,911	10	37	2
Modoc	1,930	10	37	2
Mono	1,064	10	37	2
Monterey	45,559	10	37	2
Napa	22,759	10	37	4
Nevada	17,763	10	37	3
Orange	328,268	10	37	26‡
Placer	45,329	10	37	7
Plumas	4,383	10	37	2
Riverside	236,569	10	37	20
Sacramento	171,318	10	37	7

**Figure 6: PDPs and MA-PDs Offered in California, by County (continued)**

County	Medicare Population*	Number of PDPs		Number of MA-PDs †
		No premium with full subsidy	Additional premium with full subsidy	
San Benito	5,152	10	37	2
San Bernardino	191,058	10	37	20
San Diego	365,264	10	37	14
San Francisco	124,703	10	37	9
San Joaquin	76,444	10	37	6
San Luis Obispo	41,815	10	37	3
San Mateo	97,224	10	37	7
Santa Barbara	58,322	10	37	6
Santa Clara	186,790	10	37	6
Santa Cruz	29,815	10	37	3
Shasta	36,069	10	37	2
Sierra	701	10	37	2
Siskiyou	10,299	10	37	2
Solano	46,629	10	37	5
Sonoma	67,311	10	37	6
Stanislaus	62,092	10	37	5
Sutter	12,448	10	37	4
Tehama	10,263	10	37	2
Trinity	3,220	10	37	2
Tulare	45,737	10	37	5
Tuolumne	11,889	10	37	2
Ventura	97,070	10	37	9
Yolo	20,112	10	37	8
Yuba	8,805	10	37	4

Note: Information on the number of MA-PDs that qualify for full-subsidy assistance is not included in this chart because CMS has not yet made the information available.

\* Kaiser Family Foundation Medicare Health Plan Tracker ([www.kff.org/medicare/healthplantracker/](http://www.kff.org/medicare/healthplantracker/)). Data based on Mathematica Policy Research analysis of CMS State/County Market Penetration Files from March 2005.

† Does not include demonstration plans, Part B-only plans, or plans that do not include Part D prescription drug coverage.

‡ Includes MA-PDs that are not available in the entire county.

CMS has not yet provided complete information on the prescription drug coverage or appeals process of each plan. Such information is needed to fully assess the generosity of the coverage provided by Medicare drug plans, and to develop a complete picture of the options available to Medicare beneficiaries in each of California's 58 counties.

For more background on the Medicare drug benefit and its implications for California, visit the California HealthCare Foundation's Web site at [www.chcf.org/topics/healthinsurance/drugbenefit](http://www.chcf.org/topics/healthinsurance/drugbenefit).

A list of the drug plans offering coverage in California is available on the CMS Web site at <http://www.cms.hhs.gov/map/map.asp#CA>.