

FOR IMMEDIATE RELEASE

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## **MEDICARE RELEASES DATA ON 2007 DRUG PLAN OPTIONS More Plans with Coverage in the Gap**

Seniors and people with disabilities who are satisfied with their current Medicare prescription drug coverage will not have to take any action when the Medicare Open Enrollment period begins November 15<sup>th</sup>, but those who wish to make a change will find new options with lower costs and more comprehensive coverage available for 2007. They will also find new tools from Medicare to help them make a choice. Surveys consistently show over 80 percent of Medicare beneficiaries are satisfied with their current coverage and drug plans. As a result of the Medicare prescription drug benefit, more than 38 million seniors and people with disabilities now have some form of drug coverage.

The monthly premium beneficiaries will pay in 2007 will average \$24 if they stay in their current plan -- about the same as in 2006. While some people will see an increase in their current plan premiums, they have the option to switch plans. Nationally, 83 percent of beneficiaries will have access to plans with premiums lower than they are paying this year, and beneficiaries will also have access to plans with premiums of less than \$20 a month.

Beneficiaries will have more plan options that offer enhanced coverage, including zero deductibles and coverage in the gap for both generics and preferred brand name drugs. Plans are adding drugs to their formularies. Nationwide the average number of drugs included on a plan formulary will increase by approximately 13 percent, and plans will also use utilization management tools at a lower rate.

“The Medicare prescription drug benefit, passed by Congress and signed into law by the President, is saving seniors an average of \$1,200 a year, and it just keeps getting better,” HHS Secretary Mike Leavitt said. “In 2007, there will be more plans with coverage in the gap, more drugs covered, and more help from Medicare in choosing the plan that’s best for you.”

During the 2007 bidding process, strong competitive pressure resulted in bids (costs of coverage) that average 10 percent less than in 2006. According to guidance from the Centers for Medicare & Medicaid Services (CMS), each drug plan or health plan needed to show meaningful variation in their plan choices, including only two basic coverage options per region. CMS also encouraged plans to offer a third option only if it included enhanced benefits, such as providing coverage in the coverage gap (“donut hole”) or covering excluded drugs.

“With next year’s drug coverage, we want to build on the high level of beneficiary satisfaction in 2006 by strengthening the drug benefit in key ways,” said CMS Administrator Mark B. McClellan, M.D., Ph.D. “As a result of robust competition and smart choices by seniors, plans are adding drugs, removing options that were not popular, and providing more options with enhanced coverage.”

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“If you’re satisfied with your coverage, you do not have to do anything during the Open Enrollment period. If you are considering a change, Medicare has new tools to help,” Dr. McClellan said.

Across the country, nearly all beneficiaries enrolled in Medicare prescription drug plans will be able to remain in the plan in which they enrolled for 2006 since almost all Part D sponsors are either continuing their current plans in 2007 or streamlining and consolidating their 2006 plans. They will be able to choose from plans that offer enhanced benefits or services, such as coverage in the gap and little or no deductible. Beneficiaries will have a wide range of plans that have zero deductibles, some of which also offer other enhanced benefits. There are also options that cover generics and preferred brand name drugs through the coverage gap for as low as \$38.70, and generally for under \$50.

Beneficiaries with limited incomes who qualify for the extra help will have a range of options available for comprehensive coverage. Beneficiaries who qualify for the full Medicare subsidy will pay no premiums or deductibles in these plans. Nationally, over 95 percent of low income beneficiaries will not need to change plans to continue to receive this coverage for a zero premium.

There are eight new national organizations offering drug plans to beneficiaries, in addition to the nine national organizations that were available in 2006. The list of national plans can be found at [www.medicare.gov/medicarereform/local-plans-2007.asp](http://www.medicare.gov/medicarereform/local-plans-2007.asp).

In general, beneficiaries will also have greater access to Medicare Advantage health plans next year, generally with lower costs for drug coverage. These plans offer an opportunity for additional benefits beyond those covered in the original Medicare program, with savings that average around \$82 a month for hospital and physician benefits. In addition to these savings, Medicare Advantage plans provide overall care coordination, and more effective use of drugs that lead to savings in other health care costs. As a result, the cost of drug coverage in Medicare Advantage plans is about \$6 a month lower on average nationally in 2007 than in 2006. In addition, most beneficiaries will have access to plans that provide basic drug coverage for \$0, and many will have access to plans that also provide coverage in the gap for \$0.

In addition to prescription drug plans, Medicare beneficiaries in 39 states will have access to the first Medical Savings Account plans and related consumer-directed plans ever available in Medicare. These plans provide Medicare beneficiaries with more control over their health care utilization and health care costs, while providing them with important coverage against catastrophic health care costs.

Beneficiaries who want to consider other options will have access to help from many sources in the fall including:

- A notice of any coverage changes from their drug plan, coming at the end of October;
- The enhanced Medicare Drug Plan Finder will be available in mid-October;
- 1-800-Medicare (1-800-633-4227) which will be available 24/7;

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- The *Medicare & You 2007* handbook, the annual handbook that explains Medicare coverage, which beneficiaries will receive in October; and
- Local organizations such as the State Health Insurance Assistance Programs (SHIPs) and thousands of other Medicare partner organizations that will provide personalized assistance throughout the fall.

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