



Enrollment in the Medicare Drug Benefit

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Choosing to Enroll in the Medicare Drug Benefit Is a Complex Decision

- Beneficiary decision includes considering:
 - » Current drug coverage's formulary, premium and cost-sharing offerings
 - » Eligibility and application for low-income assistance
 - » Comparing plans (many more PDP and MA-PD plans than expected)
- CMS plan comparison tools will enable beneficiaries to compare:
 - » Pharmacy networks
 - » Formulary, including drug list and management tools
 - » Premiums
 - » Coinsurance or copayment

■■■ CBO Assumptions about Part D Enrollment (1)

Small group of beneficiaries do not enroll in Part D

- 6% of Medicare beneficiaries who do not participate in Part B
- 7% of beneficiaries enrolled in Part B who are either:
 - » Active workers receiving drug coverage through employers, or
 - » Beneficiaries receiving coverage through federal programs (veterans, federal retirees, and military retirees)

■■■ CBO Assumptions about Part D Enrollment (2)

All retirees either receive drug coverage through an employer, or enroll in a Part D plan

- 30% of beneficiaries enrolled in Part B receive coverage through a former employer
 - » Two-thirds of those beneficiaries will see their employers take the retiree drug subsidy and receive drug benefits through the employer
 - » One-third are expected to enroll in Part D plans

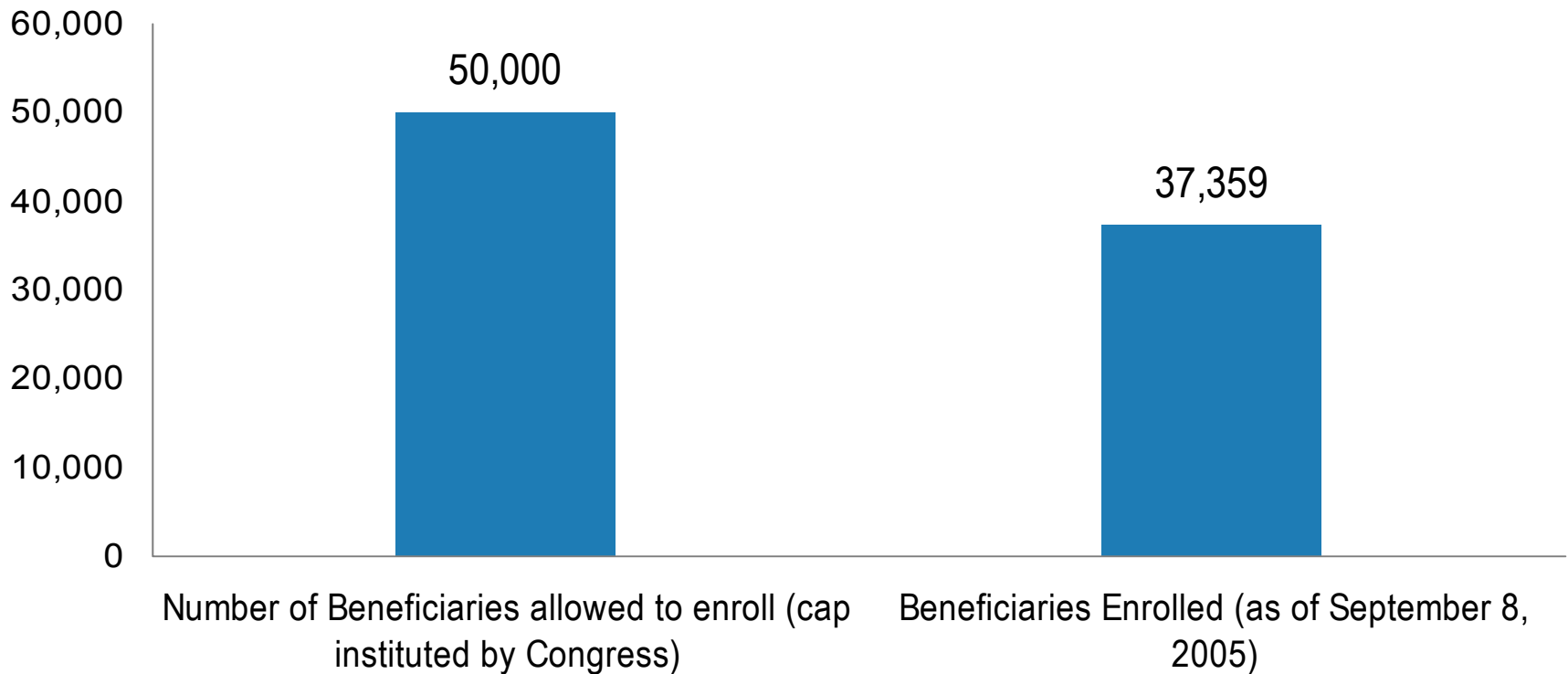
■ ■ ■ CBO Assumptions about Part D Enrollment (3)

All remaining Medicare beneficiaries (25.8 million) are expected to enroll

- Dual eligible beneficiaries (6.4 million)
- Medicare Advantage enrollees (5.5 million)
- Beneficiaries currently receiving Medigap coverage (3.2 million)
- Beneficiaries currently without drug coverage (7.7 million)

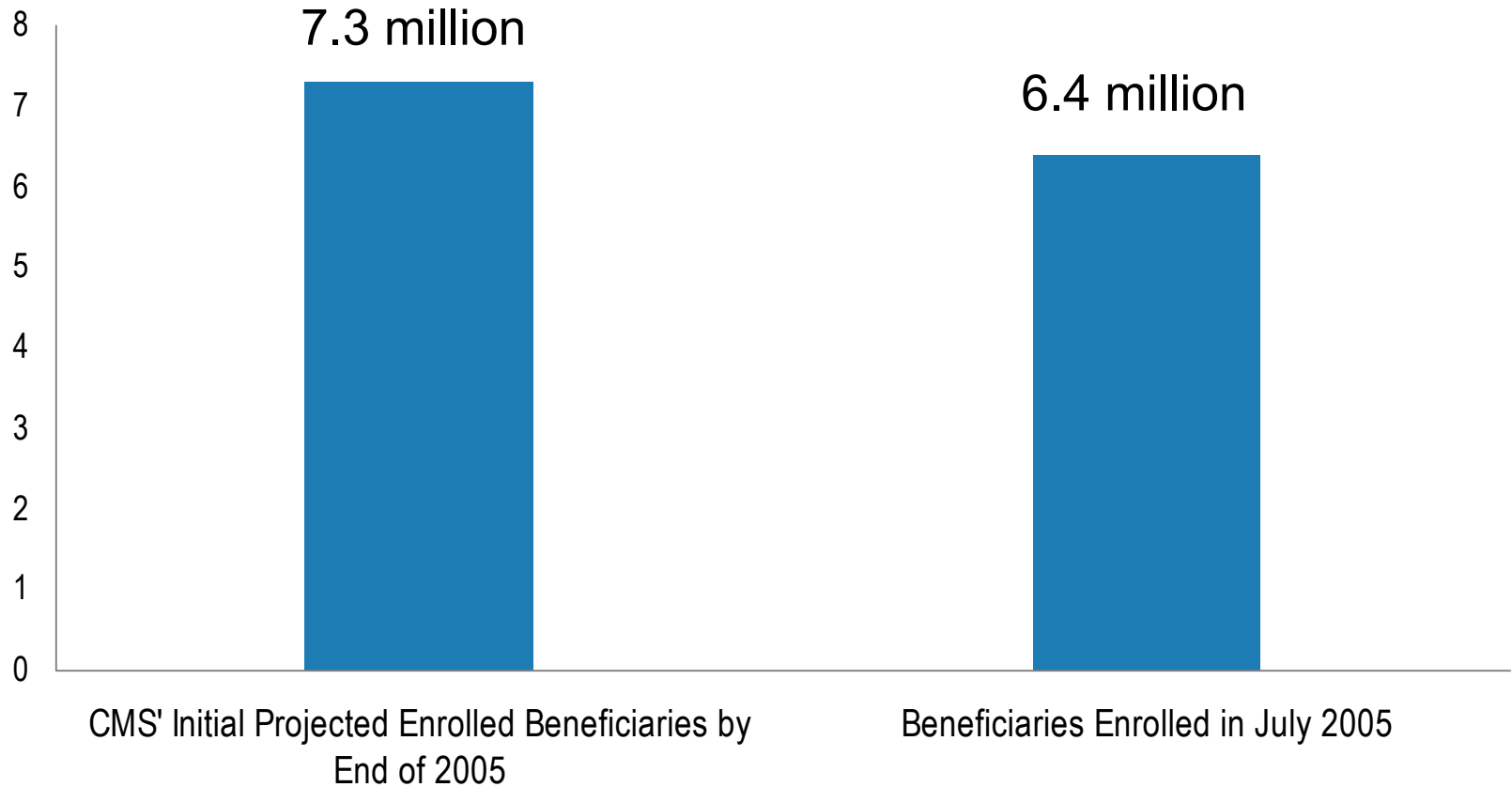
Overall, CBO assumes 80% of Medicare beneficiaries will enroll in Part D or receive benefits through a former employer that takes the retiree drug subsidy

Experience with MMA Thus Far: Enrollment in the Medicare Replacement Drug Demonstration



* According to Avalere Health email communications with Sharon Cardinale, MRDD Outreach Coordinator, March 29, 2005

Enrollment in the Medicare Drug Discount Card Has Also Been Lower than Expected



Key Questions About Enrollment

- Will all Medicare beneficiaries feel comfortable navigating the enrollment process?
- What will be the impact of low enrollment on participation in private plans?
- If enrollment is lower than CBO projected, what happens?
 - » Impact on beneficiaries' costs
 - » Impact on the federal government's costs
- What policy changes may be needed if enrollment uptake occurs more slowly than expected?