



2010/2011



Medicare Annual Enrollment Period Beneficiary Choice & Impact Study

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Study Overview

Medicare Choice and Impact Study Overview

The Medicare Prescription Drug Program (Part D) was created by law in 2003 and went into effect in 2006. Compared with the long history of the Medicare program, established in 1965, the drug program is a newcomer. Yet the Part D program shows signs of helping to remake the Medicare market.

There are seventy companies competing for Part D business on a national or regional basis¹. The effect of that competition is becoming clearer. As shown in this study by PlanPrescriber, a wholly-owned subsidiary of eHealth, Inc. and leading provider of Medicare comparison tools, the choice provided by competition can allow beneficiaries to find a plan better suited to their situation. Because individual circumstances and plans can always change, the study also indicates that it is in each beneficiary's interest to review her or his choice on an annual basis.

The challenge for Medicare beneficiaries and their advisors is to make a plan selection that fits their needs and is sufficiently flexible to cover any unknowns the upcoming year might bring. The PlanPrescriber study provides hard numbers regarding the value of this effort. For most people on Medicare, the savings can materially improve their lives. The number of available plans online and the complexity of the drug formularies for each of those plans could make this selection process daunting. Yet the PlanPrescriber study shows that consumer friendly data sorting technology can provide quick and detailed guidance to make the annual review much less challenging.

Study Summary

Approximately 10 percent of Medicare Part D plan participants change their coverage annually, according to a 2010 study by the Robert Wood Johnson Foundation². This PlanPrescriber analysis of more than 25,000 user sessions from PlanPrescriber.com during the 2011 Medicare Annual Enrollment period (between November 15, 2010 and December 31, 2010) suggests that far more Medicare beneficiaries could benefit from comparing their Medicare prescription drug plan options during the Medicare Annual Enrollment period to determine if there is a more cost-effective plan available to them.

The 2012 Medicare Annual Enrollment Period occurs between October 15 and December 7, 2011. If a Medicare beneficiary's prescribed medication(s) is not covered by their current prescription drug plan, they pay 100% of their costs related to the use of that drug out of their own pocket. And, the costs for that drug do not count toward the Medicare prescription drug donut hole or catastrophic coverage limit. Access to consumer-friendly internet tools has the potential to increase transparency, access to information for Medicare beneficiaries and reduce their overall spending on prescription drugs.

About the PlanPrescriber Prescription Drug Plan Comparison Tool

The Medicare prescription drug plan comparison tool on PlanPrescriber.com is designed to allow PlanPrescriber users to compare their existing Medicare prescription drug plan – whether a stand-alone plan or a Medicare Advantage Prescription Drug Plan - to other plans available in their area. In this analysis, PlanPrescriber users employing the tool would have been comparing the plan they had in 2010 to the new and existing plans that were available for 2011. The PlanPrescriber.com tool calculates all of a user’s known prescription drug costs based on the specific drugs and dosages they enter and factors in their monthly premiums, co-pays, coinsurance and deductibles to generate an estimate of their total out-of-pocket costs for prescription drugs in that upcoming year.

PlanPrescriber.com Comparison Tool

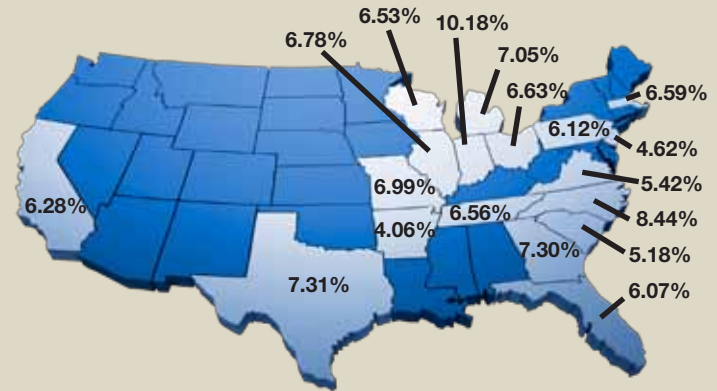
For illustration purposes only. The availability of specific products and their rates may vary from year to year and region to region and due to other factors.



Study Conclusions

Few customers are in the Medicare drug plan with the lowest total out-of-pocket costs

This study found that only seven percent (7%) of customers were in the Medicare prescription drug plan with the lowest total out-of-pocket costs available to them, and less than ten percent (10%) of customers were in the Medicare Advantage prescription drug plan with the lowest total out of pocket costs available to them. The study also found that in at least 18 states, nearly 90 percent of users could reduce their total out-of-pocket costs for prescription drugs by switching to a plan that optimized their prescription drug coverage.

Percentage of Medicare Beneficiaries in the Medicare Advantage Plan Prescription Drug (MAPD) Plan or Stand-Alone Prescription Drug Plan (PDP) with Lowest Out-of-Pocket Costs for Their Prescription Needs



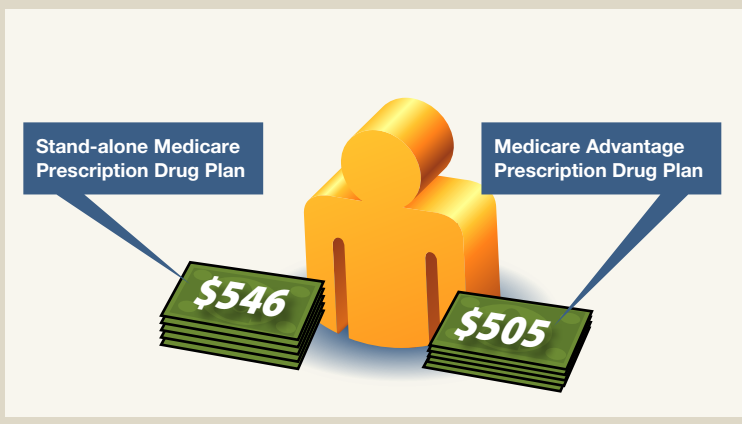
Nationwide	
 PDP	6.87%
 MAPD Plan	9.25%

*State level data applies to stand-alone Medicare prescription drug plans only; states with less than 500 user sessions were excluded from state-level results.

Potential cost savings can be gained by reviewing and changing plans

The session data demonstrates that changing to the plan with the overall lowest out-of-pocket costs could potentially save the average user with a Medicare Prescription Drug Plan (PDP) \$546 in 2011, or \$505 for the average user with a Medicare Advantage Prescription Drug (MAPD) Plan. The average customer would spend \$2,110 per year with their existing Medicare PDP and \$2,420 per year with their existing MAPD Plan.

Average Potential 2011 Savings with an Optimized Medicare PDP or MAPD Plan



Note:

Each Medicare beneficiary will base their plan selection on a variety of priorities, including price. PlanPrescriber encourages each person to consider their specific needs in deciding which plan to select during the Annual Enrollment Period.

Nearly a third still fall into the Medicare prescription drug coverage gap

Medicare’s prescription drug coverage gap, also called the “donut hole,” is essentially a range of total prescription drug spending in the Medicare Part D program where all of the drug costs must be covered out of the Medicare beneficiary’s own pocket. As a result of the Medicare donut hole, Medicare Part D participants are forced to choose between paying higher insurance premiums, or potentially paying thousands of dollars out-of-pocket to bridge the coverage gap. Many lower-income participants in Medicare are unable to afford either option. In 2011 the Patient Protection and Affordable Care Act (PPACA) provides a fifty percent (50%) discount on the cost of branded drugs and a seven percent (7%) discount on the cost of generic drugs once beneficiaries reach the donut hole. However, out-of-pocket costs can still be significant. The PlanPrescriber analysis found that two-thirds (68%) of customers never hit the Medicare prescription drug coverage gap (the donut hole) in 2011 with their existing prescription drug plan or Medicare Advantage Prescription Drug Plan. Among users who hit the donut hole, one-third (36%) would hit the donut hole before August of 2011 with their existing Medicare prescription drug plan.

Among Those Who Reach the “Donut Hole”, When do They Reach It?



68% never reach the donut hole.

2011 Medicare Annual Enrollment Period

Beneficiary Choice & Impact Study

National and State-Level Data for Stand-Alone Prescription Drug Plans (PDP) and Medicare Advantage Prescription Drug (MAPD) Plans

Between November 15 and December 31, 2010, a total of 21,984 user sessions were used to compare Medicare Prescription Drug Plans (PDP) and 3,719 user sessions used to compare Medicare Advantage Prescription Drug (MAPD) Plans. We found that over 92% of users in both plan types were not in the plan with the lowest total out-of-pocket prescription drug costs for the 2011 plan year.

National Medicare Advantage Prescription Drug (MAPD) Plan Optimization Data

Nationwide Sample	Sample Size	% of Users in MAPD Plan with Lowest Total out of pocket cost
	3,719	344 (9.25 %)

National and State-Level Stand-Alone Prescription Drug Plan (PDP) Optimization Data

State	Sample Size	% of Users in PDP with lowest total out of pocket cost
Nationwide	21,984	1,510 (6.87 %)
Arkansas	517	21 (4.06 %)
California	812	51 (6.28 %)
Florida	2224	135 (6.07 %)
Georgia	918	67 (7.30 %)
Illinois	1224	83 (6.78 %)
Indiana	727	74 (10.18 %)
Massachusetts	531	35 (6.59 %)
Michigan	950	67 (7.05 %)
Missouri	586	41 (6.99 %)
North Carolina	1126	95 (8.44%)
New Jersey	584	27 (4.62 %)
Ohio	709	47 (6.63 %)
Pennsylvania	752	46 (6.12 %)
South Carolina	560	29 (5.18 %)
Tennessee	701	46 (6.56 %)
Texas	1642	120 (7.31 %)
Virginia	738	40 (5.42 %)
Wisconsin	505	33 (6.53 %)

*States with sample sizes of less than 500 user sessions were excluded from state-level results.

Cost Savings Analysis

After calculating all costs, including monthly premiums, co-pays and deductibles, the PlanPrescriber session data shows that changing to the plan with the overall lowest out-of-pocket cost could potentially save the average user with a Medicare PDP \$546 in 2011, or \$505 for the average user with an MAPD Plan in 2011. The analysis found that the average customer would spend \$2,110 per year with their existing Medicare PDP and \$2,420 per year with their existing MAPD Plan.

Average Cost In Existing PDP		Average Cost In Optimized PDP		Average Cost In Existing MAPD Plan		Average Cost In Optimized MAPD Plan	
Per Month	Per Year	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
\$176	\$2,110	\$130	\$1,564	\$201	\$2,420	\$160	\$1,915

Changes in medication usage notwithstanding, the prices customers pay for their coverage can change significantly from year to year because many insurers change components of their drug plans each year. These changes may include the drugs covered on a plan, the premiums, deductibles, coinsurance, or co-payments charged to enrollees, and different drug tier systems being used by insurers, which assign different coinsurance and co-payments to drugs depending on their tier. Any one of these changes can significantly impact what a beneficiary pays out of their own pocket on a Medicare Part D prescription drug plan from year to year. In many instances the lowest cost plan for an enrollee in one year is not the lowest cost plan the following year.

Reaching the Donut Hole

The PlanPrescriber analysis also found that two-thirds (68%) of customers may never hit the Medicare prescription drug coverage gap (the donut hole) in 2011 with their existing prescription drug plan or Medicare Advantage prescription drug plan. Among users who hit the donut hole, one-third (36%) would hit the donut hole before August of 2011 in their existing Medicare prescription drug plan. However, if a customer's prescribed medication is not covered by their prescription drug plan, they would pay 100% of those drug costs out of their own pocket and never reach the Medicare donut hole.

User Session Data: Those Who Hit The Donut Hole with Existing PDP and MAPD Plans

Those Who Hit The Donut Hole with Existing PDP and MAPDs	% of All Users Reaching Donut Hole*	% Among Sessions that Reach Donut Hole*	
Never	68%	NA	
January	0%	0%	36%: Between January & July
February	0%	0%	
March	0%	1%	
April	1%	3%	
May	2%	8%	
June	4%	11%	
July	4%	13%	
August	4%	14%	64%: Between August & December
September	4%	13%	
October	4%	13%	
November	4%	13%	
December	4%	11%	

*Numbers may not total 100% due to rounding

Methodology

Study Methodology

This study analyzes more than 25,000 user sessions that occurred on PlanPrescriber.com during the 2011 Medicare Annual Enrollment period, which took place between November 15, 2010 and December 31, 2010. During that time there were 21,984 user sessions used to compare Medicare Prescription Drug Plans (PDP) and 3,719 user sessions used to compare Medicare Advantage Prescription Drug (MAPD) Plan.

The information users were required to provide in order to be counted as currently enrolled in a PDP or MAPD Plan included their zip code and the name of their existing Medicare prescription drug plan or Medicare Advantage plan. In the majority of user sessions, customers also included the names, dosages and frequency of any prescription drugs they were taking. Their average savings were calculated by subtracting the customer's total estimated out-of-pocket spending on their current plan, including monthly premiums, deductibles, coinsurance and co-payments, from the estimated out-of-pocket spending on the plan recommended by PlanPrescriber's Medicare insurance plan comparison tool. For price comparison, this study assumes no changes in prescription or medical needs, as well as no changes in rates or drug prices during the applicable time period.

About PlanPrescriber.com

PlanPrescriber (www.planprescriber.com), a wholly-owned subsidiary of eHealth, Inc., is a leading provider of unbiased comparison tools and educational materials for Medicare Advantage, Medicare Part D Prescription Drug Plans, and Medicare Supplement insurance products. Medicare beneficiaries can take advantage of PlanPrescriber's no cost online advisor tools by logging on to <http://www.PlanPrescriber.com>. PlanPrescriber is a tool designed to help Medicare recipients find a Medicare plan that covers their specific medical and prescription drug needs at the lowest possible out-of-pocket cost.

Notes:

¹ Based on Mark Farrah Associates data: <http://www.markfarrah.com/healthcarebs.asp?article=95>

² Robert Wood Johnson Foundation, RWJF-Funded Study Finds Medicare Part D Too Complex for Many Doctors, July 29, 2010, <http://www.rwjf.org/humancapital/product.jsp?id=66208>

Medicare has neither reviewed nor endorsed this information.

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