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About This Report
PlanPrescriber’s Choice & Impact Study illustrates the value of consumer-friendly decision support tools, such as those developed by PlanPrescriber. Tools that help Medicare beneficiaries compare Medicare plans and the benefits they provide, including coverage of specific drugs, can help people reduce their overall spending on prescription drugs.

About Medicare Part D
The Prescription Drug Benefit
Medicare’s prescription drug program (Medicare Part D) is a federal program that subsidizes the cost of prescription drugs for Medicare beneficiaries. Medicare Part D was part of the Medicare Modernization Act of 2003, which went into effect in January 2006.

Medicare beneficiaries access Medicare Part D coverage by adding drug coverage to their Original Medicare (Parts A&B) benefits through a stand-alone Medicare prescription drug plan (PDP) or through a Medicare Advantage prescription drug plan (MAPD). Medicare Advantage plans bundles Medicare Parts A, B & D into a single, comprehensive plan managed by a private insurance company.

Part D plans are managed by private companies and those companies must be approved by the Centers for Medicare and Medicaid Services (CMS). Each plan type has different monthly premiums, and will cover different drugs at different costs.

Medicare Part D and Out-of-Pocket Costs
There are virtually no PDPs or MAPDs that cover every prescription drug on the market. PlanPrescriber’s research has found that, in the ten largest states in the country, the average PDP only covers 67% of all available drugs. And, in each of these ten states there was at least one plan available that covered slightly less than or equal to 50% of all available prescription drugs.

The specific drugs covered by PDPs and MAPDs, as well as the cost-sharing requirements for many drugs, may change from year to year. So a drug covered in 2012 may no longer be covered in 2013. This is one of the reasons why the Medicare Annual Enrollment Period (AEP) allows enrollees to review and change their coverage before the new plan-year’s benefits go into effect. In 2012, Medicare’s AEP runs from October 15 to December 7.

One challenge Medicare beneficiaries face during AEP is finding prescription drug coverage that:
1. Covers all of their existing prescribed medications at the lowest possible cost
2. Allows them to purchase their drugs at the pharmacy of their choice for the lowest price
3. Has the flexibility to cover any unexpected new drug costs in the coming year
Why Does Medicare’s Annual Enrollment Period Matter?
The Annual Enrollment Period is important because a person whose prescribed medication(s) are not covered by their PDP or MAPD is faced with paying 100% of the costs for that drug out of their own pocket. These costs do not count toward the Medicare prescription drug donut hole, or catastrophic coverage limit.

However, very few Medicare enrollees actually change their coverage each year. A 2010 study by the Robert Wood Johnson Foundation\(^1\) found that only 10 percent of people enrolled in a Medicare Part D plan actually change their Medicare prescription drug coverage in a given year.

The Value of Medicare Prescription Drug Coverage
A 2011 study conducted by Harvard Medical School\(^2\) found that the Medicare Part D benefit reduces the number of people on Medicare who visit hospitals and nursing homes, which ultimately saves the federal government money. Authors of the study also report that seniors who would have had insufficient drug coverage without Part D saved $1,224 per year by being on the program. The study also found that access to Part D reduced “nondrug” medical spending for things like inpatient care and care received in a skilled nursing facility. Using drugs to manage chronic conditions like diabetes and hypertension also reduced trips to the emergency room by Medicare beneficiaries.
2011/2012 Choice & Impact Study Results
PlanPrescriber’s 2011/2012 Choice & Impact Study finds that the average person enrolled in a Medicare prescription drug plan (PDP) could save $654 in 2012 by changing their coverage to a plan that covered their drugs at the lowest possible cost. And, the average Medicare Advantage Prescription Drug Plan (MAPD) enrollee could have saved $605 in 2012 by changing their coverage to the plan with the lowest overall cost.

Stand-Alone Prescription Drug Plan Cost Savings
Only five percent (5%) of PlanPrescriber users were enrolled in the Medicare prescription drug plan (PDP) with the lowest total out of pocket costs. Users who selected the plan with the lowest overall costs in 2012 could have cut their spending on prescriptions drugs from $2,076 to $1,422 in 2012.

Medicare Advantage Prescription Drug Plan Cost Savings
Fewer than one-in-four (24%) people who used the PlanPrescriber web site were enrolled in the Medicare Advantage prescription drug plan (MAPD) with the lowest total out of pocket costs. Those who picked the plan with the lowest possible out-of-pocket cost could save $605, on average, in 2012. These savings would reduce what the average user spends on prescriptions drugs in 2012 from $1,980 to $1,375.

Medicare Advantage Prescription Drug Plan Cost Savings*

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Average Savings 2011</th>
<th>Average Savings 2012</th>
<th>Savings Increase YoY</th>
<th>Total Average Annual Drug Plan Spending: 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-Alone Prescription Drug Plan</td>
<td>$546</td>
<td>$654</td>
<td>20%</td>
<td>$1,422</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>$505</td>
<td>$605</td>
<td>20%</td>
<td>$1,375</td>
</tr>
</tbody>
</table>

* Savings for those who pick the plan with the lowest possible out-of-pocket costs.
Percentage of Drugs Covered by Medicare PDP Plans in 2012

PlanPrescriber research also found that, in the ten largest states in the country, the average PDP only covered about 67% of all drugs approved by Medicare, while the minimum number of drugs covered by a single plan in any market was around 49%.

<table>
<thead>
<tr>
<th>State</th>
<th>Average # Covered Drugs</th>
<th>Lowest # Covered Drugs</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>67% (3,251)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>FL</td>
<td>66% (3,222)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>GA</td>
<td>66% (3,179)</td>
<td>50% (2,388)</td>
</tr>
<tr>
<td>IL</td>
<td>67% (3,233)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>MI</td>
<td>66% (3,275)</td>
<td>50% (2,388)</td>
</tr>
<tr>
<td>NC</td>
<td>68% (3,255)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>NY</td>
<td>67% (3,257)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>OH</td>
<td>66% (3,243)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>PA</td>
<td>67% (3,268)</td>
<td>49% (2,388)</td>
</tr>
<tr>
<td>TX</td>
<td>65% (3,174)</td>
<td>49% (2,388)</td>
</tr>
</tbody>
</table>

The Medicare Part D Coverage Gap

When people on Medicare Part D hit the coverage gap (or “donut hole”) they pay for 100% of their prescription drug costs out of their own pocket.

For 2012, the Patient Protection and Affordable Care Act (Health care reform) 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.

PlanPrescriber’s prescription drug plan comparison tool provides users with a month-by-month breakdown of their expected prescription drug costs. This breakdown is based on data users input into the tool, including their current plan and the drugs they’re currently taking. The tool will let every user know when they’ll hit the donut hole and what their discounted costs will be.

The PlanPrescriber analysis found that approximately two-thirds (33%) of customers won’t hit the donut hole in 2012 with their existing prescription drug plan or Medicare Advantage prescription drug plan.

Among users who would hit the donut hole, about half (52%) hit it before September of 2012 in their existing Medicare prescription drug plan. About half (48%) will hit it between September and December of this year.
PlanPrescriber’s Prescription Drug Plan Comparison Tool

PlanPrescriber.com provides a prescription drug plan comparison tool that allows consumers to compare their existing Medicare prescription drug plan – either a standalone plan (PDP) or a Medicare Advantage plan (MAPD) - to other plans available in their ZIP code. The tool calculates all of a user’s known prescription drug costs, based on the specific drugs and dosages they enter. It then 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 the coming year.
Methodology

This report analyzes more than 100,000 user sessions that occurred on PlanPrescriber.com during the 2012 Medicare Annual Enrollment period, which took place between October 15, 2011 and December 7, 2011. During that time there were over 12,000 user sessions in which a person entered their current prescription drug plan (PDP) and at least one prescription drug they were taking and over 5,000 user sessions in which a person entered their current Medicare Advantage plans (MAPD) and at least one prescription drug they were taking.

The information users were required to provide in order to be counted as currently enrolled in a PDP or MAPD included their ZIP code and the name of their existing Medicare prescription drug plan or Medicare Advantage plan. In these 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

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.

Footnotes:

3 New Analysis Reveals Number of Medicare Part D Drugs Covered by Prescription Drug Plans Varies Widely http://www.avalerehealth.net/wm/show.php?c=&id=893

The Center for Medicaid and Medicare Services has neither reviewed nor endorsed this information.

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