

# CALIFORNIA

## By the numbers: Medicare Part D



3,687,561

Medicare Part D beneficiaries in California

1,638,344

Beneficiaries enrolled in Medicare Advantage prescription drug plans in 2015<sup>1</sup>

278

Number of Medicare Advantage plans available in 2015<sup>2</sup>

35%

Beneficiaries receiving Part D's Extra Help in 2015<sup>2</sup>

13%

Medicare beneficiaries as a percent of state population in 2012<sup>4</sup>

2,049,217

Beneficiaries enrolled in stand-alone prescription drug plans in 2015<sup>3</sup>

32

Number of Part D Plans available in 2015<sup>2</sup>

\$15.70

Lowest monthly premium for a prescription drug plan in 2015<sup>2</sup>

100%

Beneficiaries with access to Part D plan with lower premium than what they paid in 2014<sup>2</sup>

Medicare Part D is working well for beneficiaries and taxpayers...And it's getting better.

- Polls have consistently shown high satisfaction rates among Part D enrollees. A recent MedPAC analysis found that 94% of Part D enrollees are satisfied with their coverage and 95% believe that the level of coverage meets their needs.<sup>5</sup>
- In 2015, 42% of all Part D plans nationwide have no deductible.<sup>6</sup>
- Total Part D costs are 45%, or \$349 billion, less than initial projections for 2004-2013. Additionally, Part D drug spending was just 10.9% of total Medicare spending in 2014.<sup>7</sup>
- CBO recently announced a major change to its scoring methodology to reflect evidence that increased prescription drug use leads to offsetting reductions in Medicare spending for other medical services.<sup>8</sup>
- Part D helped expand drug coverage and improve adherence to medicines; gaining Medicare Part D prescription drug coverage was tied to an 8% decrease in hospital admissions for seniors overall, with higher reductions for certain conditions.<sup>9</sup>

**Sources:** <sup>1</sup> See Medicare Advantage: MA-PD Plan Enrollment at [www.kff.org](http://www.kff.org). <sup>2</sup> CMS Part D State Fact Sheets "Medicare in California, 2015," at [www.cms.gov](http://www.cms.gov). <sup>3</sup> See Medicare Prescription Drug Plans: Stand Alone PDP Enrollment at [www.kff.org](http://www.kff.org). <sup>4</sup> See Medicare Beneficiaries as a Percent of Total Population at [www.kff.org](http://www.kff.org). <sup>5</sup> Medicare Payment Advisory Commission, March 2013 Report to Congress.

<sup>6</sup> Medicare Part D: A First Look at Plan Offerings in 2015 at [www.kff.org](http://www.kff.org). <sup>7</sup> Congressional Budget Office; see CBO Medicare baselines at [www.cbo.gov](http://www.cbo.gov). <sup>8</sup> Congressional Budget Office, 2013 at [www.cbo.gov](http://www.cbo.gov).

<sup>9</sup> Effects of Prescription Drug Insurance on Hospitalization and Mortality: Evidence from Medicare Part D," National Bureau of Economic Research, February 2014.

## Medicare Open Enrollment

### Fast Facts

- WHAT:** Medicare open enrollment is the annual period during which you can review, compare and select your health care plan choices, including your Medicare Part D prescription drug plan.
- WHEN:** Open enrollment for 2016 starts on **Thursday, October 15, 2015** and closes on **Monday, December 7, 2015**.
- WHO:** Medicare Part D plans are available to those eligible for Medicare.
- If you turn 65 this year, you can enroll during the three months before the month you turn 65, your birthday month and the three months after.
  - If you are under 65 and have been eligible for Social Security disability payments for two years, have permanent kidney failure, or meet a number of other conditions, you may be eligible for Medicare.
  - Some people with limited resources and income may qualify for the Extra Help program to pay for some of the costs related to a Medicare prescription drug plan. If you qualify for Extra Help, you can enroll anytime.
- WHY:** This time period is an opportunity for you to evaluate and update your current prescription drug plan based on your cost and individual health needs, or enroll for the first time.
- Prescription drug plans change and new plans become available each year that could offer better coverage and/or save you money.
- HOW:** Call Medicare at 1-800-MEDICARE (1-800-633-4227) or visit Medicare.gov.

### Tips & Resources

- Ask a family member, friend or caregiver to evaluate your options with you and help decide which prescription drug plan best fits your needs. Here are a few things to consider:
  - Does the plan cover the medications you currently take or expect to take?
  - In addition to the monthly premium, what are your expected out-of-pocket medication costs for 2016 under different plans?
  - What pharmacies can you use to get your medications under different plans?
  - How is a plan performing based on its Star Rating?
- Check out the **Medicare Plan Finder** at [Medicare.gov/find-a-plan](http://Medicare.gov/find-a-plan), which provides details on the prescription drug plans available in your area.
- Visit the National Council on Aging's "**My Medicare Matters**" website ([www.mymedicarematters.org](http://www.mymedicarematters.org)) and click on "Prescription Drugs" for resources on how to choose or switch Medicare Part D plans.
- Additional information can be found on the California Department of Health Services website: [www.dhcs.ca.gov/services/medi-cal/Pages/MedicarePartD.aspx](http://www.dhcs.ca.gov/services/medi-cal/Pages/MedicarePartD.aspx)

## Part D: A Medicare Success Story

### Medicare Part D is the rare government program that has repeatedly come in under budget.

- Total Part D costs are \$349 billion—or 45 percent—less than initial 10-year projections. (Source: *Figures from the Congressional Budget Office*)<sup>1</sup>
- In 2014, Medicare Part D was just 10.9 percent of total Medicare spending. (Source: Congressional Budget Office)<sup>2</sup>

### Medicare Part D is helping control government costs by reducing spending in Parts A and B.

- The implementation of Part D was associated with a \$1,200 average reduction in nondrug medical spending for Medicare beneficiaries with limited prior drug coverage in each of the first two years of the program. (Source: *2011 Journal of the American Medical Association Study*)<sup>3</sup>
- Improved medication adherence connected with the expansion of drug coverage under Part D led to about a \$2.6 billion reduction in medical expenditures annually among beneficiaries diagnosed with congestive heart failure who did not have prior comprehensive drug coverage. Over the next 10 years, further improvement in adherence among Part D enrollees with congestive heart failure could yield \$22.4 billion in federal savings. (Source: *2013 American Journal of Managed Care Study*)<sup>4</sup>

### Medicare Part D enjoys high satisfaction rates among beneficiaries and is increasing access to needed medicines.

- According to recent studies, an average of 90 percent of seniors enrolled in Medicare Part D are satisfied with their coverage (Sources: *Medicare Payment Advisory Commission, 2013, and Medicare Today Beneficiary Satisfaction Survey, 2015*)<sup>5</sup>
- Ninety-five percent of seniors enrolled in Medicare Part D believe that the level of coverage they receive meets their needs. (Source: *Medicare Payment Advisory Commission, 2013*)<sup>6</sup>
- The average monthly Part D premium is estimated to be about \$32.50 in 2016. Monthly premiums have remained relatively stable since 2011 and the 2016 premium is about half of the original projection of \$59. (Source: *Centers for Medicare & Medicaid Services, 2015 and Medicare Trustees Report, 2007*)<sup>7</sup>
- Nearly 11 million seniors gained comprehensive prescription drug coverage as a result of Part D in the first year of the program. Currently, more than 37 million Medicare beneficiaries have comprehensive prescription drug coverage through Part D. (Source: *2011 American Journal of Managed Care Study, and Medicare Payment Advisory Commission, 2015*)<sup>8</sup>

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#### References:

1. See CBO Medicare Baselines available at [www.cbo.gov](http://www.cbo.gov).
2. CBO, March 2015 Medicare Baseline Spending Forecast. Calculated as the share of Part D spending in components of Mandatory Outlays.
3. J.M. McWilliams et al. "Implementation of Medicare Part D and Nondrug Medical Spending for Elderly Adults with Limited Prior Drug Coverage," *Journal of the American Medical Association*, July 2011.
4. Timothy M. Dall, MS, et al. "The Economic Impact of Medicare Part D on Congestive Heart Failure," *American Journal of Managed Care*, May 2013.
5. Medicare Payment Advisory Commission, "Report to the Congress, Medicare Payment Policy," March 2013, p. 344. [www.medpac.gov/documents/Mar13\\_entirereport.pdf](http://www.medpac.gov/documents/Mar13_entirereport.pdf); and Medicare Today, "Nearly Nine of 10 Seniors Satisfied with Medicare Part D Prescription Drug Coverage, National Survey Finds," August, 2015. [www.medicaretoday.org](http://www.medicaretoday.org).
6. Medicare Payment Advisory Commission, "Report to the Congress, Medicare Payment Policy," March 2013, p. 344. [www.medpac.gov/documents/Mar13\\_entirereport.pdf](http://www.medpac.gov/documents/Mar13_entirereport.pdf)
7. CMS Press Release, "CMS, "Medicare Prescription Drug Premiums Projected to Remain Stable," 29 July 2015; and 2007 Medicare Trustees Report, p. 164
8. C.C. Afendulis et al. "State-Level Impacts of Medicare Part D," *The American Journal of Managed Care*, October 2011; and Medicare Payment Advisory Commission, "Report to the Congress: Medicare Payment Policy," March 2015, p. 347.

## Fact Sheet: 2016 Medicare Part D Extra Help Program

### What is Extra Help?

Extra Help is a program within Medicare that assists individuals with the cost of Part D prescription drug plan. Part D prescription drug coverage is available for any Medicare beneficiary. Some Medicare beneficiaries with limited resources and income are eligible for the Extra Help program.

### What does Extra Help cover?

Extra Help assists eligible beneficiaries with paying for costs associated with their Medicare Part D prescription drug plan like annual deductibles, monthly premiums, and prescription co-payments or coinsurance.

### How Much Will You Pay In Extra Help?

With the full Extra Help benefit in 2016, an eligible beneficiary should pay no more than \$2.95 for a generic drug (or a brand-name drug treated as a generic) and \$7.40 for any other brand-name drug. For those qualifying for partial Extra Help, an eligible beneficiary should pay no more than 15 percent of the cost of drugs on your plan's formulary (or list of covered drugs) until you reach the out-of-pocket maximum. Most people who qualify for Extra Help also pay nothing or a reduced amount for their monthly premium or annual deductible.

Medicare enrollees who have Medicaid, live in an institution like a nursing home, or receive home and community based services should not be paying anything out-of-pocket for their drugs.

### How to Qualify for Extra Help

Many Medicare beneficiaries qualify for Extra Help and don't even know it. To qualify for Extra Help:

- 1) You must be enrolled in a Medicare Part D prescription drug plan.
- 2) You must reside in one of the 50 states or the District of Columbia.
- 3) Your annual income must be less than \$17,655 for an individual or \$23,895 for a married couple living together. Even those individuals or couples with incomes exceeding the threshold may still be eligible for assistance (For example, if you or your spouse support other family members who live with you, have work-related earnings or live in Hawaii or Alaska).
- 4) Your resources cannot exceed \$13,640 for an individual or \$27,250 for a married couple who live together. (This includes: bank accounts, stocks and bonds. This does not include: your home, your car or life insurance policies.)

### How to Apply for Extra Help

To apply for Extra Help, you must complete Social Security's *Application for Extra Help with Medicare Prescription Drug Plan Costs* (SSA-1020). You can apply in the following ways:

- Apply online at [www.socialsecurity.gov/extrahelp](http://www.socialsecurity.gov/extrahelp);
- Call Social Security at 1-800-772-1213 (TTY 1-800-325-0778) to apply over the phone or to request an application; or
- Apply at your local Social Security office.

## PART D open enrollment

Once you've submitted your application, Social Security will review and send a determination letter to inform you whether or not you've qualified. As soon as you receive your eligibility determination, you can choose a Medicare Part D prescription drug plan.

**Being deemed eligible for Extra Help does not automatically enroll you in a Medicare prescription drug plan.** While some beneficiaries with the full Extra Help benefit may be automatically enrolled in a Part D prescription drug plan, it is still important to follow up to ensure that you are enrolled once your Extra Help application is approved. If you are automatically enrolled but do not choose a plan for yourself, the Centers for Medicare and Medicaid Services (CMS) will randomly assign you to a plan.

### **What If You Don't Qualify for Extra Help?**

If you are not eligible for Extra Help, but are eligible for Medicare, you are still able to enroll in a Medicare Part D prescription drug plan.

### **How to Ensure You're Paying the Right Amount in Extra Help**

If you think you're paying the wrong amount, call your Medicare Part D drug plan. Your plan may ask you to provide information to help them verify if the level of Extra Help you are receiving is correct. Here is a list of documents you can use to help prove you qualify for Extra Help:

- A purple notice from Medicare that says you automatically qualify for Extra Help.
- A yellow or green automatic enrollment notice from Medicare.
- An Extra Help "Notice of Award" from Social Security.
- An orange notice from Medicare that says your copayment amount will change next year.
- If you have Supplemental Security Income (SSI), you can use your award letter from Social Security as proof that you have SSI.

### **Medicare Shared Savings Program**

In addition to Extra Help, Medicare has a program called the Medicare Shared Savings Program (MSSP). These are state programs that help with other Medicare-associated costs (ex: Medicare Part B's medical insurance premiums). By filling out an Extra Help application, you are automatically beginning the application process for MSSP as well. Your state will contact you in order to complete the MSSP application process. If you would like to opt-out of applying for MSSP, there is a place to indicate that on your Extra Help application.

### **Further Information**

For more information on Extra Help or assistance applying to the program, go to [www.socialsecurity.gov/extrahelp](http://www.socialsecurity.gov/extrahelp) or call Social Security at 1-800-772-1213 TTY 1-800-325-0778.

For more information on the Medicare Shared Savings Program, Medicare Part D prescription drug plans, enrollment periods or other Medicare-related concerns, go to [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227) TTY 1-877-486-2048.

# MYTHS & FACTS

## About Medicare Part D

**MYTH** There is no price negotiation in Medicare Part D.

**FACT** Large, powerful purchasers who may represent as many as 125 million insured lives already negotiate discounts and rebates directly with prescription drug manufacturers under Part D.

- Medicare requires private Part D plans to provide enrollees with access to negotiated prices for covered Part D drugs.
- The Medicare Trustees report that negotiated discounts and rebates for brand name drugs are “substantial,” and average rebates have exceeded projected levels and continue to increase each year. (Source: Medicare Trustees Report, 2015)
- The Government Accountability Office (GAO) reports that this ability to negotiate prices with drug manufacturers and pharmacies has helped to lower costs for beneficiaries, including lower premiums, deductibles and copays.

(Source: Government Accountability Office)

**MYTH** The Medicare Part D program could save more by requiring the government to “negotiate” prescription drug prices.

**FACT** The Congressional Budget Office (CBO) has repeatedly said government interference in Part D negotiations would have little impact on overall federal spending unless the government also limits access to prescription medicines.

- “Striking [noninterference] would have a negligible effect on federal spending because CBO estimates that substantial savings will be obtained by private plans and that the Secretary would not be able to negotiate prices that further reduce federal spending to a significant degree.”  
– Congressional Budget Office, 2004
- “The Secretary would be unable to negotiate prices across the broad range of covered Part D drugs that are more favorable than those obtained by PDPs [Part D Plans] under current law.”  
– Congressional Budget Office, 2007
- “We, as an organization, still believe that granting the Secretary of HHS additional authority to negotiate for lower drug prices would have little if any, effect on prices for the same reason that my predecessors have explained, which is that [...] private drug plans are already negotiating drug prices.”  
– Congressional Budget Office, 2009

**MYTH** It would be better for seniors if the federal government administered Part D the same way as the Department of Veterans Affairs (VA).

**FACT** Many veterans rely on other sources (like Part D) to supplement their VA coverage due to restrictions limiting access to medicines.

- A 2011 survey of VA enrollees shows that roughly 3.3 million veterans, or 42% of VA enrollees, have supplemented their VA drug coverage with Part D or private insurance.  
(Source: 2011 Survey of Veteran Enrollees’ Health and Reliance Upon VA,” Department of Veterans Affairs)
- A recent analysis of the top 200 Part D drugs (the drugs seniors are most commonly prescribed) found 95% or more were covered by the two highest enrollment Part D plans compared to 81.5% on the VA national formulary.  
(Source: “VA National Formulary Covers 16 Percent Fewer Top Prescription Drugs than Medicare Part D Plans,” Avalere Health)

**MYTH** The government needs to extract additional savings from Medicare Part D.

**FACT** The Part D program already generates substantial savings for beneficiaries and taxpayers.

- Total Part D program costs are \$349 billion (45%) lower than initially projected for 2004-2013.  
(Source: Congressional Budget Office)
- Average monthly Part D premiums for 2016 are projected to be about \$32.50 and have remained relatively stable since 2011.  
(Source: Centers for Medicare & Medicaid Services)

## Part D Social Media Resource Guide

Provided below are some helpful Twitter handles and hashtags to follow and reference throughout our Medicare Part D social media activities.

### **Key Medicare-Related Twitter Accounts**

Medicare.gov  
*Official Medicare Account of U.S. Government*  
@MedicareGov

CMS.gov  
*Official Centers for Medicare & Medicaid Services Account of U.S. Government*  
@CMSGov

U.S. Department of Human Health and Services  
*Official HHS Account of U.S. Government*  
@HHSGov

MedPAC.gov  
*Official Medicare Payment Advisory Commission Account of the U.S. Government*  
@medicarepayment

### **Medicare on Facebook**

In 2015, CMS created a landing page of Facebook for Medicare: [www.facebook.com/medicare](http://www.facebook.com/medicare)

### **Healthcare/Medicare #hashtags**

#Medicare  
#MedicarePartD  
#MedicareMonday  
#Seniors  
#healthcare  
#PartD

#PartDAccess  
#WhyPartDWorks  
#Innovation  
#CMS  
#HHS

**Part D: A Medicare Success Story**  
**Sample Social Media Content**

**Twitter**

*Before Open Enrollment Begins:*

#MedicareOpenEnrollment is approaching. Check out #Medicare Plan Finder for info about #partD plans! <http://1.usa.gov/1AezyE7> #partDworks

#MedicareOpenEnrollment for 2016 starts October 15. Pick the best #HealthPlan with #Medicare Plan Finder <http://1.usa.gov/1AezyE7> #partDworks

Prepare for #MedicareOpenEnrollment by visiting @MedicareGov to learn about available #HealthPlans <http://1.usa.gov/1AezyE7> #partDworks

Want to change #partd plans? Ask a family member, friend, or caregiver to help pick a plan that's the right fit <http://1.usa.gov/1AezyE7>

*During Open Enrollment:*

#MedicareOpenEnrollment has started. Choose the best #HealthPlan for you before 12/7/15 <http://1.usa.gov/1AezyE7> #partDworks #Medicare

Visit @MedicareGov to update or enroll in a #PartD HealthPlan. #MedicareOpenEnrollment ends on 12/7/15 <http://1.usa.gov/1AezyE7> #partDworks

#MedicareOpenEnrollment has started! Don't miss the chance to change or enroll in #PartD Medicare coverage for 2016 <http://1.usa.gov/1AezyE7>

#Medicare #PartD is increasing seniors' access to medicines. Enroll or review your #HealthPlan here <http://1.usa.gov/1AezyE7> #partDworks

Want to change #partd plans? Talk with a family member, friend, or caregiver to find one that's best for you <http://1.usa.gov/1AezyE7>

*After Open Enrollment Ends:*

#MedicareOpenEnrollment may be over, but you can still find details on #medicare #drugplans in your area <http://1.usa.gov/1AezyE7> #partDworks

Turning 65 next year? Part D plans are available to all individuals eligible for Medicare. <http://1.usa.gov/1AezyE7>

Turning 65 soon? You become eligible to enroll in a Medicare Part D plan 3 months before you turn 65. <http://1.usa.gov/1AezyE7>



# PART D

## open enrollment

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### **Facebook**

Medicare Open Enrollment allows you to review, compare and select your healthcare plan choices, including your Medicare Part D plan. Check out the Medicare Plan Finder for drug plans in your area!

<http://1.usa.gov/1AezyE7>

Medicare Open Enrollment starts on October 15. Are you ready to choose or update your current healthcare and Part D plan based on your current health needs? Be sure to visit “My Medicare Matters” for resources on how to choose or switch Medicare Part D plans.

[www.mymedicarematters.org](http://www.mymedicarematters.org)

The Medicare Open Enrollment period for 2016 has begun. Medicare plans change and new plans become available every year, including Part D plans, which could offer better coverage or save you money. Call Medicare at 1-800-MEDICARE (1-800-633-4227) or visit [Medicare.gov/find-a-plan](http://Medicare.gov/find-a-plan) to review your health plan!

<http://1.usa.gov/1AezyE7>

Now is the time to enroll in a Medicare Part D plan! Open Enrollment ends on December 7, so be sure to take the time and choose a plan that best fits your needs. Go to [Medicare.gov/find-a-plan](http://Medicare.gov/find-a-plan) to choose a plan that’s right for you!

<http://1.usa.gov/1AezyE7>

Did you know that there is a program to help those with limited resources and income cover Medicare Part D prescription costs? If you qualify for Extra Help, you can enroll at any time!

<http://1.usa.gov/1AezyE7>

If you’re looking to change Part D plans, make sure that you speak with a family member, friend, or caregiver to pick a plan that fits your needs. Check out [www.mymedicarematters.org](http://www.mymedicarematters.org) for helpful tools.

**Part D: A Medicare Success Story**  
**Sample Newsletter Content**

**Medicare Open Enrollment Begins: Review, Compare & Enroll Today!**

It's that time of the year again. Medicare open enrollment for 2016 starts on Wednesday, October 15 and closes on Sunday, December 7. Open enrollment is an opportunity to review and update your current Medicare plan, including your Part D prescription drug coverage. New healthcare plans become available each year that may offer better coverage or save you money, so it's important to take the time to carefully review your options.

With a wide variety of prescription drug plans to choose from, Medicare Part D has a plan that will fit your needs. The Part D program has increased access to medicines for millions and has led to an improvement in the health of many seniors. It also has high beneficiary satisfaction rates, with an average of 90 percent of seniors reporting that they are satisfied with their coverage and 95 percent who believe that the level of coverage meets their needs. Average monthly premiums were about \$31 in 2014, an amount that has remained relatively stable for the past four years. Part D also has Extra Help for those of limited means.

To learn more about the prescription drug plans that are available in your area, check out the **Medicare Plan Finder** at [Medicare.gov/find-a-plan](http://Medicare.gov/find-a-plan). You can also call Medicare at 1-800-MEDICARE (1-800-633-4227) or visit Medicare.gov to enroll.

*Open Enrollment Tip: Before selecting a plan, it's a good idea to consult with a family member, friend or caregiver to help select which drug plan best fits your needs.*