

HEALTH CARE

NEWS AND INFORMATION

Volume 14 Number 28

August 17, 2007

Health Care: News and Information is a service of the Healthcare Leadership Council (HLC) to help our readers stay fully informed about the latest health care issues as we work to advance a high-quality health care system.

Jim Edwards, Editor

www.hlc.org

Medicare Rx Premiums to Stay Below Projected Levels

The Centers for Medicare and Medicaid Services has reported that 2008 Medicare drug benefit premiums will be much lower than originally expected.

- The Part D program incorporates market-based consumer choice and competition into its design.
- Without its market-based design, Medicare's prescription drug benefit might have ended up as just another typical government program – cost overruns, waste, fraud, abuse.
- The popular program is delivering value – cost containment plus quality improvement.

CMS expects Medicare beneficiaries next year to continue benefitting from Part D's competition model. That will show up in lower-than-projected premiums.

- Part D premiums will average \$25 in 2008.
- Premiums of \$25 are less than this year's early projections, as well as 40 percent below 2003 original estimates for 2008 premiums.
- CMS originally thought Part D premiums for next year would average \$41. Earlier this year, CMS projected 2008 premiums of \$27.
- About 87 percent of drug plan beneficiaries will have access to Medicare drug plans offering coverage at or below a senior's 2007 premium. Many seniors will have Medicare Advantage plans available to them with even lower drug premiums.
- "Average plan bids remain very stable . . .," one CMS expert said.

Officials credit consumer choice and competition for Part D's strong performance.

- A CMS official said, "Competition and smart choices have been two important factors in holding down the cost of the Medicare drug benefit. The Part D program is serving beneficiaries at a far lower cost than originally expected."

– MORE –

- Key to the Medicare Part D benefit's success has been the "strong competition" the program's design has stimulated.
- "The fact that premiums are nearly 40 percent below original projections indicates that we are indeed getting great value out of this program," CMS said.
- Consumer choice and competition have resulted in Medicare Advantage drug premiums \$11 lower in 2008 than stand-alone Part D plan premiums. In 2007, Medicare Advantage drug premiums are \$7 less.

By all measures, Medicare's prescription drug coverage is a good deal all around – for taxpayers, seniors and health care. Consumer choice and competition is the DNA in the program's design that make it work so well. This program has delivered value, containing costs while improving quality. Seniors live longer, healthier lives and their quality of life is on the rise. Better coordination of care, drug and disease management and new preventive benefits all contribute to this. And seniors like the program very much.

The Healthcare Leadership Council, representing the innovators in each sector of the health care industry, is committed to advancing a market-based health care system that values innovation and provides affordable, high-quality care.

HLC field directors:

Steve Knuth (651) 225-8449
(IA, IL, IN, MI, MN, WI)

Darren Katz (404) 885-9351
(AL, FL, GA, SC)

Paul Pearson (405) 488-0541
(AZ, CO, KS, NE, NM, OK, TX, UT)

Brad Crone (919) 834-8994
(KY, MD, NC, TN, VA, WV)

Larry Krutchik (818) 728-3355
(CA, ID, MT, NV, OR, WA)

Brian Feldman (404) 885-1723
(AR, CT, LA, MA, MO, MS, NY, RI)

Tom Maher (603) 228-3342
(DE, ME, NH, NJ, OH, PA, VT)

If this fax arrives at an incorrect fax machine, if additional individuals in your company would like to receive a copy, if a recipient would like to be removed from the distribution list, or if a name or fax number needs to be changed in our system, please fax this information to Amanda Uherek at 202-296-9561 or e-mail her at auherek@hlc.org.

**Healthcare Leadership Council
1001 Pennsylvania Avenue, Suite 550 South
Washington, DC 20004
(202) 452-8700
www.hlc.org**