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Potential for savings in yearly analysis of Medicare drug plans

Recently, a new study was reported on CNN.com that the average Medicare beneficiary could have saved \$961 on prescription drugs in 2014 by reviewing their existing plan and choosing a more advantageous plan. The key is to choose a prescription drug plan that provides the lowest total out-of-pocket costs for prescription drugs.

Every year from October 15 to December 7 (Open Enrollment or Annual Enrollment, AEP), Medicare beneficiaries are invited to review and change their "stand alone" prescription drug plans or their Medicare Advantage plans that provide for prescription drug coverage. An analysis of over 22,000 people in last year's enrollment period who used online tools for comparison of plans, such as eHealthMedicare.com or PlanPrescriber.com showed that only five percent of beneficiaries were in the plan with the lowest total out-of-pocket costs for their particular prescription drugs. Further, of those same users, 42 percent would hit the coverage gap or donut hole in 2014. However, that number drops to 19 percent if beneficiaries would choose a plan that has the lowest cost to them. Despite those statistics, a 2010 study by the Robert Wood Johnson foundation found that only about 10 percent of Medicare beneficiaries changed their plans annually.

Of the 22,000 studied, 17,000 users were in stand-alone prescription drug plans and 5,000 users were comparing Medicare Advantage plans. Of those in the Medicare Advantage plans, switching in 2014 to the lowest cost plans could have saved an average of \$218 annually. Despite the annual suggestion that all Medicare beneficiaries evaluate their existing plans each year, it seems that few actually do so.

It is important to be aware that formularies can change year to year, so Medicare beneficiaries should look carefully at their current plan and research other plans that might be more advantageous. It is also helpful to review their medications with their physicians since a generic version of some medications may be available now when it was not before. Although there is general discontent regarding the donut hole in the Medicare prescription drug plan, there are ways to delay or avoid the coverage gap by careful planning in many cases. The donut hole is closing gradually thanks to the Affordable Health Care Act provisions; it is becoming easier to save out-of-pocket costs on prescription drugs.

Pennsylvania Medicare recipients with low income should also look into PACE and PACENET through the Department of Aging. This is another potential way to save on prescription drug costs. Sometimes it is possible to contact the actual pharmaceutical company for assistance with highly expensive prescription drugs.

Although the Medicare prescription drug program has its limitations, people often forget that prior to January, 2006, Medicare offered no prescription drug coverage at all other than during a hospital stay. Consumers should take the time to review the available prescription drug plans, and determine the best one for their particular needs.