

# MEDICARE

## CHARTPACK

### Overview of Medicare Part D Organizations, Plans and Benefits By Enrollment in 2006 and 2007

November 2007

As the Medicare Part D prescription drug benefit approaches its third year, this chartpack presents trends in Part D enrollment in the first two years of the program, 2006 and 2007. The analysis, based on data from the Centers for Medicare and Medicaid Services (CMS), examines enrollment in organizations offering Medicare Part D plans, in Part D stand-alone prescription drug plans (PDPs) and Medicare Advantage Prescription Drug (MA-PD) plans and by benefit design and type of gap coverage.

- **Part D enrollment increased between 2006 and 2007, but the share of all beneficiaries with no drug coverage remained the same (Exhibit 1).** Part D enrollment increased by 7.6 percent in 2007, or nearly 1.7 million beneficiaries, from 22.5 million enrollees in 2006 to 24.2 million enrollees in 2007. In both years, about half of all Medicare beneficiaries were enrolled in a Part D plan. In 2007, according to CMS, about 23 percent were receiving drug coverage through an employer/union retiree health plan, and another 11 percent had drug coverage from another creditable source, such as the Department of Veterans Affairs (VA), but both sources of creditable coverage were down slightly from 2006. Eleven percent – about 4 million beneficiaries – lacked drug coverage in both 2006 and 2007.
- **The number of organizations offering Part D plans increased slightly between 2006 and 2007, despite forecasts of market consolidation (Exhibit 2).** The number of organizations offering Part D plans increased by 10 percent, from 226 in 2006 to 249 in 2007, with a larger, 25 percent increase in the number of Part D plans, from 3,873 plans in 2006 to 4,847 plans in 2007 (this count includes Puerto Rico and the territories). The increase in the number of MA-PD plans accounted for 57 percent of the growth in the number of Part D plans in 2007.<sup>1</sup>
- **Two organization – UHC-PacifiCare and Humana – captured a large share of the Part D market in 2006, and retained the top two market positions in 2007 (Exhibit 3).** Enrollment by organization remains highly concentrated. Together, UHC-PacifiCare and Humana captured more than 40 percent of all Part D enrollees in both 2006 and 2007. In each year, these two organizations had the largest number and share of Part D enrollees in both stand-alone PDPs and MA-PD plans.
  - Nine of the ten organizations with the highest enrollment in 2006 were also among the top ten organizations by enrollment in 2007. Aetna made slight inroads in both the PDP and MA-PD plan markets for 2007, enough to overtake Medco Health Solutions which was among the top organizations by enrollment in 2006 but not in 2007.
  - Each of the top ten organizations experienced some growth in Part D enrollment between 2006 and 2007, with UHC-PacifiCare reporting the largest increase (214,487).

<sup>1</sup> While the number of Medicare Advantage Prescription Drug plans will increase in 2008, the number of stand-alone PDPs will remain relatively stable.

- **Most of the top ten organizations by enrollment offered both PDP and MA-PD plans (Exhibit 4).** Among the top ten organizations offering Part D plans in 2007, all but one had enrollees in both PDP and MA-PD plans. Kaiser Permanente exclusively offers plans in the MA market. The other nine organizations offered both types of plans, but overall Part D enrollment for each organization is comprised of a larger share of PDP enrollees than MA-PD plan enrollees. In addition to Kaiser Permanente, four of the top ten organizations had a substantial share of Part D enrollees in MA-PD plans: Health Net (38 percent), Aetna (32 percent), Humana (24 percent), and UHC-PacifiCare (21 percent).
- **AARP and Humana stand-alone PDPs remained on top in terms of 2007 plan-level enrollment (Exhibit 5).** AARP's Medicare Rx Plan (offered by UHC-PacifiCare) captured the largest percentage of enrollees in 2007 (13 percent, or 3.1 million), followed by the Humana PDP Standard plan (9 percent, or 2.1 million). Enrollment in AARP MedicareRx actually fell between 2006 and 2007, possibly as a result of some 2006 enrollees shifting to a lower-premium AARP product newly offered in 2007, the AARP MedicareRx Saver Plan, which appears among the top ten plans for 2007. Three Humana-sponsored plans were among the top ten plans in 2007, two stand-alone PDPs and one MA-PD plan (a private fee-for-service (PFFS) plan).
  - Enrollment in the Humana Gold Choice PFFS plan increased by 33 percent between 2006 and 2007, due in part to a dramatically expanded market presence, from 69 locally available offerings in 2006 to 198 offerings in 2007.<sup>2</sup>
- **A relatively small share of Part D enrollees overall are in plans offering the defined standard Part D benefit (Exhibits 6 and 7).** In 2007, as in 2006, the majority of Part D enrollees are in plans that offer an enhanced benefit or a benefit that is actuarially equivalent to the defined standard benefit, while only 14 percent are in plans with the standard benefit.<sup>3</sup> About half (51 percent) are in a plan that offers actuarially equivalent benefits and about just one over-third (35 percent) are in plans that provide an enhanced benefit. A substantially larger share of MA-PD plan enrollees than PDP enrollees are in plans that offer an enhanced prescription drug benefit (79 percent of MA-PD enrollees versus 21 percent of PDP enrollees in 2007).
- **Most Part D enrollees are in plans that offer no coverage in the gap (the "doughnut hole") (Exhibits 8 and 9).** In 2007, as in 2006, more than 80 percent of Part D enrollees in both PDPs and MA-PD plans have no gap coverage. Between 2006 and 2007, the share of enrollees in Part D plans providing some gap coverage increased slightly, from 12 percent to 15 percent. However, the overall increase was for plans providing gap coverage of generic drugs only and not brand-name drugs.
  - Only 3 percent of Part D enrollees in 2007 are in plans that provide coverage for both brand-name and generic drugs in the gap (down slightly from 4 percent in 2006) (**Exhibit 8**).

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<sup>2</sup> Humana Gold Choice PFFS has 184 offerings in 2008.

<sup>3</sup> The defined standard benefit has a deductible (\$265 in 2007) and 25 percent coinsurance up to an initial coverage limit (\$2,400 in total drug costs in 2007), followed by a coverage gap (the so-called "doughnut hole" where enrollees pay 100 percent of their drug costs until their out-of-pocket spending reaches the catastrophic threshold (\$3,850 in 2007). Thereafter, enrollees pay 5 percent of total drug costs.

- A larger share of MA-PD plan enrollees than PDP enrollees are in plans offering some type of gap coverage in 2007 (34 percent versus 9 percent, respectively) **(Exhibit 9)**. However, even among MA-PD plan enrollees, only 8 percent are in plans that provide coverage of brand-name drugs in the gap (up slightly from 6 percent in 2006).
- **Nearly half (49 percent) of Part D enrollees - 11.8 million beneficiaries - are at risk of having spending in the coverage gap in 2007 because they are in plans that offer no gap coverage and are not receiving low-income subsidies (LIS) for Part D coverage (Exhibit 10)**. The number of “at-risk” enrollees in 2007 is almost one million more than the number at risk of falling into the coverage gap in 2006 (10.9 million in 2006). Just over 0.5 million Part D enrollees who are not receiving LIS have coverage for brand and generic drugs in the gap in 2007.
  - Nearly four in ten Part D enrollees (9.4 million out of 24.2 million) had full or partially subsidized coverage in the gap in 2007 because they receive LIS. Part D enrollees receiving LIS, including beneficiaries enrolled in both Medicare and Medicaid (“dual eligibles”) and others with incomes below 150 percent of poverty have subsidized coverage in the gap. Part D enrollees with incomes between 135 and 150 percent of poverty receiving low-income subsidies (LIS) have partially subsidized coverage in the gap.
  - Another 2.6 million Part D enrollees have limited gap coverage for generic drugs only in 2007.
- **The number of Part D plans offering full gap coverage for brand-name and generic drugs increased between 2006 and 2007, but the actual number of enrollees in plans providing full gap coverage dropped by 29 percent (Exhibit 11)**. Humana PDP Complete, the one widely-available Part D plan in 2006 that offered full gap coverage and attracted more enrollees than any other plan offering full gap coverage that year, did not offer full gap coverage in 2007 but instead covered generic drugs only. Largely as a result of this shift, enrollment in plans offering coverage of brand-name and generic drugs in the gap fell from almost 800,000 enrollees in 2006 to under 600,000 in 2007.
  - In 2007, eight of the top ten Part D plans offering full coverage in the gap were MA-PD plans.
  - The SierraRx Plus PDP, newly available in a large number of regions in 2007 and offering full gap coverage this year, will not be offered in 2008. In 2008, only one PDP nationwide (in Florida) has elected to offer full coverage in the gap.

## ABOUT THE DATA

The analysis is based on Part D plan enrollment and benefits data from the Centers for Medicare and Medicaid Services for 2006 and 2007: "Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations - Annual Report by Plan" July 2006 (v07.26.06) and July 2007 (v06.26.07), and PDP Landscape of Local Plans Source File and MA Landscape of Local Plans Source File, 2006 and 2007.

### Notes to the Exhibits

Total Part D enrollment includes employer/union-only direct contract prescription drug plans (PDPs) and "800 series" plans offered only to retirees in employer/union plans, and enrollees in Medicare Advantage Special Needs Plans.

Plan-level enrollment is aggregated at the national level for plans offered in multiple counties, states, or regions. Enrollment in plans offered by the same parent organizations but marketed under different names in different areas is not included in the plan-level totals. The number of area-specific plan offerings is indicated in parentheses following the name of the parent organization.

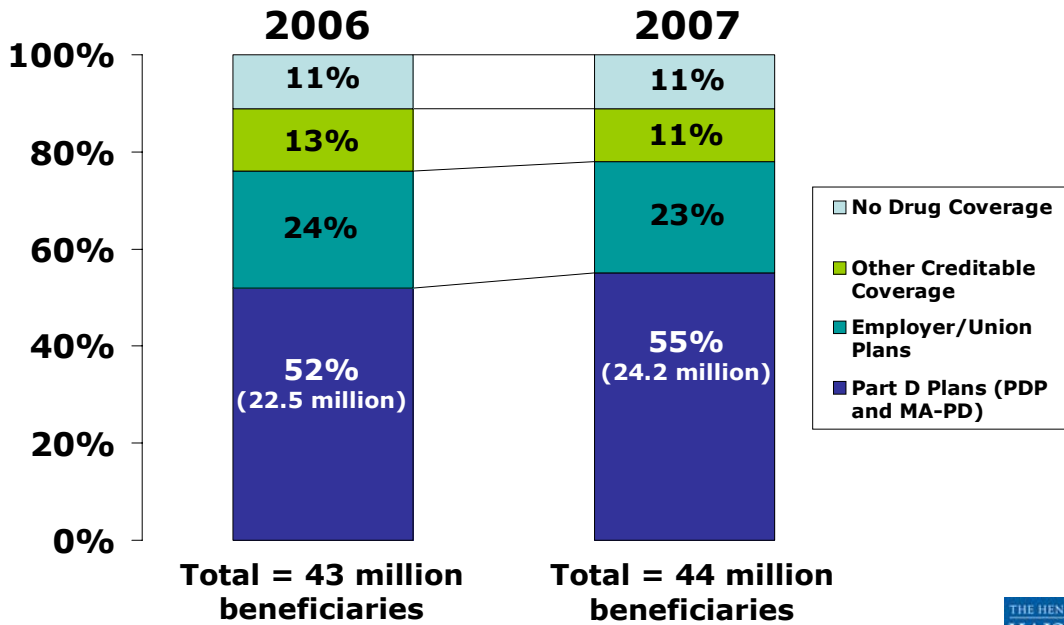
Analysis of enrollment by benefit design and gap coverage for 2006 excludes 232 PDPs with 697,724 enrollees and 830 MA plans with 1,358,449 million enrollees for which plan-level benefit design information is unknown.

Analysis of enrollment by benefit design and gap coverage for 2007 excludes 192 PDPs with 751,669 enrollees and 1,093 MA plans with 1,972,045 million enrollees (primarily employer "800-series" plans and Medicare Advantage Special Needs Plans) for which plan-level benefit design information is unknown.

### Plan Definitions

HMO is Health Maintenance Organization. MA-PD is Medicare Advantage Prescription Drug. PDP is Prescription Drug Plan. PFFS is Private Fee-for-Service plan. PPO is Preferred Provider Organization ("reg." denotes "regional"). PSO is Provider Service Organization. "Other" plans (in Exhibit 4) include National PACE, 1876 Cost plans, Demonstrations, and PSOs.

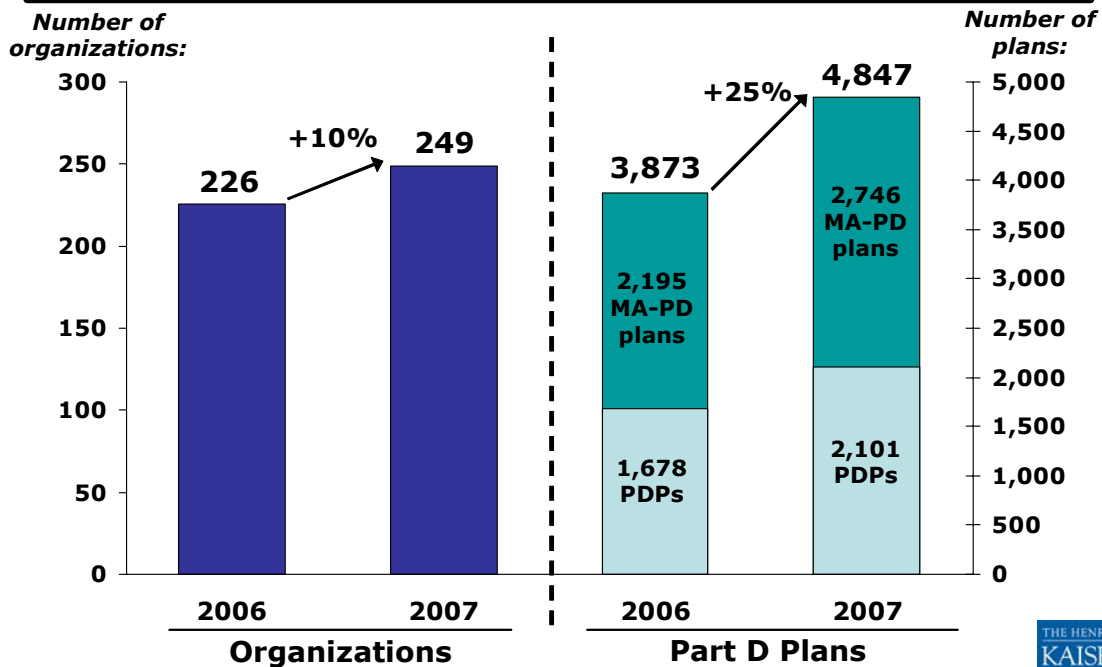
**Exhibit 1**  
**Drug Coverage Among Medicare Beneficiaries, 2006-2007**



SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



**Exhibit 2**  
**Number of Medicare Part D Organizations and Plans, 2006-2007**



SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



**Exhibit 3**

**Top Ten Organizations Offering Medicare Part D Plans (PDP and MA-PD), By Enrollment, 2006-2007**

Parent organization	2006 Part D enrollees (millions)				2007 Part D enrollees (millions)			
	Total	Stand-alone PDP	MA-PD plan	Percent of total 2006 Part D enrollment	Total	Stand-alone PDP	MA-PD plan	Percent of total 2007 Part D enrollment
<b>Top ten, in rank order for 2007</b>								
UHC-Pacificare	5.68	4.46	1.22	25%	5.89	4.65	1.24	24%
Humana Inc.	4.36	3.42	0.93	19	4.53	3.45	1.09	18
Wellpoint, Inc.	1.25	1.11	0.14	6	1.45	1.21	0.24	6
Member Health, Inc.	0.96	0.96	0%	4	1.15	1.15	- <sup>a</sup>	5
WellCare Health Plans, Inc.	0.98	0.90	0.08	4	1.07	0.97	0.10	4
Kaiser Permanente	0.78	- <sup>a</sup>	0.78	3	0.83	- <sup>a</sup>	0.83	3
Coventry Health Care Inc.	0.74	0.66	0.08	3	0.79	0.70	0.09	3
Universal American Financial Corp.	0.47	0.44	0.03	2	0.55	0.49	0.06	2
Health Net, Inc.	0.46	0.29	0.17	2	0.54	0.34	0.20	2
Aetna Inc. <sup>b</sup>	-	-	-	-	0.45	0.30	0.14	2
<b>All other parent organizations</b>	<b>6.39</b>	<b>3.43</b>	<b>2.96</b>	<b>28</b>	<b>6.88</b>	<b>3.66</b>	<b>3.24</b>	<b>28</b>
<b>TOTAL ENROLLMENT</b>	<b>22.49</b>	<b>16.09</b>	<b>6.40</b>	<b>100</b>	<b>24.15</b>	<b>16.92</b>	<b>7.23</b>	<b>100</b>

NOTES: <sup>a</sup> No enrollment in specific plan type. <sup>b</sup> Aetna was not among the top ten plans by enrollment in 2006; therefore enrollment totals for 2006 are not included here.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



**Exhibit 4**

**Distribution of Enrollment in Top Ten Organizations Offering Medicare Part D Plans, By Type of Plan, 2007**

Parent organization	Percent of Enrollment by Type of Plan					
	Stand-alone PDP	MA-PD plan				
		HMO	Local PPO	Reg. PPO	PFFS	Other
<b>Top ten, in rank order by enrollment:</b>						
UHC-Pacificare (n=537 plans)	79	19	1	<1	<1	<1
Humana Inc. (n=483)	76	10	<1	<1	13	- <sup>a</sup>
Wellpoint, Inc. (n=242)	83	12	<1	2	2	- <sup>a</sup>
Member Health, Inc. (n=110)	100	- <sup>a</sup>	- <sup>a</sup>	- <sup>a</sup>	- <sup>a</sup>	- <sup>a</sup>
WellCare Health Plans, Inc. (n=259)	91	9	- <sup>a</sup>	- <sup>a</sup>	<1	- <sup>a</sup>
Kaiser Permanente (n=34)	- <sup>a</sup>	94	- <sup>a</sup>	- <sup>a</sup>	- <sup>a</sup>	6
Coventry Health Care Inc. (n=243)	89	9	2	- <sup>a</sup>	<1	- <sup>a</sup>
Universal American Financial Corp. (n=189)	89	1	- <sup>a</sup>	- <sup>a</sup>	3	7
Health Net, Inc. (n=155)	62	34	3	<1	<1	- <sup>a</sup>
Aetna Inc. (n=279)	68	23	5	<1	4	- <sup>a</sup>
<b>All other parent organizations (n=239; 2,316 plans)</b>	<b>52</b>	<b>35</b>	<b>3</b>	<b>&lt;1</b>	<b>4</b>	<b>6</b>
<b>TOTAL (n=249; 4,847 plans)</b>	<b>70</b>	<b>22</b>	<b>2</b>	<b>&lt;1</b>	<b>4</b>	<b>2</b>

NOTES: Number of area-specific plan offerings is indicated in parentheses following name of parent organization. Enrollment by type of plan may not sum to totals due to rounding. <sup>a</sup> No enrollment in specific plan type.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



Exhibit 5

**Top Ten Medicare Part D Plans, By Enrollment, 2007**

Name of Plan (in rank order by 2007 enrollment)	Parent Organization	2007 Enrollees	Enrollment Change, 2006-2007	Type of Plan	Percent of Total 2007 Part D Enrollment	Cumulative Percent
AARP MedicareRx Plan	UHC - PacifiCare (n=39)	3,069,090	- 123,186	PDP	13%	13%
Humana PDP Standard	Humana Inc. (n=35)	2,133,252	+89,592	PDP	9	22
Humana PDP Enhanced	Humana Inc. (n=35)	1,076,078	+110,103	PDP	5	26
Community Care Rx BASIC	Member Health, Inc. (n=35)	934,242	+141,975	PDP	4	30
AARP MedicareRx Saver Plan <sup>1</sup>	UHC - PacifiCare (n=39)	900,830	+174,064	PDP	4	34
WellCare Signature	WellCare Health Plans, Inc (n=34)	890,711	+18,349	PDP	4	37
Kaiser Permanente Senior Advantage	Kaiser Permanente (n=12)	607,717	- 56,672	HMO	3	40
Humana Gold Choice PFFS	Humana Inc. (n=198)	565,340	+140,395	PFFS	2	42
MedicareRx Rewards Value	Wellpoint, Inc. (n=34)	544,754	+53,935	PDP	2	44
UnitedHealth Rx Basic	UHC - PacifiCare (n=34)	468,056	- <sup>2</sup>	PDP	2	46
<b>All other Part D plans</b>		<b>12,961,312</b>	<b>+1,111,650</b>		<b>46</b>	<b>46</b>
<b>TOTAL (n=4,847)</b>		<b>24,151,382</b>	<b>+1,660,205</b>		<b>100</b>	<b>100</b>

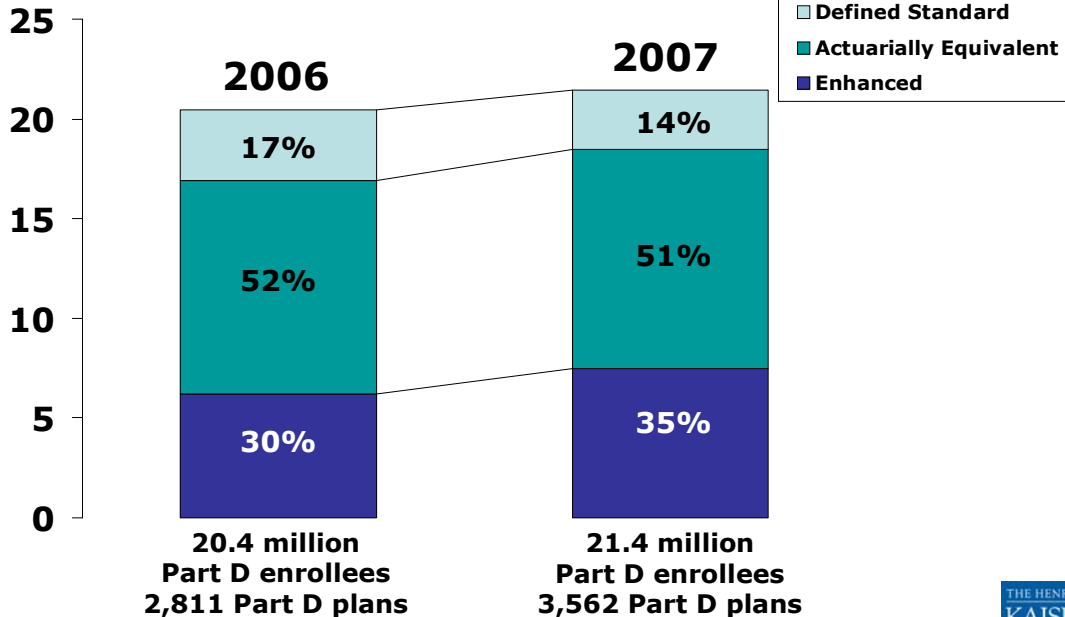
NOTES: Number of area-specific plan offerings is indicated in parentheses following name of parent organization. <sup>1</sup> Offered in 2006 as PacifiCare Saver Plan. <sup>2</sup> Not offered in 2006.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



Exhibit 6

**Share of Enrollment in Medicare Part D Plans, By Type of Benefit Design, 2006-2007**

Millions of enrollees:

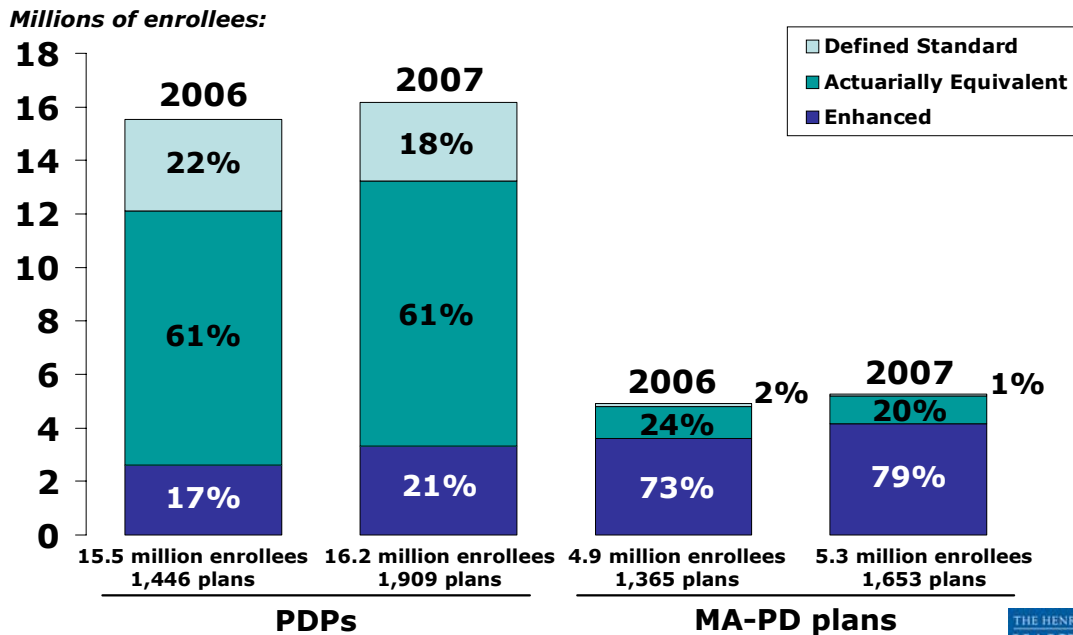


NOTES: Shares of enrollment might not add to 100 percent because of rounding.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



Exhibit 7

## Share of Enrollment in Medicare Part D Plans, By Type of Benefit Design, 2006-2007

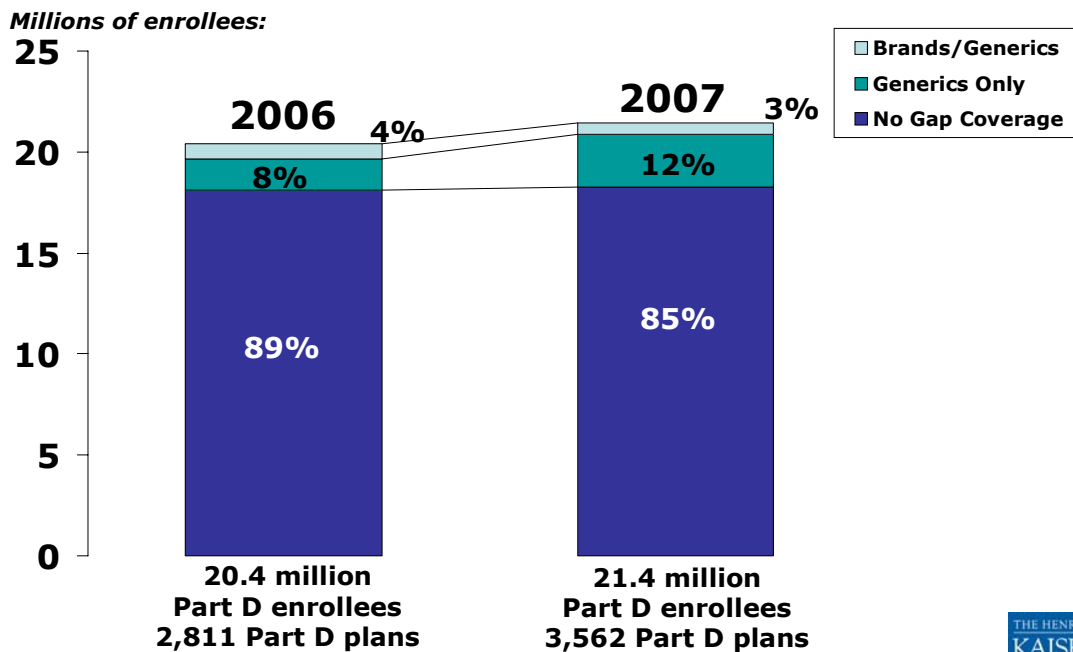


NOTES: Shares of enrollment might not add to 100 percent because of rounding.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



Exhibit 8

## Share of Enrollment in Medicare Part D Plans, By Type of Gap Coverage, 2006-2007



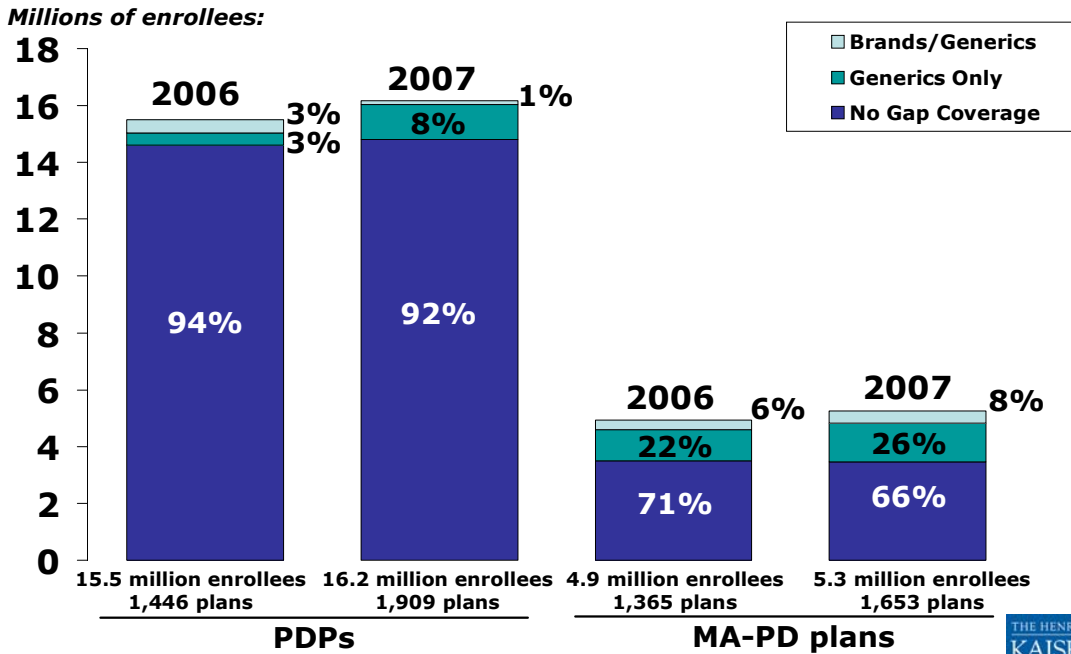
NOTES: Shares of enrollment might not add to 100 percent because of rounding.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.





Exhibit 9

Share of Enrollment in Medicare Part D Plans, By Type of Gap Coverage, 2006-2007

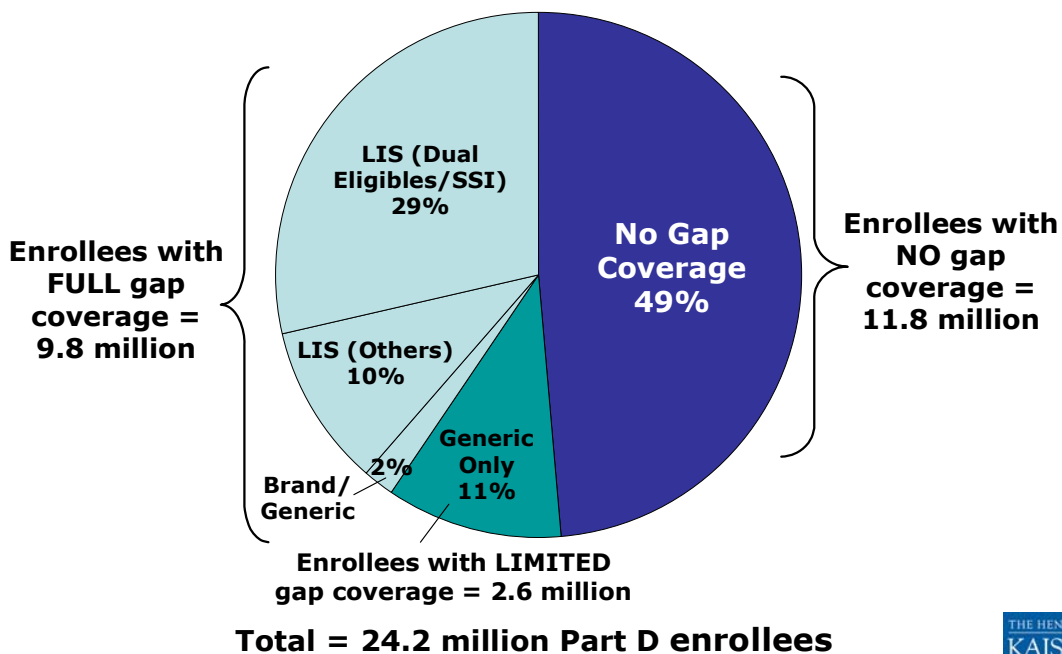


NOTES: Shares of enrollment might not add to 100 percent because of rounding.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



Exhibit 10

Share of Part D Enrollment, By Type of Gap Coverage, 2007



NOTES: Shares of enrollment might not add to 100 percent because of rounding.  
SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.



**Exhibit 11**

**Top Ten Medicare Part D Plans Offering Brand/  
Generic Gap Coverage, By Enrollment, 2006-2007**

Name of Plan (in rank order by 2007 enrollment)	Parent Organization	2007 Enrollees	Enrollment Change, 2006-2007	Type of Plan	Percent of Total 2007 Part D Enrollment in Plans Offering Brand/Generic Gap Coverage
<b>MedicareBlue Rx Option 3</b>	Wellmark, Inc	69,206	+7,240	PDP	12.4%
<b>Humana Gold Plus HMO</b>	Humana Inc. (n=2)	67,504	- <sup>a</sup>	HMO	12.0
<b>Senior Dimensions Southern Nevada Plan</b>	Sierra Health Services, Inc (n=2)	47,851	+656	HMO	8.5
<b>SierraRx Plus</b>	Sierra Health Services, Inc (n=24)	42,045	- <sup>a</sup>	PDP	7.5
<b>Blue Shield 65 Plus</b>	Blue Shield of California	35,312	481	HMO	6.3
<b>Choices 65</b>	Tenet Healthcare Corporation	29,601	-2,291	HMO	5.3
<b>SecureHorizons MedicareComplete Value</b>	UHC-Pacificare	26,827	- <sup>a</sup>	HMO	4.8
<b>CareOne Plan</b>	Humana Inc. (n=2)	23,842	- <sup>a</sup>	HMO	4.3
<b>PSO Health Plan</b>	Preferred Care Partners Inc (n=2)	21,465	- <sup>a</sup>	PSO	3.8
<b>CareCenters Plan</b>	Humana Inc.	18,476	- <sup>a</sup>	HMO	3.3
<b>All other Part D plans offering brand/generic gap coverage (n=82)</b>		<b>178,124</b>			<b>31.8</b>
<b>TOTAL (n=119)</b>		<b>560,253</b>	<b>-228,821</b>		<b>100.0</b>

NOTES: Number of area-specific plan offerings is indicated in parentheses following name of parent organization.

<sup>a</sup> Not offered in 2006 or not among the top ten plans offering brand/generic gap coverage.

SOURCE: Kaiser Family Foundation analysis of data from Centers for Medicare and Medicaid Services, 2006 and 2007.





**The Henry J. Kaiser Family Foundation**

**Headquarters**

2400 Sand Hill Road  
Menlo Park, CA 94025  
(650) 854-9400 Fax: (650) 854-4800

**Washington Offices and  
Barbara Jordan Conference Center**

1330 G Street, NW  
Washington, DC 20005  
(202) 347-5270 Fax: (202) 347-5274

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

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