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## **From the Journals: Interview with Tricia Neuman August 21, 2007**

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**JACKIE JUDD:** Tricia Neuman, thanks for joining me.

**TRICIA NEUMAN, SC.D.:** Thank you, Jackie.

**JACKIE JUDD:** What was the purpose of this study?

**TRICIA NEUMAN, SC.D.:** The purpose of the study is to look at the effect of the Medicare drug benefit. When the Medicare drug benefit went into effect it was a big deal, it was a big change in the program, and we wanted to see how seniors were faring. We wanted to see whether seniors would sign up for the Part D benefit. What are the characteristics of seniors who did sign up. And what were the characteristics of seniors who were still without drug coverage. And, we wanted to know how seniors were faring, whether they were spending more or spending less on their prescriptions and how the program was working for them.

**JACKIE JUDD:** And the information is based on a fairly large survey.

**TRICIA NEUMAN, SC.D.:** Yes.

**JACKIE JUDD:** More than 16,000?

**TRICIA NEUMAN, SC.D.:** Yes, exactly. We did a survey of more than 16,000 seniors in the fall of 2006. We waited until they had time to sign up for a Part D plan and could have some experience under their plan and then went out and talked to people.

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**JACKIE JUDD:** And what did you find about how seniors are doing generally, financially, under this plan?

**TRICIA NEUMAN, SC.D.:** Well, we found that the majority of seniors have drug coverage and I guess that is good news from our survey. Many of them had signed up for a Part D plan, and some of them had sort of automatically gone into the Part D plan because they had coverage that had segued into Part D. We still found not quite one in ten without drug coverage at the end of 2006, which is a significant improvement over how things had been before the benefit went into effect. But still, a number that is of some concern.

**JACKIE JUDD:** And what did you find in the survey in terms of what people typically are paying under Part D?

**TRICIA NEUMAN, SC.D.:** Well, about a quarter of all seniors in Part D say they spend \$100 more on their prescriptions, 8-percent said they spend \$300 or more on their prescriptions. In general what we've found is that people in a Part D plan fared better, they were spending less than those without drug coverage, which is what you might expect. But what we didn't expect, and we're interested to find, is that people in Part D plans were spending more than those who were in employer plans or the VA, and that's an interesting finding.

**JACKIE JUDD:** Why did that come as a surprise? Why wasn't it expected?

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**TRICIA NEUMAN, SC.D.:** Well, I don't think anybody had taken a look at that, so it was just something new that we hadn't seen. And now that we know what the finding is, we can say well, maybe it's because employer plans don't have a doughnut hole, or maybe it's because the VA has very low cost sharing. But it is something to take note of, the fact that when people sign up for a private plan that offers the Medicare drug benefit they may not do as well as they might do if they were in an employer plan.

**JACKIE JUDD:** And even with Part D, there is a certain number of seniors who are still foregoing drugs, not filling their prescriptions, delaying filling, etc. Did that surprise you? And why do you think that's happening?

**TRICIA NEUMAN, SC.D.:** Well, yes. It did surprise us a bit. Twenty-percent of all seniors in a Part D plan said they had skipped a prescription or they didn't fill a prescription due to cost. And that tells us that costs continue to be somewhat of a concern for a sizeable share of the Part D population. Some of those people may be low income people who didn't sign up for the subsidy. Others might be above that threshold and may not qualify for a low income subsidy.

But for a sizeable share of the population, 20-percent, costs seem to be a concern and there's a compliance issue of people who aren't filling their prescriptions as their doctors prescribed, that's an issue.

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**JACKIE JUDD:** And what did you find out about those low income seniors who may have signed up for Part D but not for the low income subsidy?

**TRICIA NEUMAN, SC.D.:** Well, low income subsidies made an enormous difference for people in terms of what they spend. So if you compare people who get the low income subsidy to people who do not, you're going to find that people without the low income subsidy spend a great deal more on their prescriptions. Again, not a total surprise.

And it really speaks to the importance of getting people to sign up for the low income subsidy. A third of all low income people below 150-percent of poverty who didn't have the subsidy said they were spending \$100 or more on their prescriptions per month. Had they signed up for the subsidy they would be spending considerably less and that's quite an important and valuable feature of the Medicare drug benefit that maybe they weren't aware of.

**JACKIE JUDD:** And did the survey ask why don't you sign up?

**TRICIA NEUMAN, SC.D.:** Well, we're not totally sure. People offered a number of reasons and I ended up not putting that into the final version of the paper. But we were surprised to see that there were as many people reporting that they were just not aware of the subsidy. This includes people who didn't sign up for Part D, but it also includes low income

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people who are in a Part D plan. And that finding suggests to us that the plans themselves could do more to educate people about the low income subsidy and help them to sign up.

But others have found that it's a pretty difficult process getting people to sign up for the low income subsidy because they have to sign up separately, they sign up for their Part D plan and then separately for the low income subsidy. The application's not so easy, and there's an asset test which people find a little bit difficult to deal with.

**JACKIE JUDD:** And let's look now at what you found regarding dual eligible's, people who were in Medicaid and then were signed up for Part D under Medicare.

**TRICIA NEUMAN, SC.D.:** Right. Dual eligible's were automatically put into a Part D plan at the start of 2006 and these are the people who are dually eligible for Medicare and Medicaid. This is the sickest and the poorest, and the most vulnerable of the Medicare population. And there was concern at the time that people would come into a plan that might not have been right for them, that didn't cover their prescriptions.

And indeed, we found that this particular subset of the Medicare population was more likely to report needing to get special permission or prior authorization in their Part D plan. And they were also more likely to change plans and that may be because they were signed to plan that didn't cover their

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medications, and they needed to switch, and they needed to do whatever it is they could to get the drugs their doctor was prescribing.

**JACKIE JUDD:** And you mentioned the survey was done last fall. So was it too early at that point to say whether those kinds of problems, the duals were facing, had actually begun to settle down?

**TRICIA NEUMAN, SC.D.:** That would be hard for us to say based on the 2006 survey whether these issues are a one-time phenomenon of shifting more than six million people into a Part D plan suddenly. But our suspicion looking forward is that there will still be a chronic issue for people who are signed to a plan over time and may not be assigned to a plan that is reflective of their specific needs.

**JACKIE JUDD:** What do you and the other authors of this study want lawmakers, policy makers, to take from this report?

**TRICIA NEUMAN, SC.D.:** I think a key message for us is that the Part D program is a work in progress. It has been successful in reaching most people who are without drug coverage before the drug benefit went into effect and in that regard it has achieved one of its major goals.

At the same time, it's not by any means perfect. There are still people in a Part D plan who are struggling mainly with costs. There are still people who are skipping and not taking their prescriptions as prescribed. That's a concern and

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I think over time policy makers may want to keep an eye on the program and work on it to make improvements because it's not at all clear what's going to happen to the generosity of benefits over time.

So while there was a lot initial attention about is the program a success and are people getting coverage? Yes, more people are getting coverage, but the story doesn't end there. The plans will change over time and people's needs should be monitored to be sure they're getting the drugs that they need and that their prescription drugs continue to be affordable or more affordable than they are now.

**JACKIE JUDD:** Tricia Neuman of the Kaiser Family Foundation and lead author of the report now published Health Affairs. Thanks so much.

**TRICIA NEUMAN, SC.D.:** Thank you.

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