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Enrollment in Medicare Part D for Rural Beneficiaries Is Encouraging

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Introduction

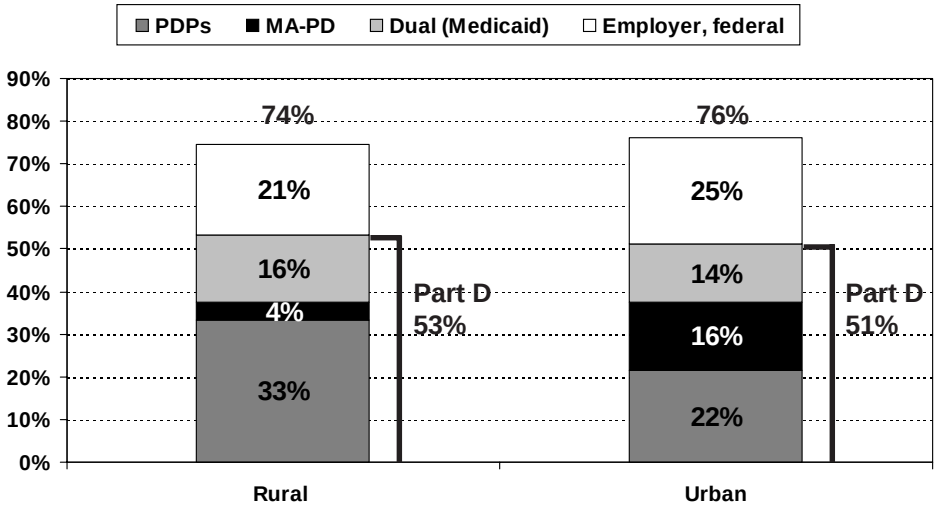
This policy brief provides findings about Medicare beneficiary enrollment in prescription drug plans (PDPs) in rural and urban areas across the United States, updating early findings from an analysis of plans presented in a previous RUPRI Center policy brief (PB2006-8).

Key Findings

As of June 2006 (date of release by CMS [CMS 2006]),

- Over half (53.2%) of all rural Medicare beneficiaries were enrolled in a Medicare Part D prescription drug plan, compared to 51.2% of urban beneficiaries.
- 33% of rural beneficiaries were enrolled in stand-alone PDPs, compared to 22% of urban beneficiaries.
- 74% of rural beneficiaries and 76% of urban beneficiaries had creditable[1] drug coverage.
- Only 4% of rural beneficiaries were enrolled in Medicare Advantage prescription drug (MA-PD) plans, compared to 16% of urban beneficiaries.
- In nonadjacent rural areas, 36% of rural beneficiaries were enrolled in stand-alone PDPs, and only 3% were enrolled in MA-PD plans.

Figure 1. Prescription Drug Coverage by Area of Residence, June 2006



Note: Some Medicare recipients may have prescription drug coverage not classified as creditable coverage by CMS.

Enrollment in Part D: An Urban/Rural Differential?

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173) (MMA) allowed Medicare beneficiaries to add prescription drug coverage to their Medicare coverage, beginning in January 2006, by enrolling in a private plan either through a prescription drug plan (PDP) or a Medicare Advantage prescription drug (MA-PD) plan. As of June 2006, about 4.8 million rural persons[2] had Medicare Part D coverage (excluding employer-based and federal retiree coverage) (Table 1). This figure represents over half (about 53.2 %) of all rural Medicare beneficiaries, and a greater proportion of rural persons are covered than are urban persons (51.2%). About one-third of rural persons voluntarily enrolled in a stand-alone (prescription drug coverage is the only benefit) national or regional PDP, a much larger percentage than the 21.6% of urban persons who made this choice. Rural persons are much less likely to have comparable choices of MA plans (as documented in a previous RUPRI Center policy brief—PB2006-8), leading to a much lower MA coverage rate of 4%, compared to 16% in urban areas. They are also less likely to have employer or federal drug coverage (compare 21% to 25%). These lower rates of coverage are somewhat offset by a higher rate of dual eligible enrollees who were automatically enrolled into PDPs.

Table 1. Enrollment in Medicare Part D and Other Prescription Drug Coverage as of June 2006, by Location of Residence of Medicare Beneficiary

	Number in Part D				Number with employer, federal coverage	Number with creditable coverage	Medicare eligibles
	TOTAL in Part D	Number in PDPs	Number in MA-PD	Number with dual eligibility			
	(Numbers in thousands)						
Rural, total	**4,827**	**3,021**	**369**	**1,437**	**1,927**	**6,755**	**9,079**
Rural adjacent, total	3,595	2,218	302	1,075	1,473	5,068	6,845
Rural nonadjacent, total	1,233	803	67	363	454	1,687	2,234
Urban, total	**17,313**	**7,297**	**5,390**	**4,626**	**8,376**	**25,689**	**33,826**
U.S., total	**22,141**	**10,318**	**5,759**	**6,063**	**10,303**	**32,444**	**42,904**
	(Percent of Medicare eligibles)						
Rural, total	**53.2%**	**33.3%**	**4.1%**	**15.8%**	**21.2%**	**74.4%**	**100.0%**
Rural adjacent, total	52.5%	32.4%	4.4%	15.7%	21.5%	74.0%	100.0%
Rural nonadjacent, total	55.2%	35.9%	3.0%	16.2%	20.3%	75.5%	100.0%
Urban, total	**51.2%**	**21.6%**	**15.9%**	**13.7%**	**24.8%**	**75.9%**	**100.0%**
U.S., total	**51.6%**	**23.8%**	**13.9%**	**13.9%**	**23.7%**	**75.3%**	**100.0%**

Source: RUPRI Center for Rural Health Policy Analysis. Analysis of CMS enrollment data released on June 14, 2006, combined with data from USDA/Economic Research Service on county classifications.

Notes: Totals may not add due to rounding, and totals do not include Medicare recipients from U.S. territories or Puerto Rico. Some Medicare recipients may have prescription drug coverage that is not classified as creditable—employer, federal, or Medigap coverage—and CMS does not release that data at the county level, so it is not counted here.

Overall, the percent of persons with creditable prescription drug coverage is slightly lower in rural areas (74.4%) than in urban areas (75.9%). In addition, CMS reports that 5.4 million Medicare recipients, or roughly 13% of the Medicare population, have coverage from other sources deemed creditable by Medicare but not included in these statistics (CMS 2006). These sources include Veterans Affairs coverage, Indian Health Service coverage, Active Workers with Medicare Secondary Payer coverage, Other Retiree coverage (including those who retain their Medigap coverage), those not enrolled in the Retiree Drug Subsidy program, and State Pharmaceutical Assistance Programs. CMS does not report a breakdown of these Medicare recipients by county, so it is not possible to determine the urban-rural breakdown of those with additional creditable coverage. However, the percentage of persons with prescription drug coverage is certainly higher than what is displayed in Figure 1.

Table 2. Percent of Rural Persons Covered by Medicare Part D or Other Creditable Prescription Drug Coverage, June 2006

State	Percent in Part D: TOTAL in Part D	Percent in Part D: Percent in PDPs	Percent in Part D: Percent in MA-PD	Percent in Part D: Percent with dual	Percent with employer, federal coverage	Percent with creditable coverage
OVERALL	**53%**	**33%**	**4%**	**16%**	**21%**	**74%**
			(sorted by percent with Part D coverage)			
SD	76%	62%	1%	13%	13%	90%
ND	74%	60%	2%	12%	10%	84%
NE	67%	52%	2%	13%	11%	78%
IA	65%	50%	3%	12%	11%	76%
MS	64%	31%	1%	32%	12%	77%
MN	63%	44%	11%	9%	13%	76%
KS	61%	48%	1%	12%	14%	75%
TN	61%	27%	6%	29%	17%	78%
GA	61%	40%	3%	18%	17%	77%
MO	58%	33%	4%	21%	17%	76%
AR	58%	38%	3%	17%	18%	76%
NC	58%	31%	6%	20%	23%	80%
VA	57%	38%	5%	14%	18%	76%
ME	57%	34%	0%	22%	22%	79%
OK	55%	37%	1%	17%	18%	74%
KY	55%	35%	2%	18%	20%	75%
IL	55%	38%	2%	15%	23%	78%
AL	55%	36%	3%	15%	23%	77%
TX	53%	36%	2%	15%	25%	78%
LA	53%	30%	1%	22%	19%	72%
MT	53%	38%	4%	11%	19%	72%
ID	53%	38%	4%	11%	19%	72%
WY	53%	43%	2%	8%	19%	71%
UT	52%	34%	7%	11%	22%	74%
OR	52%	38%	7%	7%	18%	70%
VT	52%	35%	0%	17%	21%	73%
SC	51%	27%	3%	21%	24%	76%
CO	51%	32%	7%	12%	23%	74%
IN	50%	36%	2%	12%	23%	73%
CA	50%	27%	4%	19%	24%	74%
FL	50%	31%	5%	14%	31%	80%
HI	48%	8%	27%	13%	26%	75%
NM	48%	28%	4%	16%	26%	74%
AZ	48%	23%	11%	14%	23%	72%
WA	48%	34%	3%	11%	26%	73%
CT	47%	34%	2%	12%	25%	72%
WV	47%	31%	1%	14%	29%	76%
NV	46%	26%	15%	6%	27%	73%
MI	45%	30%	2%	13%	29%	74%
MD	43%	34%	0%	8%	34%	77%
MA	43%	32%	0%	10%	28%	71%
OH	43%	27%	4%	12%	31%	74%
DE	42%	35%	0%	7%	35%	77%
WI	42%	21%	7%	14%	17%	59%
PA	42%	19%	11%	11%	21%	63%
NH	40%	29%	0%	11%	26%	66%
NY	34%	14%	5%	15%	26%	60%

Source: RUPRI Center for Rural Health Policy Analysis. Analysis of CMS enrollment data released June 14, 2006, combined with data from USDA/Economic Research Service on county classifications.

Notes: New Jersey, Rhode Island, and the District of Columbia are not shown as they have no rural counties. Data are also not shown for U.S. territories and Alaska, since rural/urban county classifications are not available for these areas. Some Medicare recipients may have prescription drug coverage that is not classified as creditable—employer coverage, federal coverage, or Medigap coverage—and CMS does not release that data at the county level.

Part D Enrollment by State

Table 2 shows that the enrollment rates of rural persons in Medicare Part D and other creditable drug plans vary considerably by state. While several states have rural rates of enrollment in stand-alone PDPs that are above the national average of 33%, these states are likely to have very low enrollment rates for MA-PD plans, dual eligibles, and employer or other federal coverage. Also, the states with the highest rates of Part D coverage tend to be concentrated in the upper Midwest. Maps displaying state rates of enrollment are available at http://www.rupri.org/healthpolicy.

Conclusions and Policy Implications

Medicare Part D prescription drug coverage appears to be a robust choice for rural Medicare beneficiaries. Enrollment in the Medicare stand-alone PDPs is higher in rural areas (33%) than in urban areas (22%), and overall, more than half of rural persons are in a Part D plan. Reasons for the disproportionately higher rural enrollment in Part D plans include the following:

- Array of choices of PDPs comparable to urban areas because they are national or regional plans
- Lower rates of prescription drug coverage by other means prior to January 2006 (Briesacher et al., 2006)
- Less availability of choices from MA-PDs, which in 2006 continued to be predominantly local (county-specific) plans not generally available in rural areas

Previous analysis by RUPRI showed that PDP choices available to rural residents across the United States are generally the same as those available to urban persons. However, the story is very different for MA-PD plans, since most of the plans into which beneficiaries have enrolled are local (county), not regional plans. RUPRI analysis shows that in 2006, on average, the MA-PD plans available to rural persons were less generous than those available to urban persons (McBride, Terry, & Mueller 2006).

Implementation of the MMA has opened up new choices for rural beneficiaries and made prescription drug coverage more accessible to them. However, until there is time to assess the impacts of enrollment into PDPs and MA-PDs, a question remains: Are the plans into which rural beneficiaries are enrolling delivering the benefits implicit in congressional intent? To answer that question, evidence is needed regarding coverage of medicines preferred by beneficiaries and their physicians, use of local pharmacies by plans, and changes in formularies that affect out-of-pocket expenditures.

Notes

[1]An actuarial determination measures whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Medicare prescription drug benefit. Measures include deductibles and copayments, and which drugs are included in formularies. Drug coverage is creditable if the actuarial value of the coverage equals or exceeds the actuarial value of standard Medicare prescription drug coverage, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines.

[2]To classify areas into rural (adjacent and nonadjacent) and urban, the Urban Influence Codes (UICs) were used, available from the Economic Research Service at http://www.ers.usda.gov/Briefing/Rurality/UrbanInf/.

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