RUPRI Center for Rural Health Policy Analysis
Rural Policy Brief

Brief No. 2009-2 March 2009 www.unmc.edu/ruprihealth

Rural Enrollment in Medicare Part D is Growing Slowly

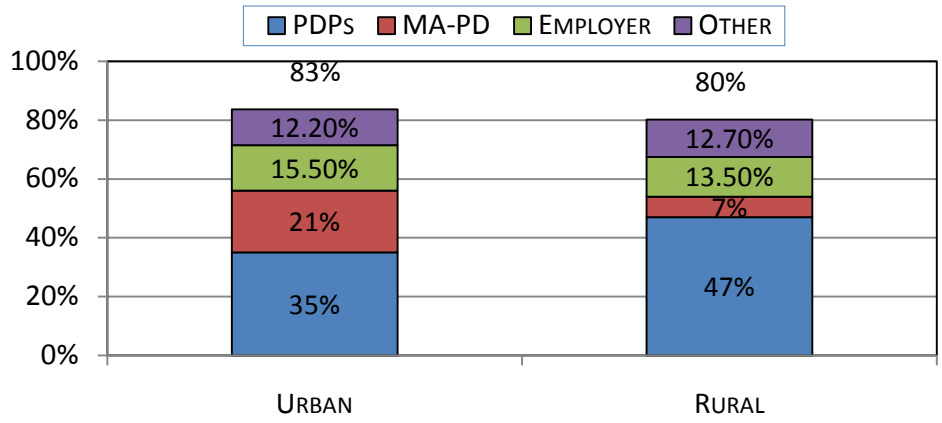
Timothy D. McBride, PhD, Leah Kemper, MPH, and Keith Mueller, PhD

In December 2008, 8 in 10 rural Medicare beneficiaries had creditable prescription drug coverage, and over half of these beneficiaries were enrolled in a prescription drug coverage option offered through the Medicare Part D program (Figure 1). However, the array of coverage patterns for rural and urban beneficiaries is strikingly different. Rural beneficiaries are more likely to enroll in stand-alone prescription drug plans (PDPs), while urban beneficiaries are much more likely to enroll in Medicare Advantage (MA) plans that offer prescription drug coverage (MA-PD plans), which are more available in urban areas.

Key Findings

- Over half (54%) of rural Medicare beneficiaries were enrolled in a Medicare Part D prescription drug plan—46.7% in a stand-alone PDP and 7.3% in an MA-PD plan. In comparison, a slightly larger percentage of urban beneficiaries (56.1%) were enrolled in a Medicare Part D plan (Table 1).
- The percentage of rural Medicare beneficiaries enrolled in Part D plans grew slowly over the last two and a half years, while urban enrollment grew more rapidly. In June 2006, 53.2% of rural Medicare beneficiaries and 51.2% of urban Medicare beneficiaries were enrolled in a Medicare Part D plan.
- In December 2008, a much higher percentage of rural Medicare beneficiaries (46.7%) were enrolled in a stand-alone PDP than were urban beneficiaries (35%).
- In December 2008, only 7.3% of rural Medicare beneficiaries were enrolled in MA-PD plans, compared to 20.4% of urban beneficiaries, the likely result of much higher availability of MA plans in urban areas.

Figure 1. Prescription Drug Coverage by Area of Residence, December 2008



Note: Some Medicare recipients may have prescription drug coverage that is not classified as creditable coverage by the Centers for Medicare & Medicaid Services.

Enrollment in Part D

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 stand-alone PDP or an MA-PD plan. As of December 2008, about 5 million rural Medicare beneficiaries had prescription drug coverage through Medicare Part D (Table 1). This figure represents approximately 54% of rural Medicare beneficiaries. The number of rural enrollees in Part D grew by approximately 200,000 from June 2006 to December 2008, and the percent of enrollees grew slightly, from 53.2% to 54%. Urban enrollment in Medicare Part D was 19.6 million persons in December 2008 (Table 1). In contrast to rural enrollment, urban enrollment grew by over 2 million from June 2006 to December 2008, and the percentage of enrollees increased from 51.2% to 56.1%.

Table 1. Enrollment in Medicare Part D or Other Creditable Prescription Drug Coverage, December 2008

	Number in Part D					
	Total in Part D	Number in PDPs	Number in MA-PD[1]	Number with Employer, Federal Coverage [2,3]	Number with Creditable Coveage	Number of Medicare Eligibles
December 2008			**(Numbers in thousands)**			
Rural, Total	5,011	4,333	677	2,430	7,441	9,280
Urban, Total	19,593	12,201	6,997	9,588	29,181	34,229
U.S., Total	24,604	16,571	8,033	12,095	36,699	44,199
June 2006						
Rural, Total	4,827	4,458	369	1,927	6,755	9,079
Urban, Total	17,313	11,923	5,390	8,376	25,689	33,826
U.S., Total	22,141	16,381	5,759	10,303	32,444	42,904
December 2008			**(Percent of Medicare Eligibles)**			
Rural, Total	54.0%	46.7%	7.3%	26.2%	80.2%	100.0%
Urban, Total	56.1%	35.6%	20.4%	27.7%	84.1%	100.0%
U.S., Total	55.6%	38.0%	17.6%	27.6%	83.3%	100.0%
June 2006						
Rural, Total	53.2%	49.1%	4.1%	21.2%	74.4%	100.0%
Urban, Total	51.2%	35.3%	15.9%	24.8%	75.9%	100.0%
U.S., Total	51.6%	37.7%	13.9%	23.7%	75.3%	100.0%

Source: RUPRI Center for Rural Health Policy Analysis, based on CMS data.

(1) Includes other prepaid plans, including Demo, Cost, and PACE plans.
(2) Data for the employer and federal coverage is taken from CMS' report, *Drug Coverage by County,* January 2008. Enrollment data for 2009 had not been released at the time the analysis was conducted.
(3) Includes beneficiaries in employer plans taking retiree drug subsidies, FEHB, Tricare, VA, and Active Workers.

The growth in enrollment in Medicare Part D in both rural and urban areas is due to a growth in enrollment in MA-PD plans. The percentage of urban beneficiaries enrolled in an MA-PD plan grew from 15.9% in June 2006 to 20.4% in December 2008, resulting in an increase in enrollment of approximately 2 million enrollees. Similarly, rural enrollment in MA-PD plans grew from 4.1% in June 2006 to 7.3% in December 2008, resulting in an increase of over 200,000 enrollees. This increase is a result of significant growth in the number of MA-PD plans available in rural areas, though not at the pace of growth in urban areas.

Table 2. Enrollment in Medicare Part D or Other Creditable Prescription Drug Coverage, December 2008

STATE	Eligible Medicare Beneficiaries	Percent in Part D	Percent in PDPs	Percent in MA-PDPs[1]	Percent with Employer, Federal Coverage [2,3]	Percent with Creditable Coverage
		Percent in Part D				
US	43,508,985	55.6%	38.0%	17.6%	27.6%	83.3%
AK	57,230	36.1%	36.0%	0.1%	41.8%	77.9%
AL	794,119	57.0%	38.8%	18.2%	30.8%	87.9%
AR	499,525	55.6%	48.0%	7.6%	25.7%	81.2%
AZ	837,092	60.2%	25.6%	34.6%	25.9%	86.1%
CA	4,404,143	67.6%	36.4%	31.2%	19.0%	86.6%
CO	560,523	54.2%	25.6%	28.6%	28.2%	82.5%
CT	540,153	53.2%	39.6%	13.6%	31.5%	84.7%
DC	74,221	41.8%	35.8%	5.9%	34.3%	76.1%
DE	137,176	49.1%	47.4%	1.7%	36.6%	85.7%
FL	3,136,198	53.7%	29.8%	23.9%	28.3%	82.0%
GA	1,123,485	53.5%	45.9%	7.6%	26.1%	79.6%
HI	190,514	61.4%	31.7%	29.7%	20.5%	81.9%
IA	501,472	61.0%	54.3%	6.7%	20.6%	81.5%
ID	208,261	51.8%	35.3%	16.4%	26.8%	78.6%
IL	1,752,685	52.8%	46.8%	6.1%	29.3%	82.1%
IN	947,399	50.5%	45.2%	5.3%	31.6%	82.1%
KS	412,743	57.5%	50.3%	7.2%	23.4%	80.9%
KY	714,746	52.3%	45.3%	6.9%	29.4%	81.6%
LA	644,035	59.2%	41.1%	18.2%	24.8%	84.1%
MA	1,003,283	55.7%	38.7%	17.1%	28.8%	84.5%
MD	730,416	42.0%	36.5%	5.5%	39.6%	81.5%
ME	248,206	59.4%	53.1%	6.3%	22.7%	82.0%
MI	1,551,240	51.1%	32.7%	18.3%	35.7%	86.7%
MN	735,747	62.9%	37.6%	25.4%	21.4%	84.3%
MO	952,022	59.2%	43.0%	16.2%	25.3%	84.5%
MS	471,077	60.7%	56.4%	4.3%	21.3%	82.0%
MT	157,244	51.2%	41.8%	9.4%	26.1%	77.4%
NC	1,368,098	57.3%	44.3%	13.0%	27.7%	85.0%
ND	105,366	64.9%	61.2%	3.8%	19.1%	84.0%
NE	268,440	58.4%	51.8%	6.7%	23.9%	82.3%
NH	199,824	44.9%	42.4%	2.5%	33.1%	78.0%
NJ	1,265,950	51.5%	42.4%	9.1%	32.5%	84.0%
NM	287,326	57.3%	35.9%	21.4%	23.9%	81.3%
NV	320,830	54.1%	25.3%	28.8%	28.9%	82.9%
NY	2,850,350	56.9%	33.7%	23.2%	27.8%	84.7%
OH	1,812,875	48.0%	31.4%	16.6%	37.3%	85.3%
OK	568,310	55.2%	44.5%	10.7%	25.5%	80.7%
OR	571,120	61.6%	30.3%	31.3%	21.3%	82.9%
PA	2,190,959	59.8%	30.6%	29.2%	25.2%	85.0%
RI	175,877	65.4%	32.2%	33.2%	20.5%	85.9%
SC	701,235	48.6%	42.9%	5.7%	32.4%	81.0%
SD	129,948	57.4%	53.4%	4.0%	22.9%	80.3%
TN	980,166	61.2%	43.5%	17.7%	23.8%	85.0%
TX	2,729,003	52.0%	38.2%	13.8%	29.7%	81.7%
UT	256,499	51.3%	30.2%	21.1%	30.2%	81.5%
VA	1,053,914	48.9%	41.0%	7.8%	32.4%	81.2%
VT	102,649	52.9%	52.3%	0.6%	30.8%	83.8%
WA	881,126	49.2%	35.9%	13.3%	28.5%	77.7%
WI	860,845	46.5%	33.6%	12.9%	26.5%	73.1%
WV	368,644	54.7%	40.0%	14.6%	27.1%	81.7%
WY	74,676	48.6%	45.7%	2.8%	28.6%	77.1%

Source: RUPRI Center for Rural Health Policy Analysis, based on CMS data as of December 2008.

Note: Excludes enrollment in any county and plan if the plan enrolls 10 or fewer enrollees in that county (due to restrictions on data release by CMS), and excludes enrollees in US territories (due to data incompatibilities).

(1) Includes other prepaid plans, including Demos, 1876 Cost, and PACE plans.
(2) Data for the employer and federal coverage is taken from CMS' report, *Drug Coverage By County,* January 2008. Enrollment data for 2009 had not been released at the time the analysis was conducted.
(3) Includes beneficiaries in employer plans taking retiree drug subsidies, FEHB, Tricare, VA and Active Workers.

Table 3. RURAL Enrollment in Medicare Part D or Other Creditable Prescription Drug Coverage, December 2008

STATE	Eligible Medicare Beneficiaries	Percent in Part D			Percent with Employer, Federal Coverage [2,3]	Percent with Creditable Coverage
		Percent in Part D	Percent in PDPs	Percent in MA-PDPs[1]		
US	9,280,133	54.0%	46.7%	7.3%	26.2%	80.2%
AK	20,685	35.3%	35.3%	0.1%	36.8%	72.1%
AL	260,728	59.0%	49.0%	10.0%	27.0%	86.0%
AR	238,972	56.9%	50.3%	6.6%	23.0%	79.9%
AZ	120,856	48.0%	37.1%	10.9%	28.6%	76.6%
CA	157,253	52.2%	49.0%	3.2%	28.9%	81.0%
CO	95,311	45.1%	37.6%	7.5%	27.8%	72.9%
CT	49,100	51.8%	44.4%	7.4%	32.6%	84.4%
DE	40,795	47.9%	46.9%	0.9%	38.7%	86.5%
FL	256,402	43.5%	37.7%	5.8%	33.9%	77.5%
GA	296,052	56.9%	53.4%	3.5%	21.1%	78.0%
HI	54,007	61.3%	34.2%	27.1%	16.9%	78.2%
IA	264,231	63.6%	59.4%	4.2%	18.6%	82.2%
ID	80,199	47.6%	39.6%	8.1%	25.4%	73.0%
IL	320,759	54.4%	51.1%	3.4%	28.8%	83.3%
IN	239,911	52.3%	47.0%	5.2%	28.4%	80.7%
KS	177,981	58.2%	56.2%	2.0%	20.1%	78.3%
KY	354,056	54.2%	51.0%	3.2%	25.6%	79.8%
LA	186,702	56.8%	52.0%	4.8%	24.2%	81.0%
MA	4,114	40.6%	40.6%	0.0%	32.6%	73.1%
MD	52,850	44.1%	43.7%	0.4%	37.3%	81.4%
ME	115,163	60.8%	55.6%	5.2%	21.7%	82.5%
MI	358,094	50.7%	34.7%	16.0%	33.3%	84.0%
MN	266,709	62.8%	45.5%	17.3%	19.4%	82.2%
MO	312,308	58.4%	51.9%	6.5%	23.4%	81.8%
MS	289,924	64.1%	61.5%	2.6%	17.9%	82.0%
MT	105,579	49.5%	41.1%	8.4%	26.1%	75.7%
NC	502,447	58.6%	49.6%	9.0%	25.3%	83.9%
ND	66,273	65.3%	62.4%	2.9%	16.6%	81.9%
NE	142,669	61.6%	58.1%	3.5%	19.1%	80.7%
NH	88,724	44.4%	43.0%	1.4%	33.6%	78.0%
NM	111,207	52.4%	46.3%	6.2%	23.6%	76.0%
NV	44,972	41.1%	28.3%	12.8%	32.1%	73.2%
NY	279,436	48.1%	37.2%	10.8%	33.6%	81.6%
OH	375,848	45.0%	38.6%	6.4%	36.8%	81.8%
OK	244,643	54.3%	52.2%	2.1%	23.3%	77.6%
OR	172,215	54.3%	40.0%	14.4%	24.9%	79.2%
PA	382,498	56.8%	39.9%	16.9%	26.4%	83.2%
SC	193,576	50.1%	46.9%	3.1%	29.4%	79.5%
SD	79,244	58.6%	55.9%	2.7%	20.3%	78.9%
TN	326,236	62.4%	52.3%	10.1%	21.1%	83.5%
TX	532,388	47.2%	44.5%	2.7%	29.3%	76.5%
UT	38,389	49.5%	34.7%	14.8%	25.7%	75.2%
VA	236,388	58.9%	50.4%	8.5%	22.3%	81.2%
VT	75,285	54.5%	53.9%	0.6%	28.9%	83.4%
WA	151,306	46.4%	42.9%	3.4%	29.5%	75.9%
WI	286,520	43.4%	32.5%	10.9%	24.4%	67.8%
WV	179,484	53.0%	41.3%	11.7%	27.5%	80.5%
WY	51,644	48.9%	46.3%	2.6%	26.8%	75.7%

Source: RUPRI Center for Rural Health Policy Analysis, based on CMS data as of December 2008.

Notes: Excludes enrollment in any county and plan if the plan enrolls 10 or fewer enrollees in that county (due to restrictions on data release by CMS), and excludes enrollees in US territories (due to data incompatibilities). Some states not shown either because they have no rural areas or because the CMS data show no enrollees in rural areas (DC, NJ, RI).

(1) Includes other prepaid plans, including Demos, 1876 Cost, and PACE plans.
(2) Data for the employer and federal coverage is taken from CMS' report, *Drug Coverage By County,* January 2008. Enrollment data for 2009 had not been released at the time the analysis was conducted.
(3) Includes beneficiaries in employer plans taking retiree drug subsidies, FEHB, Tricare, VA and Active Workers.

Part D by State

Enrollment in Medicare Part D plans varies across states (Tables 2 and 3). In 17 states, over half of rural Medicare beneficiaries were enrolled in a stand-alone PDP, and in these states the average unweighted rural enrollment in MA-PD plans is only 4.3%. Similarly, states that have higher enrollment in MA-PD plans typically have lower enrollment in stand-alone PDPs, perhaps because Medicare beneficiaries in these states have access to more options for MA-PD plans, resulting in less need to access stand-alone PDP plans.

Conclusions

Medicare Part D prescription drug coverage has proven to be a vital component of health coverage for rural and urban Medicare beneficiaries alike. Enrollment in Medicare Part D in both rural and urban areas grew from June 2006 to December 2008, as a result of an increase in enrollment in MA-PD plans. Urban enrollment in Medicare Part D plans outpaced rural enrollment from June 2006 to December 2008. This difference is likely a result of the fact that rural MA enrollees are less likely to have the option of prescription drug coverage through their MA plan. Over half of the rural beneficiaries enrolled in MA are enrolled in private fee-for-service (PFFS) plans, compared to less than a fourth of the urban MA population. Unlike health maintenance organization plans and preferred provider organization plans, PFFS plans are not required to offer prescription drug coverage. Therefore, rural beneficiaries have less opportunity to obtain MA-PD coverage.[1] Conversely, stand-alone PDP plans are typically regional or national plans and offer the same availability to both urban and rural beneficiaries within their respective regions, resulting in a higher percentage of rural enrollees choosing this option.

Medicare Part D has provided opportunities for urban and rural beneficiaries to obtain prescription drug coverage. However, the type of coverage obtained by these beneficiaries differs by plan, plan type, and structure, and therefore a question remains: Do rural and urban beneficiaries receive equitable benefits from their respective Medicare Part D prescription drug plans? In order to answer this question, further analysis must be done regarding premiums, the coverage of medicines preferred by beneficiaries and their physicians, use of local pharmacies by plans, formularies, and the beneficiaries' out-of-pocket expenditures.

Notes

[1]The CMS monthly enrollment summary for December 2008 provides enrollment data for Medicare Part D plans at www.cms.hhs.gov. This data shows that 94% of MA enrollees in local CCP plans have prescription drug coverage, while only 56% of MA enrollees in PFFS plans have prescription drug coverage. These figures are important because of the greater number of rural beneficiaries that enroll in PFFS plans, as opposed to local CCP plans. Kemper et al. (2009) found that 61% of rural Medicare beneficiaries that were enrolled in a MA plan in December 2008 were enrolled in a PFFS plan, while only 18% of urban beneficiaries were enrolled in a PFFS plan in December 2008 (Kemper L, McBride TD, Mueller KJ. (2009). *Rural Enrollment in Medicare Advantage: Growth Slows in 2008* [PB2009-2]. Omaha, NE: RUPRI Center for Rural Health Policy Analysis). Therefore, the high percentage of rural beneficiaries who are enrolled in a PFFS plans combined with the lower percentage of enrollees who have prescription drug coverage through their PFFS plans results in a lower number of rural Medicare beneficiaries who have prescription drug coverage when compared to urban beneficiaries.

Funded by the Federal Office of Rural Health Policy, Health Resources and Services Administration, U.S. Department of Health and Human Services (Grant #6-U1C RH03718)

RUPRI Center for Rural Health Policy Analysis, University of Nebraska Medical Center, 984350 Nebraska Medical Center, Omaha, NE 68198-4350, (402) 559-5260, http://www.unmc.edu/ruprihealth