

Rural Medicare Part D Enrollment Patterns and Prescription Drug Coverage Rates

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Study Objectives

The 2003 Medicare Prescription Drug, Improvement, & Modernization Act facilitated prescription (Rx) drug coverage for Medicare beneficiaries through the Part D program, implemented in 2006. Previously, approximately 59% of rural and 75% of urban Medicare beneficiaries had some kind of drug coverage (Mueller, Schur 2004).

This study sought to examine patterns in prescription drug coverage before and after the Part D program: describing enrollee characteristics and identifying remaining gaps in coverage.

Study Design

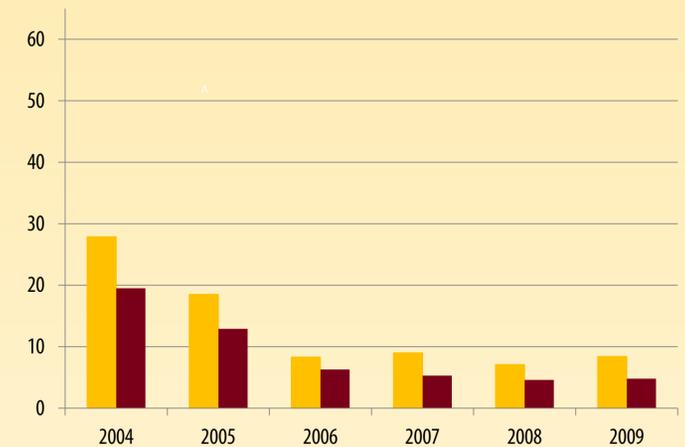
Retrospective study of all Medicare beneficiaries living in the U.S., 2004-2009 (two years prior / three years post-implementation of Part D) who were enrolled in either Part A (hospital insurance) or B (doctors' services, outpatient care), disabled and aged, and living either in the community or in an institution.

Data: Medicare Current Beneficiary Survey (MCBS) 2004-09 Cost and Use files;

Rural Definitions: Economic Research Service 2003 Urban Influence Codes. Urban = metropolitan (codes 1,2); rural = micropolitan (codes 3,5,8) and non-core (codes 4,6,7,9-12).

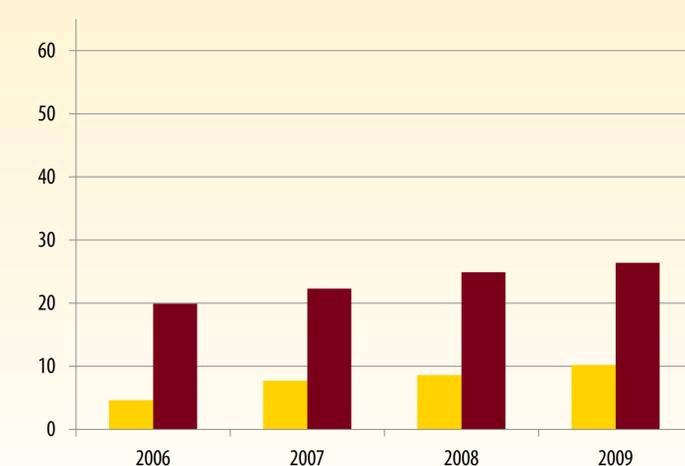
Results

Continuous Uninsurance Rates rural urban



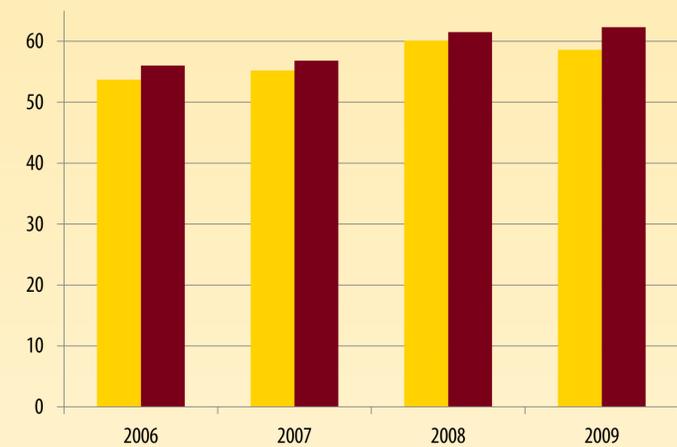
Geographic disparities in prescription drug coverage have greatly diminished. Rates of continuous uninsurance are approaching all-time lows of 7% in rural areas and 4% in urban areas.

MA-PD Enrollment Rates Rural Urban



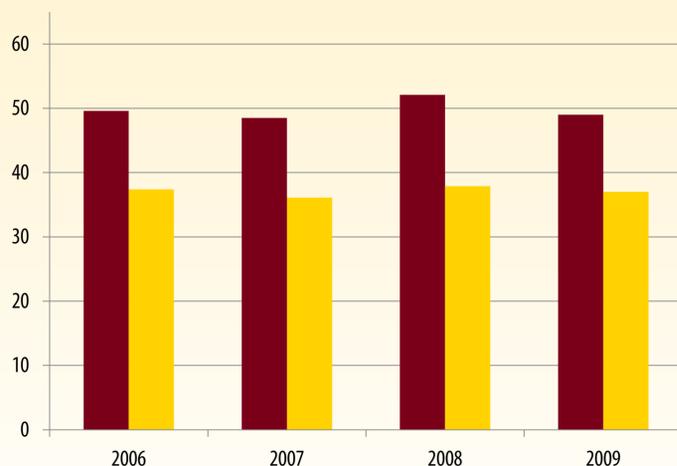
The majority of increases in Part D enrollment rates were realized in Medicare Advantage Prescription Drug plans (MA-PD), but there is lower availability of HMO/PPO plans in rural areas.

Part D Enrollment Rates rural urban



Overall Part D enrollment rates increased 1-5% annually, but rural rates persistently lag 2-4% behind urban rates.

Stand-Alone PDP Enrollment Rates Rural Urban



Rural beneficiaries were more likely to enroll in stand-alone prescription drug plans (PDP), which are one of few viable options for prescription coverage in rural areas.

Key Findings

Compared to non-enrollees, rural Part D enrollees were:

- *less likely* to be male, white, college-educated, married, and/or in good/excellent health; and
- *more likely* to have lower incomes, dual-eligibles auto-enrolled (Medicaid/Medicare), chronic illnesses, and/or a greater number of chronic conditions :

	Rural	
	Part D	No Part D
Average Age (years)	71.3*	73.5
Male (%)	39.8*	51
White (%)	89.7*	93.8
Black (%)	7.5*	3.8
Some college (%)	16.3*	21.3
College graduate (%)	9.4*	16.7
Married (%)	45.6*	61
Employed (%)	10.3	12
Good-excellent health (%)	60.6*	72.3
Average household income	25,146*	32,150
Chronically ill (%)	94.0*	92.5
Average # of chronic conditions	3.79*	3.51

- Independent of geographic location, there is strong evidence to support a claim that less-healthy beneficiaries are enrolling in the Part D program.
- Phasing out Medigap policies for prescription coverage has decreased rates of private prescription drug coverage.
- Evidence from this study dispels concerns that the Medicare Part D program may be crowding-out private prescription coverage.

Policy Implications

- Rural residents' prior reliance upon employer-sponsored and Medigap policies for prescription coverage complicates policy questions aimed at expanding their prescription drug coverage options.
- Greater availability of managed care and Medicare Advantage (MA-PD) plans appears to have encouraged more rapid growth in part D prescription coverage in urban areas; however, the potential for MA-PD plans to further increase rural prescription coverage rates to mirror those in urban areas appears questionable.
- Given the difference in the composition of insurance coverage and rates of uninsurance by geographic location, potential disparities in rural and urban medication adherence rates and subsequent Medicare expenditures may exist.
- Improving medication adherence rates has served a key role in the policy justification of Part D, and should lead to lower Medicare inpatient and outpatient expenditures.
- Our future work will address whether beneficiaries with improved access to prescriptions through Part D realize better rates of medication adherence.