Reactions to the New Medicare Law

Findings Based on Focus Groups with Medicare Beneficiaries

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Executive Summary

OVERVIEW

Public Opinion Strategies and Peter D. Hart Research Associates conducted 10 focus groups among Medicare beneficiaries on behalf of the Kaiser Family Foundation in Pittsburgh, PA; Kansas City, KS; and Washington, DC. The main purpose of these focus groups was to assess beneficiaries' knowledge, perceptions, and early experiences with the new Medicare drug law– both the Medicare-approved discount card program and the new benefit that begins in 2006.

METHODOLOGY

The groups were conducted among the following target Medicare groups, beneficiaries with: household (HH) incomes of less than $17K; HH incomes of $17K to $35K; HH incomes above $35K; and coverage for a disability. The table below shows the target groups conducted at each location.

Pittsburgh, PA
(Conducted 5/5)

1. Beneficiaries with Medicaid and Medicare coverage;
2. Beneficiaries – HH income of $10K to $17K;
3. Beneficiaries – HH income of $17K to $35K; and
4. Beneficiaries – HH income of more than $35K

Kansas City, KS
(Conducted 5/18)

1. Beneficiaries – HH income of less than $17K with drug coverage;
2. Beneficiaries – HH income of less than $17K without drug coverage;
3. Beneficiaries – HH income of $17K to $35K; and
4. Beneficiaries – HH income of more than $35K

Washington, DC
(Conducted 5/20)

1. Disabled beneficiaries under age 65, most with mental health issues; and
2. Disabled beneficiaries under age 65, most with physical disabilities.

KEY FINDINGS

Overall Feelings toward Medicare

- Seniors and younger beneficiaries with disabilities are clearly segmenting their feelings between Medicare and the new drug benefit; seniors' feelings toward Medicare are generally positive, while their feelings toward the new drug benefit are generally negative.
- Lower-income panelists, who tend to be more dependent on Medicare, have very positive feelings toward Medicare generally.
- Higher-income panelists have relatively neutral to positive feelings toward Medicare, as most have less experience using Medicare and rely heavily on supplemental insurance to help fill gaps in the Medicare benefit package (such as prescription drug coverage).

Beneficiaries' Initial Reactions to the New Medicare Law

- Seniors express considerable concerns about the new law, with initial reactions to the law netting a mean score of 31 on a zero-to-100 scale, on which a zero means that they feel very unfavorable toward the new law and a 100 means that they feel very favorable toward the new law.
- Seniors are confused and uncertain about the law's details and how it will be administered. This confusion contributes significantly to their negative feelings toward the new benefits.
- Specific concerns about the law include personal cost, how it will affect their current coverage, whether they would have access to the drugs prescribed by their doctors, logistics of the benefits, and the need for information to make good decisions.
- With many seniors lacking sufficient personal knowledge of the law, their opinions are frequently shaped by the news and the advertising environment, much of which they report as being negative.
- People who participated in the second set of groups, which took place two weeks later than the first set, appear to have somewhat greater knowledge about the basics of the new drug law.

Beneficiaries' Reactions to Detailed Descriptions of the New Medicare Law

- Overall, seniors react negatively toward the descriptions of both the drug discount cards and the 2006 Medicare drug coverage.
- Participants react positively to the law's potential to provide fiscal relief for lower-income beneficiaries, with many viewing the new law as a good thing for poorer people (both the $600 credit in 2004 and 2005 and subsidies beginning in 2006).
- Panelists also react favorably to the 2005 Medicare preventative benefits.

Drug Discount Cards

- Concerns about the drug discount cards center on five areas: 1) discounts are not substantial enough to make drugs affordable; 2) the discounts are not guaranteed; 3) the plan ends after only two years; 4) apprehension about investigating/choosing from a large amount of cards; and 5) the $600 credit is a good idea, but may be insufficient.

New Drug Benefit Beginning in 2006

- Negativity toward the 2006 Medicare drug benefit focuses on the gap in coverage ("doughnut hole") between $2,250 and $5,100 in total drug spending, new Part D prescription drug premium levels (on top of Medicare Part B), the qualifying level for the lower-income subsidies and concerns that they would not qualify, and a belief that their own supplemental plans, that include prescription drug coverage, are better.

- A number of participants find the new law confusing, even after considerable attempts to explain its various components.
- Panelists on Medicaid—for whom the new law represents a significant change—express apprehension about the new law, and are generally happy with the coverage they have (for which they pay very little). They are anxious about the transition to this new plan, and fear greater costs and inability to get their same drugs covered.
- Some optimism exists about the potential to make the benefit better after it is implemented.
- After hearing the more detailed descriptions of each benefit, five of the eight groups become more positive toward the new Medicare law, however, the overall ratings still remain neutral to negative (36 on the same zero-to-100 scale).

Reactions to Specific Statements about the New Law

Competition

- Beneficiaries are not certain that competition between plans will keep down drug prices.
- In describing their reluctance to believe that competition would drive down drug prices, multiple groups mention gas prices as a parallel example. Some say that there is collusion to keep drug prices up.
- Some seniors feel that the government should be involved in price negotiations to keep drug prices down, but others say that they do not trust the government to do this either.

Choice in Drug Plans

- Beneficiaries DO like the idea of a choice of plans to meet their needs, but some are skeptical about the stability and viability of private plans.
- Although seniors like the idea of a choice of plans, they are concerned that the process of choosing a plan may be potentially confusing, and are worried that some people on Medicare (those who are relatively frail, or who have cognitive impairments, for example) may have difficulty handling these choices.

Penalty for Delayed Enrollment

- Overall reaction to the penalty is decidedly negative. Beneficiaries by and large do not inherently understand the reasoning behind its incentive mechanism, and many see the penalty as unfair and too steep.
- After hearing about the enrollment penalty, however, seniors are more likely to sign up for the coverage to avoid paying a penalty.

Reactions of Beneficiaries Under Age 65 with Disabilities

- Disabled beneficiaries express many of the same concerns as do seniors, although they do so with significantly greater intensity due to their condition.
- Many do not feel that they are targeted for the drug benefit and that education efforts about the new law are designed for seniors.
- Some worry that the thresholds for the lower-income subsidies are too low and offer a disincentive to work (if, as a result of work, their incomes are too high to qualify for these subsidies).
- Other concerns include whether all their medications would be covered, whether the program would be sufficiently flexible to deal with continual and unexpected changes in their condition/prescriptions, and the new law's interaction with other programs and the potential for losing related benefits.

DETAILED FINDINGS

Participants are taken through four exercises in the focus groups. First they are asked to provide brief statements that describe how they feel toward the Medicare system in general. Then, prior to an in-depth discussion on the new Medicare law, they rate the new law based on any information they have accrued from various sources. Participants then read about components of the new law: the discount cards effective in 2004, the preventative benefits effective in 2005, and the prescription drug coverage that takes the place of discount cards in 2006. The fourth set of exercises focus on various statements regarding the law, including price negotiation, the voluntary nature of the plan, choosing between private plans, and the premium penalty for late sign-up.

BENEFICIARIES' OVERALL FEELINGS TOWARD MEDICARE

Panelists complete two exercises to measure their overall feelings toward Medicare. The first exercise asks them to write down the first thing that comes to mind when they think about Medicare, and then what that makes them think of next. We call this projective focus group technique a "mind map." The second exercise asks them for one word or a short phrase that describes how they feel about Medicare.

Both exercises produce differences by income, with those in lower-income households, who tend to be more dependent on Medicare, having very positive feelings toward Medicare, as does one Kansas City woman who says, "Without Medicare, with all my cancers, I would have been helpless." Disabled beneficiaries express similar sentiments, as one notes:

> I have been on both A and B, and I've found that both were very helpful to me. If I wasn't on Medicare, I, like many of the other [respondents], would be unable to function financially. It would be very difficult for me.

Panelists in higher-income households have relatively neutral to positive feelings toward Medicare. They are more neutral because they report not having as much experience using Medicare, and for the most part say that they use their supplemental insurance to offset gaps in the Medicare coverage.

For the most part, participants see Medicare as affordable health insurance coverage. Some are 'thankful for it' and feel that it provides them with a sense of security. Others mention confusion over what may be coming in 2006. A lower-income woman in Pittsburgh expresses both of these sentiments: "I feel good that it's available. But there's a lot of uncertainty with it because you don't know what it's going to be."

BENEFICIARIES' INITIAL REACTIONS TO THE NEW MEDICARE LAW:

Initial Rating

Before discussing the new law in detail, participants are asked to provide an initial assessment of the law based on anything they have seen or heard to that point. In one exercise, they are asked to rate the law on a zero-to-100 scale, on which a zero means that they feel very unfavorable toward the law and a 100 means that they feel very favorable toward it.

As the following table indicates, the overall impression of the law is largely negative, with a total mean score of 31 out of 100. Note also that a sizeable portion of the groups (10 out of 67 participants) feel that they do not know enough about the new law to rate it.

Overall Opinion of the New Medicare Law

0	50	100
Very Unfavorable	Neutral	Very Favorable

	Mean	# Stating "Don't Know"
Pittsburgh - HH income less than $10K	38	1
Pittsburgh - HH income $10K-$17K	15	1
Pittsburgh - HH income $17K-$35K	25	4
Pittsburgh - HH income more than $35K	48	1
Kansas City - HH income less than $17K with Rx coverage	30	2
Kansas City - HH income less than $17K without Rx coverage	35	0
Kansas City - HH income $17K-$35K	28	1
Kansas City - HH income more than $35K	29	0
Total	**31**	**10 (of 67)**

Lack of Information

Panelists also provide reasons for why they rated the new law as they did.[1] These reasons frequently indicate that seniors' feelings toward the new Medicare law are being shaped by misinformation and lack of information. It is clear from these groups that seniors are very confused and not yet informed about what is happening to their Medicare. While some beneficiaries are aware that drug discount cards are available now, that the drug coverage begins in 2006, and that the new law benefits poorer seniors the most, many others reveal considerable confusion about the new law and how it would be administered. Some examples:

- For the most part seniors confuse the drug discount cards with the actual drug coverage. They do not realize that these are separate programs;
- They are unaware of the cost of premiums, deductibles, coverage amounts; and
- They have no idea that the law includes additional preventative benefits.

[1] In Kansas City, seniors wrote down their reasons prior to a general discussion, so as not to allow the opinions of others to "pollute" their initial reasons.

With many beneficiaries lacking sufficient personal knowledge of the law, their opinions are frequently shaped by the news and the political advertising environment, much of which they report as being negative.

Specific Reactions

With the caveat of misinformation firmly in place, it is nevertheless informative to note the reasons underlying seniors' initial reactions to the law.

On the positive side, some participants express appreciation that the problem is being addressed—"It's better than what we had," according to one Kansas City man in the more than $35,000 household income range. There also is some recognition that the law would help lower-income beneficiaries.

On the negative side, numerous panelists express frustration with the new law. These include negativity surrounding its provision prohibiting the government from negotiating drug prices, the "doughnut hole," or their perception that it would be too costly for recipients or not provide sufficient coverage for all the drugs they need. When asked to briefly list the reasons underlying their rating of the new law, one lower-income panelist from Kansas City writes:

> No guarantee that drug prices will not go up. Very costly program. Drug prices not regulated. Some will fall through the cracks.

Another major complaint expressed is the confusing nature of the program. Or, in the words of one Kansas City participant, the law is "complicated, confusing, and too many terms and conditions."

Others wonder whether, under the new law, they would have access to all the drugs prescribed by their doctors, particularly those higher in price. This is especially concerning to younger beneficiaries with disabilities, as illustrated in the following quote:

> What's going to happen with prescriptions? Are they going to cover them? Are they not going to cover them? Are they going to cover them one month and not the next? It's not there in black and white.

Core Questions

To capture seniors' concerns or questions about the new law, they are asked to imagine that they have the opportunity to talk to an expert on the new Medicare law and get answers to their questions. Their resulting questions focus on:

- *Cost* – "What will I pay?"/"What will it cost me?"
- *Benefits* – "Will my drugs be covered?"/ "Will I have to take generics?"
- *Coverage* – "Will I be able to keep my existing coverage?" "How will it work for me?"/"How will it work with my other coverage?"
- *Decision-making*– "How can I get the information I need to make the right choice for me?"

BENEFICIARIES' REACTIONS TO DETAILED DESCRIPTIONS OF THE NEW MEDICARE LAW

Participants are read descriptions of both the interim drug discount card program and the Medicare benefit that begins in 2006 and asked whether they have a favorable or unfavorable opinion about each benefit or no strong opinion. In Pittsburgh, a detailed description of the 2005 Medicare preventative benefits also is tested.

Their reactions to detailed descriptions of the drug discount cards and 2006 Medicare drug coverage reinforce some of their initial feelings about the law. Seniors have overall negative reactions to the descriptions presented of both the drug discount cards and the 2006 Medicare drug coverage. In Pittsburgh, however, reactions to the 2005 Medicare preventative benefits are positive. The following sections show panelists' reactions to each benefit.

Medicare Approved Drug Discount Cards

Participants read the following description of the new discount drug card that will become available in June 2004:

IN 2004:
Medicare Approved Drug Discount Cards to help beneficiaries start saving immediately on prescription drugs. These new Medicare drug discount cards:

- Are offered by private companies such as pharmacies, health insurance companies, managed care plans, and others in 2004 and 2005;
- Allow people on Medicare the option of choosing the card that best meets their needs based on the prescriptions they take;
- Have an annual enrollment fee of up to $30 for most people, but those with lower incomes do not pay the annual fee;
- Are estimated to provide savings of 10% to 25% on prescription drugs, and while savings could be higher, minimum discounts are not guaranteed;
- Provide lower-income people on Medicare with incomes of less than $12,569 for singles and $16,862 for couples with a $600 credit on their Medicare drug discount card in 2004 and again in 2005 to help pay for prescriptions; and
- Will be offered only in 2004 and 2005 and will no longer be offered once the Medicare prescription drug benefit starts in 2006.

Immediately after reading this description, participants rate the drug discount cards. The results, shown in the following table, indicate that more than half have an unfavorable opinion, with approximately one-quarter reacting favorably:

Reactions to Discount Drug Cards

Favorable	14
No Strong Opinion	14
Unfavorable	37

Concerns about the drug discount cards center on five areas. First, many panelists feel that the 10% to 25% discounts are not substantial enough to make the drugs affordable. Beneficiaries also point to the fact that the discounts are not guaranteed, which significantly raises their level of skepticism about the cards. This is the view of a younger beneficiary with disabilities.

> Anyway, it's confusing. And then it's not enough. I mean, 10% to me is just, as I said, you can go on the Internet and get your drugs from Canada at 50% of what you buy them here.

Seniors and beneficiaries with disabilities convey significant apprehension about investigating and choosing from a large amount of cards. This is the sentiment expressed by a number of panelists in the first Pittsburgh group, who describe the situation as ridiculous when one says that there would be "something like 25 to 45 different cards [available]."

One concern is a belief that many seniors will have difficulty making good decisions about which cards are best for them. This confusion is well illustrated by a woman's comments in the first Pittsburgh group:

> I have heard that, depending on your circumstances, different people will be issued different colored cards. These different colored cards are supposed to tell you what your benefits are and how much you're going to get for your prescriptions, and so on and so forth. I mean, how is one going to determine who gets what color card? And if the circumstances of a person change, what do they have to do to get a different colored card to get more benefits? I mean, it's really confusing.

Seniors also wonder what prescriptions will be covered by each card, and whether they will have to purchase more than one plan. A parallel concern relates to the fact that the cards would be discontinued after two years, which would force them to learn a new system after already having educated themselves about the interim plan and the many cards offered.

On the positive side, some feel that the cards would offer considerable assistance to poor beneficiaries. This was the opinion of one woman in the fourth Pittsburgh group who says, "For those lower-income people, it certainly works to their advantage."

Some like the $600 credit, but others feel it may be insufficient to cover the high costs of prescriptions.

Preventative Benefits

Panelists read the following description of the new preventative benefit program that will become available in 2005:

IN 2005:
New Preventative Benefits will be covered, including:

- A one-time wellness physical exam within six months of enrollment in Medicare Part B; and
- Screenings for early detection of diabetes and heart disease.

Immediately after reading this description, panelists rate the preventative benefits. The results, shown in the following table, indicate a much more positive view of this portion of the new Medicare law:

Reactions to Preventative Benefits

Favorable	17
No Strong Opinion	7
Unfavorable	8

Note: This exercise was conducted solely in Pittsburgh.

Across the four groups in Pittsburgh, the 2005 preventative benefits are viewed positively. One panelist finds the benefit especially appealing, saying, "It really did sound good to me. It sounded like something I might go for."

Some are not aware that preventative care services are not already a part of their Medicare benefits, while others mention that this care is covered by their supplemental plan. Regardless of their awareness levels, Medicare beneficiaries see these new preventative benefits as something good and helpful to have. As one beneficiary notes, "They never had preventative benefits before that that I know of. I think every little bit helps."

Beneficiaries see both the one-time wellness exam and the diabetes and heart disease screenings as ways of helping keep seniors healthy, allowing seniors to be tested earlier for these diseases, and encouraging them to go to go to the doctor for a check up.

> Mostly because of this diabetes and this heart disease. A lot of these people having these problems don't even know they have it and it is very favorable for them to get screened for that.

There are concerns among some participants about the one-time wellness exam. Some feel the free wellness exam should be offered yearly and not just to new beneficiaries entering Medicare.

Drug Coverage in 2006

Participants read the following description of the new drug benefit program that will become available in 2006:

IN 2006:
Prescription Drug Benefits, all people with Medicare will be able to enroll in plans that cover prescription drugs. Although plans may vary, beneficiaries will:

- Choose a drug plan and pay a premium of roughly $35 a month in addition to the Medicare Part B premium;
- Pay a deductible of $250, then pay 25% of costs between $250 and $2250 in prescription drugs, while Medicare pays the remaining 75% of the costs;
- Will receive no coverage for their total drug costs above $2250 until reaching $3600 in out-of-pocket spending; and
- Medicare pays 95% of the drug costs after they have spent $3600.

Lower-income beneficiaries with incomes of less tan $13,965 for singles and $18,735 for couples will NOT have to pay the premium or the deductible and instead will have a small co-pay for each prescription they need.

With this new drug benefit as part of Medicare in 2006, MEDICAID will no longer offer drug coverage for Medicare beneficiaries, instead these beneficiaries must enroll in a private plan that provides the new Medicare drug benefit.

Immediately after reading this description, panelists rate the 2006 benefits. The results, shown in the following table, indicate that more than half of participants have an unfavorable opinion, with approximately one-quarter reacting favorably:

Reactions to 2006 Drug Benefits

Favorable	15
No Strong Opinion	12
Unfavorable	38

Significant Potential for Lower-Income Beneficiaries

Despite the majority having negative overall reactions to the 2006 benefits, beneficiaries largely give the law high marks for the benefits it can deliver to those with low incomes. However, this positive assessment often requires considerable effort by the moderators to educate focus group participants about the plan and to pierce their typically heavy veils of skepticism. The following is an illustrative quote from the first group of disabled beneficiaries, who, like their senior counterparts, also see the law's value for lower-income recipients.

> [I rated the new law highly] because it sounds like a good plan in my case, you know, low income. And it sounds like a good plan if you only have Medicare and don't have no other prescription coverage.

Lower-Income Cutoffs

Another concern is the qualifying level for the lower-income income subsidies, and concerns that they would not qualify. This is the feeling of a senior in the second Kansas City group who, even though he earns less than $17,000, believes that the 2006 plan "wouldn't do me any good, because I make too much money."

New Coverage vs. Existing Coverage

A number of participants whose supplemental plans include prescription drug coverage believe that those plans are significantly better than the new Medicare benefits to be implemented in 2006. Importantly, this sentiment exists in both the lower- and high-income ranges.

"Doughnut Hole"

Some of the negative reactions to the 2006 Medicare drug coverage focus on the gap in coverage (between $2,250 and $5,100 in total drug spending). This "doughnut hole" (bullet three above) is repeatedly highlighted in the third Kansas City group, as illustrated in this quote:

> You know, the thing is when someone gets to a certain age and they're sick and they need medication, that means that they can't go out and get a job for several reasons. First of all, physically, you're not able to and $3,600 is a lot of money in that position. Everything has gone up, everything, and it's going to go up too. Now, $3,600 to someone 85 years old that's not working and. . . that's a lot of money.

Costs

Others respond negatively to the new Part D ($35/month) prescription drug premium levels (on top of Medicare Part B). A lower-income Kansas City participant worries about "paying out another $420 a year," concluding that she does not think "for the majority of seniors that [the plan] would be beneficial."

Effect on Current Coverage

In some cases, participants see the new Medicare law as a potential threat to their current plans. For example, a Kansas City panelist currently uses a variety sources for his supplemental coverage, and he is concerned about how these might change with the new benefits in 2006.

> I'm getting it right now, a good deal. I've got a Medigap plan for my wife that has prescription drugs. Okay? And I'm also getting the VA. And that card is good. I mean, I've got an AARP card and the AARP card, by the way, is one of those cards that's been approved for Medicare. And that's good. That's going to continue on to the best of my knowledge, the AARP card is. But the others, apparently, you know, once 2006 gets here they're going to go.

Concerns of Medicaid Recipients

Those on Medicaid—for whom the new law represents a significant change—express apprehension about the new law, and are generally happy with the coverage they have (for which they pay very little). They are anxious about the transition to this new plan, and fear greater costs and inability to get their same drugs covered.

> Am I reading this correctly? Why would anybody who is on Medicaid volunteer for this? Why would anybody change from what they have now?

As their concerns over increased costs are largely unfounded, focus group moderators in both Pittsburgh and Kansas City work hard to convince these recipients that they likely would be paying less, not more, under the new plan. And although this discussion assuages their fears to some degree, they remain largely unenthusiastic about the new plan.

<u>Overall Reactions to the New Medicare Drug Benefit after Hearing Detailed Descriptions:</u>

After hearing this added detail about the new Medicare drug benefit, participants' positive reactions focus primarily on the benefits for lower-income beneficiaries and the preventative benefits. However, those with drug coverage and those on Medicaid have negative reactions to the discount drug cards and 2006 drug benefit.

Contributing to this negativity is that even after discussing the law in detail, many continue to find it extremely confusing.

> I golf with about 20 guys and I have asked them at different times while we're sitting around, "Does anybody understand this?" And everybody's looking at me saying, "We don't got a clue."

Other frustrations with the new law focus on a belief that the coverage is limited and does not go far enough to make drugs more affordable for beneficiaries. This is the view of one lower-income participant in the first Kansas City group who fears that in the end, the plan would not provide sufficient savings.

> I have a little savings, very little now. But if they put this out here for us, they're going to make it sound so good and you're going to sign up for it and I think you're going to be sorry, I think.

Many are clearly comparing the coverage they currently have and feel that the Medicare coverage is not as good as their current coverage and therefore would not be open to considering this coverage. Some even express concern that the new law will negatively affect their existing coverage.

Panelists with no drug coverage, who are one intended target of this new law, are much more open to considering this coverage and do see this as a form of help for them to afford prescription drugs.

It is also interesting to note that after hearing the more detailed descriptions of each benefit, five of the eight groups shift their initial overall opinion of the new Medicare law and become more positive. Nevertheless, the overall ratings still remain neutral to negative. The following table shows this shift in ratings.

Overall Opinion of the New Medicare Law
After Detailed Discussion

0 — 50 — 100

Very Unfavorable — Neutral — Very Favorable

	Mean	Post-Description Mean	Difference
Pittsburgh - HH income less than $10K	38	21	-17
Pittsburgh - HH income $10K-$17K	15	40	+25
Pittsburgh - HH income $17K-$35K	25	35	+10
Pittsburgh - HH income more than $35K	48	54	+6
Kansas City -HH income less than $17K with Rx coverage	30	34	+4
Kansas City - HH income less than $17K without Rx coverage	35	48	+13
Kansas City - HH income $17K-$35K	28	24	-4
Kansas City - HH income more than $35K	29	28	-1
Total	**31**	**36**	**+5**

REACTIONS TO SPECIFIC STATEMENTS ABOUT THE NEW LAW

We tested seniors' reactions to four aspects of the new 2006 Medicare drug coverage. The statements focus on the following topics:

- *Drug Pricing*:
  Should the federal government or private companies be negotiating with drug companies to lower the price of prescription drugs;

- *Voluntary/Private Plans:*
  The 2006 coverage is voluntary and provided by private plans;

- *Choice:*
  Beneficiaries are guaranteed a choice of at least two prescription drug plans to provide their drug coverage; and

- *Penalty for Delayed Enrollment*:
  There is a premium penalty for late enrollment in the 2006 drug coverage.

Drug Pricing

The moderator read aloud the following statement about the new Medicare law:

> This new Medicare law prevents the federal government from negotiating with drug companies to lower the price of prescription drugs. Instead, this law counts on competing private health plans that would now be covering millions of more seniors to negotiate with drug companies to lower prices on prescription drugs.

Beneficiaries express considerable skepticism about the idea that competition between plans will keep down drug prices. Some say that there is collusion to keep drug prices up. A few point out that there is already competition between pharmaceutical companies, and yet drug prices continue to soar. In the third Kansas City group, many liken the situation to a monopoly, because "these drug companies, they make a drug and nobody else can make it for 12 years."

A number of groups also bring up a parallel example of gas prices, noting that multiple competitors have failed to drive down gas prices. When asked whether competition would drive down drug prices, most participants do not think so, with one in Kansas City noting, "When gas goes up in my station, it's all over." Some seniors feel that the government should be involved in price negotiations to keep drug prices down, a sentiment expressed unanimously in the second Pittsburgh group. However, others say that they do not trust the government to do this either.

Voluntary/Private Plans

The moderator read aloud the following statement about the new Medicare law:

> In 2006, when the new drug benefit is available you will still keep all your current Medicare benefits and do not need to change the way you receive these existing benefits. The new Medicare drug benefits offered in 2006 are voluntary, meaning beneficiaries have the option of choosing the drug coverage plan that best meets their needs or deciding not to enroll in the program. The Medicare drug coverage will be available only from competing private health plans. These private drug coverage plans are expected to vary in a number of ways including monthly premiums, co-pays for drugs, and in the drugs that they cover. Unlike today's existing Medicare benefits that are automatically part of everyone's Medicare benefits, beneficiaries have to enroll in this new drug coverage to receive the drug coverage.

Beneficiaries like the idea that the new benefits will be voluntary. One Pittsburgh participant in the second group is especially attracted to that component, and his colleagues agree:

> One thing about the statement is that it says it's voluntary. You don't have to get into it if you don't want it. You can keep whatever you've got."

However, the idea that seniors would have to make an enrollment decision raises concerns that such a decision would be overwhelming for many.

> Well, it's another plan that is voluntary, meaning that to a number of seniors, this is going to be absolutely, completely confusing. They're not going to know what to do if they don't have someone to advise them on what to do. When one program is going to be cut off and another program is going to be turned on, anytime you have to change like that it's extremely difficult to try to explain that, especially to older people.
>
> —Lower-income Pittsburgh participant

Anxiety about the decision-making capabilities of seniors is a sentiment expressed by many throughout the groups. Therefore, when seniors view any portion of the plan as potentially confusing, their overall opinion of the new law tends to drop significantly.

Choice

The moderator read aloud the following statement about the new Medicare law:

> Every year beneficiaries are guaranteed a choice of at least two prescription drug plans to provide their drug coverage. Each year beneficiaries will have the option to select which private health plan will provide their drug coverage for that entire year.
>
> - Some people say this is a good idea, because it gives beneficiaries more choice and control over their health care. They also say it creates pressure on private health plans to lower the cost of prescription drugs as these plans compete to provide drug coverage to beneficiaries.
>
> - Other people say it's a bad idea because it is too confusing for beneficiaries and instead say all beneficiaries should have the same coverage year to year as part of their standard Medicare benefit.

As with the voluntary statement above, beneficiaries are largely attracted to the idea of a choice of plans to meet their needs. This would allow seniors to continually adjust their plans to fit their needs. Moreover, "If companies compete fairly to help lower the costs, that would be a big plus," according to one participant in the fourth Pittsburgh group.

However, the possibility that choice may result in confusion continues to emerge, as it does in the discussions about voluntary plans. As one woman in the first Kansas City group expresses, "I think it's not necessarily a good plan for the simple reason that there's a lot of older people that will not understand what's going on." Additional negativity stems from fears that private plans may not remain viable, a concern expressed in Kansas City because of a failed health care plan there.

The consensus opinion is that seniors must educate themselves about the new plan. The information resources that they say they will go to for help in understanding their choices are friends/family, Medicare, pharmacists, and physicians. Higher-income seniors mention accessing Medicare's Web site.

Penalty

The moderator read aloud the following statement about the new Medicare law:

> This law allows seniors who currently have good private drug coverage to keep their coverage. However, as an incentive for beneficiaries to sign up for the new drug coverage there is a premium penalty for late enrollment. Beneficiaries will have a window of six months to sign up for the new drug plans in 2006, after this initial enrollment period there is a 12% premium penalty each year for beneficiaries who sign up after the enrollment period. This means if you sign up in 2007 the premium penalty is 12%, but if you sign up in 2008 the premium penalty is 24% on top of your monthly premium.

This section of the new law elicits considerable negativity among seniors, with one Kansas City homemaker complaining, "We're being held hostage." This reaction is especially typical upon an initial reading, as most seniors have great difficulty understanding the motivation underlying the incentive. When informed that this is an attempt to prevent people from signing up after they become ill, this explanation appears to temper their negativity to some degree. However, many continue to view the penalty as unfair, in part because they feel that the penalty amount is "pretty steep," in the words of one Kansas City participant.

An additional dynamic at work is that older beneficiaries seem to be thinking about what works for them *today*, rather than what will work for them in the future. Many seniors mention that they do not currently have a problem affording prescription drugs or that they do not take enough that this coverage will help them. They are not anticipating their future needs, or possible future catastrophic expenses. This mind set causes seniors to say that they probably will not sign up for the drug benefit in 2006. However, after hearing about the enrollment penalty, many seniors acknowledge that they will consider signing up for the coverage to avoid paying a penalty.

REACTIONS OF BENEFICIARIES UNDER AGE 65 WITH DISABILITIES

Although they share many of the same feelings about the new Medicare law as do seniors, disabled beneficiaries approach this issue with significantly greater intensity. This intensity stems largely from the fact that health concerns are paramount among this population due to the fact that their health and financial situations are tenuous at best and their drug costs are considerable. As such, they express arguably even greater levels of skepticism and concern about the new law, despite the fact that some of them view the law as potentially advantageous for lower-income beneficiaries.

Medicare beneficiaries with disabilities possess numerous concerns about the new law. First, many feel that they are not targeted for the drug benefit and that education efforts about the new law are designed for seniors. This sentiment is illustrated in the comments of one participant in the first Washington group:

> Well, it seems to be better for senior citizens in the sense that they've been emphasized. So they don't cover, they don't talk about disabled in advertisements for it on the TV or the radio. They talk about the seniors. Now that was wrong in the first place because if Medicare does indeed cover both of all populations, then it should be emphasized equally. Why are we being left out, as usual?

Some Medicare beneficiaries with disabilities also worry that the thresholds for the lower-income subsidies are too low and offer a disincentive to work. This is already a problem for one recipient:

> I work, and in order for me to keep my Medicaid I have to keep below a certain amount. So I do that, and, but I, if I didn't have Medicaid I couldn't work enough to be able to pay my medication and do all the stuff that I get now.

Another issue is whether the new law would guarantee that all their medications would be covered, a key concern for a population whose prescription drug needs are extensive. This concern is emphasized by one panelist in the discussion about private plans.

> I'm not sure because I would be leery of that private plan and how they work with disability issues and prescription coverage concerning disability, particularly neurological and visual. So for instance, I take two types of Dilantin. Are they going to always have the two types available? Are they going to always understand what I have to take when, what my dosage is? Are they going to say, well, you really don't need it, and try to play God with me? And my neurologist would always say of course he needs it. So that worries me…It's just too much of a chance that they could play God and just say, you know, control what you can take and what you can't take after years of you having taken the medications and it's been successful for you. So I'm a little leery about the privatization component. That's what I'm worried about.

This quote also highlights a shared concern that the program would be insufficiently flexible to deal with continual and unexpected changes in medical condition/prescriptions.

Another distinction between disabled beneficiaries and seniors is the formers' higher degree of interaction with health care providers, advocacy groups, and support organizations. For a number of the more vocal and knowledgeable disabled beneficiaries, it is clear that their negative views of the new law originate from these providers, groups and organizations. An example of this is illustrated by a Maryland beneficiary with mental health issues.

> I've heard that some benefits are going to be cut. Any time they start talking about that, I get a little nervous. I've heard my therapist talk to me during our session, and she said that Medicare, or at least the State of Maryland, is not going to fund my treatment plan, which is once a week, or four times a month, anymore. And that's the one thing that's going to affect me a lot, considerably. So I'm very upset about that, until it gets resolved.

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