

A decorative graphic consisting of a large, thin, light-brown arc that starts near the top right and curves down towards the bottom right. It is positioned behind the title text. There are also two small yellow squares: one at the bottom right corner of a green rectangular area on the left, and another at the intersection of a horizontal and vertical line in the bottom right quadrant.

Enrollees' Perceptions of Medicare Part D: Three Months and Counting

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**Data Collected by International Communications Research
Report Prepared by Teresa A. Keenan, Ph.D.**

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Background

In March 2006, AARP Knowledge Management contracted with International Communications Research (ICR) of Media, Pennsylvania to field a telephone survey among adults 65+ who have enrolled in a Medicare prescription drug plan. The survey was fielded March 9 through April 3, 2006 among a nationally-representative sample of 1,514 adults 65 years of age or older. The margin of error is +/- three percent at the 95% confidence level.

Respondents were asked about the main reason they enrolled in a Medicare prescription drug plan, whether or not they have used the benefit, and if so, how much they estimate they have saved. They were also asked about any prescription drug coverage they may have had in 2005 and how this new coverage compares to that in terms of both general coverage and cost savings. Finally, they were asked if they thought they would have to give up something if this prescription drug benefit had not been added to Medicare, and if so, what. The results of this survey follow.

Key Findings

Respondents were asked about their enrollment in a Medicare prescription drug plan, with those who said they either enrolled on their own or were “automatically enrolled” asked to participate in the survey. Of those who opted to continue, nearly nine in ten (88%) said they were already enrolled, while slightly more than one in ten (12%) said they were “automatically” enrolled in a drug plan.

- Roughly one-third (36%) said they enrolled because of cost or savings reasons, such as thinking they will save money on drugs (14%), having high drug costs (13%), thinking the cost of drugs will increase (2%), wanting to be able to budget their monthly expenses (2%), wanting to save money by avoiding the penalty for late enrollment (2%), and believing that a Medicare drug plan cost less than they had expected (2%).
- Roughly three in ten (29%) said they were auto-enrolled (29%), while nearly two in ten (17%) said they enrolled because of health reasons such as wanting peace of mind about the future (3%) or needing a number of medications and wanting to make sure they had coverage (2%).
- Two-thirds (67%) of respondents said they had used the new benefit to obtain prescription drugs in 2006, of which one-third (33%) said they estimated having saved less than \$50 per month and nearly three in ten (28%) estimated their savings at between \$50 and \$150 per month. Notably, a full quarter (25%) of respondents did not know

how much money they saved on prescription drug purchases since the beginning of the year.

More than six in ten (61%) respondents said they had had prescription drug coverage in 2005. They were then asked two follow-up questions about the coverage in terms of premiums and benefits and overall.

- Among those respondents who said they had prescription drug coverage in 2005, three in ten (30%) said they thought the new coverage is better in terms of premiums and benefits than their previous coverage, while one-third (33%) said the new coverage is about the same. Seventeen percent said the new coverage is worse in terms of premiums and benefits than what they had in 2005. However, one-fifth (20%) of respondents did not know how their new prescription drug coverage compared with the coverage they had in 2005, perhaps because the program has only been existence for four months.
- When asked about the prescription coverage overall, the pattern of responses is similar to that for premiums and benefits. Three in ten (29%) respondents said that the new coverage is better, while slightly more than one-third (36%) said the new coverage is about the same. As with the previous question, seventeen percent said the new coverage is worse than what they had in 2005, while another seventeen percent did not know.
- When asked to give an estimate of how much they had paid per month in 2005 for the same drugs they are currently taking, nearly three in ten (28%) respondents noted \$50 or less per month. Another quarter of respondents estimated that they had paid either \$50-\$150 per month (16%) or \$151-\$300 (10%) per month.
- When enrollees were asked how much money they thought they have saved on prescription drugs since they enrolled in a new plan, one-quarter (25%) said they have saved a great deal of money, while a similar figure (28%) said they have saved some money. In contrast, about one-third said they have saved very little money (14%) or no money (20%). Notably, one in ten (13%) respondents don't know how their savings compare to last year's expenses.
- More than four in ten (44%) respondents who have either enrolled on their own or were automatically enrolled said that the savings they're receiving are about what they expected. Roughly three in ten (28%) said the savings are better than they had expected, and roughly one in seven (16%) said the savings are worse.

When asked how satisfied they are with their prescription drug coverage, nearly eight in ten respondents said they are extremely (16%), very (34%),

or somewhat (28%) satisfied with it. About one in ten respondents reported that they are either not very (6%) or not at all (5%) satisfied with their prescription drug coverage.

When asked if they thought they would have had to give up something had Medicare not added this new prescription drug benefit, four in ten (40%) respondents thought they would have.

- Cutting back on groceries, looking for less expensive housing, cutting back on savings, curtailing visits to restaurants, cutting back on medications are all noted as ways in which respondents believe they would have had to adjust if the prescription drug benefit had not been added to Medicare.

Demographic Characteristics of Respondents

- Respondents were almost equally divided between those age 65-74 (48%) and those age 75 or older (50%).
- In terms of AARP membership, about half of the respondents (53%) were members.
- About half (47%) of the respondents said they were married, with four in ten (40%) who were widowed and slightly less one in ten (8%) who were divorced.
- Three in ten (31%) respondents said they had less than a high school degree, while nearly one-third of the participants said they were high school graduates (31%). One-fifth (19%) of respondents said they had some college or technical training, while nearly another fifth said they were college graduates (10%) or had some post-graduate training or a graduate degree (7%).
- Nearly eight in ten (79%) respondents said they were retired, while nearly one in ten (9%) were employed part-time or full-time. Five percent said they were employed disabled.
- More than eight in ten (82%) respondents said they were white, while about one in ten (9%) said they were black. Nine percent of respondents said they were Hispanic.
- Respondents were split roughly into quintiles by income, with nearly one-fifth (17%) noting annual household incomes of less than \$10,000, one-fifth (21%) noting incomes between \$10,000 and \$19,999, another (20%) between \$20,000 and \$39,999, and the final fifth with incomes of \$40,000 or more.

Conclusions

Although the new Medicare prescription drug benefit is just four months old, results from this survey of enrollees suggest that they are already reaping financial benefits from enrolling. The majority of respondents believe the premiums, benefits, and costs of the program to be about the same or better than coverage they had previously and many are recognizing at least some cost savings from enrolling.

**Annotated Questionnaire
Enrollees' Perceptions of Medicare Part D
(n=1,514)**

As you may know, Medicare is the health insurance program for people aged 65 and older as well as for certain people with disabilities. People in Medicare currently pay about \$89.00 per month for Part B Medicare coverage, which does not cover prescription drugs taken outside of a hospital. Congress passed a new law that adds outpatient prescription drug coverage to Medicare.

S1: Based on what you know now, do you think you will enroll in a Medicare prescription drug plan this year? <Please check one box.>

I received information that said I was "automatically enrolled" in a Medicare drug plan	12%
I am already enrolled in a Medicare drug plan	88%
I have decided to enroll but have not yet selected a plan	Terminate
I have not yet decided	Terminate
I have decided <u>not</u> to enroll	Terminate

Q1: What is the main reason that you have decided to enroll? <Please check one box.>

Cost/Savings (Net)	36%
Because I have high drug costs now	13%
Because I think the cost of drugs will increase	2%
Because I want to be able to budget my monthly expenses	2%
Because a Medicare drug plan cost less than I had expected	2%
Because enrolling now seemed less costly than waiting to enroll and paying a penalty	2%
Because I think I will save money on my drugs	14%
Coverage (Net)	8%
For prescription coverage / to get some help	4%
Best plan available	1%
I needed a supplement / didn't have any insurance coverage	2%
The benefits / I like what they have to offer	1%
Enrollment (Net)	32%
Automatically enrolled	29%
Already enrolled in another plan / had it for years	2%
Health reasons (Net)	17%
My / family member's health / illness	1%
Because I wanted peace of mind about the future	3%
They told us we have to / would be penalized if we didn't	3%
I'm on a lot of prescriptions / need my medications	2%
Decided it was a good idea / better to enroll sooner than later	1%
We needed it / scared not to / I know how hard it will be	1%
My doctor recommended / to help pay doctor / hospital bills	1%
Retired / part of a pension plan	1%
Because of my age / over age 65	2%
Was recommended to me	1%

Q2: Have you used the new benefit to obtain prescription drugs this year?

No	31%
Yes	67%
Don't Know	2%

[Asked of respondents 65+ who are enrolled in a drug plan and who said they have used the benefit to obtain prescription drugs this year; n=1,002]

Q3. Based on your purchases since the beginning of this year, how much would you estimate that you have paid for prescription drugs per month? \$_____.

<\$50	33%
\$50-\$150	28%
\$151-\$300	9%
\$301-\$1,000	4%
\$1,001+	1%
Don't know	25%
Refused	1%

Q4. Did you have prescription drug coverage in 2005?

No	37%
Yes	61%
Don't know	1%

[Asked of respondents 65+ who are enrolled in a plan and who had prescription drug coverage in 2005; n=929]

Q5. If you had prescription drug coverage in 2005, how would you say this new prescription drug coverage compares to it in terms of **premiums and benefits**?

The new coverage is better	30%
The new coverage is about the same	33%
The new coverage is worse	17%
Don't know	20%

[Asked of respondents 65+ who are enrolled in a plan and who had prescription drug coverage in 2005; n=929]

Q6. If you had prescription drug coverage in 2005, how would you say this new prescription drug coverage compares to it **overall**?

The new coverage is better	29%
The new coverage is about the same	36%
The new coverage is worse	17%
Don't know	17%

[Asked of respondents 65+ who are enrolled in a plan and who had prescription drug coverage in 2005; n=929]

Q7. Now for the same drugs that you've been taking so far this year, how much would you estimate that you paid per month in 2005? \$_____ per month.

<\$50	28%
\$50-\$150	16%
\$151-\$300	10%
\$301-\$1,000	5%
\$1,001+	1%
Don't know	38%

[Asked of respondents 65+ who are enrolled in a plan and who have used the new prescription drug benefit this year; n=1,031]

Q8. Compared to last year, how much do you think you have saved on prescription drugs since you enrolled in the new plan?

I have saved a great deal of money	25%
I have saved some money	28%
I have saved very little money	14%
I have saved no money	20%
Don't know	13%

[Asked of respondents 65+ who are enrolled in a plan and who have used the new prescription drug benefit this year; n=1,031]

Q9. How do the savings you're receiving compare to what you expected to save?

The savings are better than I had expected	28%
The savings are about the same as I had expected	44%
The savings are worse than I had expected	16%
Don't know	12%

Q10: How satisfied are you with your prescription drug coverage?

Extremely satisfied	16%
Very satisfied	34%
Somewhat satisfied	28%
Not very satisfied	6%
Not at all satisfied	5%
Don't know	10%

Q11. If Medicare had not added this prescription drug benefit, would you have had to give up something else to pay for your prescription drugs?

No	40%
Yes	53%
Don't know	7%

[Asked of respondents 65+ who are enrolled in a plan and who would have had to give up something if Medicare hadn't added the prescription drug benefit; n=507]

Q12. What would you have had to give up in order to pay for your prescription drugs? <Please check all that apply.>

Heating / Utilities (Net)	3%
Household items / maintaining the house	1%
Cut back on heating / utilities	2%
Leisure / Entertainment (Net)	12%
Stop going to restaurants as much as I do now	6%
Cut back on vacations and traveling	4%
Recreation / entertainment / cable TV	3%
Personal Items (Net)	7%
Spend less on incidentals (ie., daily paper, coffee, snacks, etc...)	3%
Clothing	3%
Cost of Living (Net)	39%
Cut back on my groceries	31%
Skip a car payment or pay it a bit late	1%
Basic things that I need	1%
Wouldn't be able to go shopping as I do now	1%
Cut back on driving expenses	1%
Bills	1%
Budget more closely / cut back on expenses	1%
Look for less expensive housing	4%
Cut back on savings	7%
Cut back on medications / some other drugs	3%
Cut back on gifts for grandchildren / gift giving	1%
Cut back on luxuries	1%
Everything / whatever it took	1%
Nothing	2%
Other	5%
Don't know	20%

Q13. What is your age as of your last birthday? _____ years

65-74	48%
75+	50%

Q14. Are you male or female?

Male	33%
Female	67%

Q15. Are you or your spouse or partner currently a member of AARP?

Yes	53%
No	45%

Q16. What is the highest level of education that you completed?

Less than high school	31%
High school graduate	31%
Some college or technical training	19%
College graduate (4+ years)	10%
Post-graduate or professional degree	7%

Q17. Which of the following best describes your current employment status?

Employed full- or part-time	9%
Retired and not working	79%
Unemployed and looking for work	1%
Disabled	5%
Other such as homemaker	5%

Q18. Are you Hispanic, of Spanish descent, or Latino?

Yes	9%
No	89%
Don't know	1%

Q19. What best describes your race?

White, non-Hispanic	78%
Black, non-Hispanic	8%
Asian	-----
Some other race	2%
Don't know	1%
Refused	2%

Q20. Households are sometimes grouped according to income. Please indicate which group best estimates your annual household income before taxes. (*Check only one.*)

Less than \$10,000	17%
\$10,000 to \$19,999	21%
\$20,000 to \$29,999	11%
\$30,000 to \$39,999	9%
\$40,000 to \$49,999	4%
\$50,000 to \$74,999	5%
\$75,000 or more	4%
Don't know	12%
Refused	18%