



NATIONAL HEALTH COUNCIL

NEWS

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Significant Savings for Millions of Patients with Chronic Conditions Under Medicare Rx Benefit, Says New Study

National Health Council Study Shows Some Rx Costs Cut in Half

WASHINGTON, Jan. 19 — Millions of Medicare beneficiaries with chronic conditions can expect significant savings on prescription drugs under the new Medicare prescription benefit, according to a National Health Council (NHC) study released today. *Savings from the Medicare Drug Benefit for Beneficiaries with Chronic Conditions* is based on Centers for Medicare and Medicaid Services (CMS) data analyzed by The Lewin Group, a healthcare policy research firm.

Beneficiaries with a single chronic condition can save, on average, about \$400 annually. Beneficiaries with four or more chronic conditions can save \$1,774, on average.

“This study lays out, in black and white, the anticipated costs and savings for those with various chronic conditions. Access to treatment means healthier lives, lower healthcare costs and less strain on the healthcare system. We show very clearly through this report that the Medicare drug benefit has the potential to have a tremendous positive impact on both the lives of those with chronic conditions and the system through which they receive their care,” said NHC President Myrl Weinberg at a press conference in Washington.

Eighty-six percent of the Medicare population studied had at least one chronic condition. Sixty-six percent had two or more chronic conditions, and 40 percent had three or more chronic conditions. The report studied Medicare beneficiaries who face a decision whether to enroll in the Medicare drug benefit (i.e., excluded those automatically enrolled in the benefit and those with employer-based creditable drug coverage). The report looked at anticipated savings under the Medicare drug benefit for those with one or more of nine common chronic diseases: Alzheimer’s, arthritis, Chronic Obstructive Pulmonary Disease (COPD), diabetes, heart disease, hypertension, mental disorder, osteoporosis and Parkinson’s disease.

Medicare beneficiaries with chronic conditions have higher than average drug costs. According to the study, beneficiaries with just a single chronic condition average more than \$1,500 in drug spending annually, while those with four or more conditions spend more than \$4,200 annually. Beneficiaries with chronic conditions are also more likely to face annual drug spending that exceeds \$5,100, qualifying them for Medicare’s catastrophic drug cost coverage. For example, nearly a third of beneficiaries who have four or more chronic conditions have catastrophic levels of drug spending.

Expected savings under the Medicare drug plan are higher for beneficiaries with chronic conditions than for those without. The report presents examples of costs and savings for each of the chronic conditions studied, including conditions likely to push people into the “catastrophic drug cost category.”

For example, the study showed that nearly 40 percent of Medicare patients in the study with Parkinson’s disease experienced annual prescription drug costs of more than \$5,100, the catastrophic level under the Medicare drug benefit. These individuals will save, on average, \$3,900 annually if enrolled in the Medicare drug benefit. Similarly, 26 percent of Medicare beneficiaries in the study who suffered from mental disorders had catastrophic levels of drug spending, and these beneficiaries paid an average of more than \$8,500 annually for medication treatment. Under the Medicare prescription drug benefit, that cost would be cut in half to an average annual cost of \$4,400.

“It is critical that people with chronic conditions make informed decisions about selecting a plan so they get maximum coverage for all their specific drug needs,” said William McLin, executive director of the Asthma and Allergy Foundation of America.

The NHC study is available in PDF format via the following link:

www.nationalhealthcouncil.org/newsroom/report.pdf

The National Health Council is a private, nonprofit organization of 115 national health-related organizations working to bring quality health care to all people. Its core membership includes more than 50 of the nation’s leading voluntary health agencies representing about 100 million people with chronic diseases and/or disabilities. Other Council members include professional and membership associations, nonprofit organizations with an interest in health, and major pharmaceutical and biotechnology companies. The Council serves as a place for diverse health-related groups to build consensus with a focus on patients and their needs.

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