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CONSEQUENCES OF MEDICARE PART D PLAN SWITCHING

Jayoung Han^a & Dongwoo Ko^b^aFairleigh Dickinson University, USA^bHankuk University of Foreign Studies, South Korea

Statement of the Problem: Medicare Part D beneficiaries' tendency to stay with their initially chosen plan has been reported in many studies. Previous studies have focused on identifying factors associated with plan switching and little attention has been given to consequences of plan switching. This study aims to explore whether beneficiaries' switching decisions are aligned with their preferences and how much beneficiaries benefit from plan switching. Methodology & Theoretical Orientation: The Health Retirement Study 2009 Health and Well-Being Study (HWB) and 2007 Prescription Drug Study (PDS) were used. The analysis included subjects who responded to both 2007 and 2009 surveys, and who continued to enroll in Part D. Descriptive statistics were obtained focusing on the differences in premium, out-of-pocket (OOP) costs. T-test and chi-square test were used to examine statistical significance of the difference.

Findings: Of 5,333 2009 survey respondents, 599 Part D enrollees were included in the analysis. Only a few beneficiaries (7.9%) switched plan for 2009, even though half of them answered to 2007 survey they considered switching. Regardless of whether to switch, majority of beneficiaries (75%) paid higher premium in 2009 compared to 2007. However, a larger percentage of switchers (50%) than non-switchers (44%) paid lower OOP in 2009 compared to 2007. Eleven % of switchers answered that their plans did not pay for some drugs as opposed to 29% of non-switchers. The percentage of switchers who did not take medication properly because of the cost slightly went down (from 23.4% to 21.28%) while that of non-switchers slightly increased (from 20.55% to 22.36%).

Conclusion & Significance: It appears that there is little benefit of plan switching in premium but some benefit in OOP costs. Lower cost-related non-adherence and OOP costs among the switchers suggest that plan switching improves the beneficiaries' medication taking behavior and spending in medications.

Biography

Jayoung Han has her expertise and passion in improving the health care system with an emphasis on pharmaceutical policy.

jayoung@fdu.edu

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