

**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
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## **MEDICARE NEWS**

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### **Premiums for Medicare prescription drug plans to remain low in 2011**

*Affordable premiums complement new law's increased beneficiary savings on drug costs*

The Centers for Medicare & Medicaid Services (CMS) announced today that average 2011 Medicare prescription drug plan premiums will remain similar to rates beneficiaries are currently paying this year. This, coupled with new discounts for brand-name drugs through the Affordable Care Act, will help make medications more affordable for Medicare beneficiaries in 2011 and beyond.

“Most Medicare prescription drug plan premiums should remain relatively stable next year, and all beneficiaries should compare their coverage under their current plan with the plans that will be offered in 2010 when that information becomes available in October,” said Jonathan Blum, deputy administrator of CMS’ Center for Medicare. “The Affordable Care Act improves the value of drug coverage people with Medicare will receive next year, providing discounts on brand name drugs and coverage of generics in the coverage gap, or donut hole.”

Based on the bids submitted by Part D plans for the 2011 plan year, CMS estimates that the average monthly premium that beneficiaries will pay for standard Part D coverage will be \$30 -- a \$1 increase from the current year (2010) average premium of \$29.

General information about premiums and benefits for each Part D and Medicare Advantage (MA) plan will be announced in September on [www.cms.gov](http://www.cms.gov), as well as the list of plans that will be available next year. More detailed information to help beneficiaries review their plan options will be posted at [www.medicare.gov](http://www.medicare.gov) in October.

The premiums paid by Part D enrollees cover about 25 percent of the cost of basic Part D coverage. Enrollees with limited incomes may qualify for the low-income subsidy (LIS), or extra help, that typically covers some or all of the beneficiary’s premium, deductible, copayments and the cost of drugs in the coverage gap. Currently, more than 10 million beneficiaries are receiving LIS benefits. In 2011, the average value of the subsidy amount applied to the Part D benefit, premium and cost-sharing for those enrolled in the LIS program is estimated to be about \$4,000.

Under new Affordable Care Act provisions, fewer individuals who receive LIS benefits will need to move to a new plan to avoid paying a premium. “The Affordable Care Act helps reduce disruption for this vulnerable population, so only about 500,000 beneficiaries will be re-assigned to new plans, compared to about 800,000 who were moved last year,” Blum said. “And this year, we’ll be providing those beneficiaries who are moved into a new plan with more information than ever before about how these plan changes may affect them. For most people with Medicare, we expect the process to be seamless.”

In addition to national average premiums for 2011, CMS announced the 2011 national average monthly bid, the base beneficiary premium, the regional low-income subsidy premium amounts for 2011; and the 2011 Medicare Advantage regional preferred provider organization benchmarks. General information about plan offerings will be released in September. The national and regional premium data can be found at: <http://www.cms.gov/MedicareAdvtgSpecRateStats/RSD/list.asp>.

“People with Medicare will be able to get the most up-to-date information about the Part D and Medicare Advantage plans at [www.medicare.gov](http://www.medicare.gov) and 1-800-MEDICARE in October, well before the annual open enrollment period begins in November,” said CMS Administrator Don Berwick, M.D. “In addition, beneficiaries who are reassigned to new plans will receive information to help them review and decide on the plan option that best fits their own needs.”

A complete listing of participating Medicare drug and health plan information will be available in October at [www.medicare.gov](http://www.medicare.gov); each autumn, the comprehensive *Medicare & You* handbook and other program updates are direct mailed to beneficiary mailboxes with important information about health plans, prescription drug plans, and rights and protections to help people with Medicare, their families and caregivers review coverage options. More information is available at [www.healthcare.gov](http://www.healthcare.gov), a new web portal made available by the U.S. Department of Health and Human Services that helps consumers see all their insurance coverage options in one place.

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