



Highlights of [GAO-09-4](#), a report to the Chairman, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

In Medicare Part D, enrollees in stand-alone prescription drug plans (PDPs) are allowed to switch plans during an annual coordinated election period (AEP) set under law from November 15 to December 31, with new coverage effective January 1. The Centers for Medicare & Medicaid Services (CMS) required that plan sponsors send an Annual Notice of Change (ANOC)—using either its model or a nonmodel format—before the 2008 AEP. Among other things, GAO examined: (1) stakeholders' views of the model ANOC and CMS's efforts to assure its effectiveness, and (2) how the scheduling of the AEP affects the enrollment process for beneficiaries switching PDPs. Among the largest PDP sponsors, we selected eight to interview along with other stakeholders involved in the AEP. We also obtained and analyzed data from CMS.

What GAO Recommends

To improve the AEP, GAO recommends that CMS strengthen its evaluation of its model materials by reviewing alternative formats to communicate plan changes. Additionally, Congress should consider authorizing the Secretary of Health and Human Services to amend the AEP schedule to include a processing interval between the end of the AEP and the effective date of new coverage. In commenting on our draft, CMS stated that it concurs with our recommendation and will consider reviewing other ANOC formats.

To view the full product, including the scope and methodology, click on [GAO-09-4](#). For more information, contact Kathleen King at (202) 512-7114 or kingk@gao.gov.

MEDICARE PART D

Opportunities Exist for Improving Information Sent to Enrollees and Scheduling the Annual Election Period

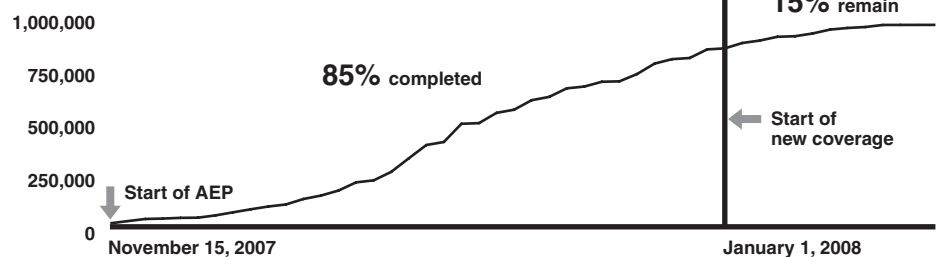
What GAO Found

Sponsors, pharmacists, beneficiary advocates, and counselors GAO interviewed expressed concern that CMS's model ANOC for the 2008 AEP did not effectively communicate drug plan changes to enrollees. They noted that it contained language at a reading level too high for some beneficiaries as well as too much, often irrelevant, information. To help ensure their enrollees understood how plan changes would affect them personally, two study sponsors mailed additional information detailing specific changes in coverage and costs for drugs the beneficiary took in the past year. Despite GAO's previous recommendation that CMS ensure that its Part D materials meet communications guidelines, CMS's process for developing its model ANOC did not include a systematic evaluation of its effectiveness. However, CMS officials reported that they recently initiated an evaluation of their annual Medicare beneficiary materials for the 2010 AEP that will examine reading levels, effectiveness, and length, among other factors. Such an evaluation is important in light of changes CMS has made for the 2009 AEP, which have raised further concerns among stakeholders. It is unclear whether alternative formats for communicating plan changes to beneficiaries will be considered.

Although CMS and plan sponsors made improvements to the enrollment process, CMS data showed that about 15 percent of beneficiaries who chose to switch plans in the 2008 AEP were not fully enrolled in their new plan by January 1. Modifications to the enrollment process for the 2008 AEP reduced the time needed to enroll beneficiaries in a new plan to a median of 5 days. However, the volume of applications submitted late in the AEP contributed to beneficiaries being at risk of not having access to their new coverage by January 1. In fact, among the beneficiaries who submitted applications after December 15, 40 percent were not completely processed until after the effective date of their new coverage. As a result, stakeholders reported that beneficiaries, pharmacies, and sponsors faced various operational challenges, including the risk of inaccurate charges and additional administrative burden. Some stakeholders we interviewed for our study said that creating an interval for enrollment processing between the end of the AEP and the effective date of coverage would help ensure that beneficiaries switching plans would have their coverage in place on January 1.

Enrollments Completed during and after the 2008 AEP

Number of beneficiaries



Source: GAO analysis of CMS data.