



90 Percent of Those Enrolled in Medicare Prescription Drug Coverage Could be Overpaying, eHealth Analysis Shows

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eHealth reports that shoppers at eHealthMedicare.com who compare plans based on their personal prescription drug needs could have saved an average of \$45 per month in 2017, or \$541 over 12 months

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--Aug. 30, 2017-- Only 10 percent of people enrolled in Medicare prescription drug coverage were enrolled in the plan that covered their prescription drugs at the lowest possible price, according to the 2017 Medicare Choice and Impact report from eHealth, Inc. (NASDAQ: EHTH).

The report finds that people using eHealth's prescription drug coverage comparison tool during the 2017 Annual Election Period (AEP) could have saved an average of \$541 over the course of 2017. These savings would have been achieved by eHealth customers who enrolled in the recommended Medicare Part D or Medicare Advantage Prescription Drug plan and whose prescription drug needs remained the same all year, according to the tool's results.

"A 2016 Yale study authored by Jason Abaluck and Jonathan Gruber found that U.S. seniors aren't learning to choose better prescription drug plans, and our data supports this conclusion," said eHealth CEO Scott Flanders. "The fact is that it's extremely difficult to choose the prescription drug plan that covers your drugs at the lowest price without using eHealth's Medicare prescription drug comparison tool, or others like it."

Potential cost savings for switchers

The table below shows potential savings after calculating costs for people who used eHealth's Medicare prescription drug coverage comparison tool during the 2017 AEP, based on 30,000 user sessions. All calculated costs include monthly premiums, co-payments, coinsurance, and deductibles.

	Potential average annual savings by switching to plan with optimal Rx coverage	Percent of users who could potentially save by switching to plan with optimal Rx coverage
Stand-alone Prescription Drug Plan (PDP or Part D)	\$486	92%
Medicare Advantage Prescription Drug plan (MA-PD)	\$807	87%
Combined PDP and MA-PD	\$541	90%

eHealth's prescription drug comparison tool estimates the out-of-pocket costs associated with prescription drug coverage under Medicare Advantage Prescription Drug plans and Medicare Part D plans, taking into account an estimate of the full retail cost for each drug within various geographical areas and the coverage that each plan on eHealth's platform provides for each drug.

In using the tool, consumers enter their zip code, the names and dosages of their prescribed medications, and the name of their current Medicare Part D plan or Medicare Advantage Prescription Drug plan. The tool then displays the different plans eHealth can offer in their area and estimates the annual premiums and out-of-pocket costs for each plan for the coming year based on the data entered by the user, plan information provided by insurance companies, and estimates of the local full retail cost of the drugs entered.

Savings with Medicare Advantage Prescription Drug (MA-PD) plans

- 87 percent of people shopping for MA-PD plans could have saved money by enrolling in a different plan, according to eHealth's analysis of the prescription drug comparison tool's results, which considers prescription drug regimens and plan options and other factors.
- Only 13 percent of MA-PD enrollees who used eHealth's prescription drug coverage comparison tool during the study period were enrolled in the MA-PD plan providing optimal coverage for their prescription drugs, according to the data entered by the online users.
- \$807 per year (or \$67 per month) was the average potential savings available to these consumers if they had enrolled in the optimal MA-PD plan for their personal prescription drug regimen, according to the prescription drug coverage comparison tool results.

Potential savings with stand-alone Medicare Prescription Drug Plans (PDPs or Part D plans)

- More than nine-in-ten (92 percent) could have potentially saved money by enrolling in a different PDP, according to eHealth's analysis of the prescription drug comparison tool's results, which considers prescription drug regimens and plan options and other factors.
- Only 8 percent of PDP enrollees who used eHealth's prescription drug coverage comparison tool were currently enrolled in the PDP providing optimal coverage for their prescription drugs, according to the data entered by online users.
- \$486 per year (or \$41 per month) was the average potential savings available to these consumers if they had enrolled in the optimal PDP for their personal prescription drug regimen, according to the prescription drug coverage comparison tool results.

Out-of-pocket costs for prescription drugs may change year to year

Changes to prescribed medications aside, the amount a Medicare beneficiary pays out of pocket for his or her prescription drugs can change significantly because many Medicare prescription drug plans change the pricing, benefit tiers, and formularies of their drug plans from year to year. Typical changes may affect:

- The drugs covered by a plan
- The plan's monthly premiums
- The plan's annual deductible, coinsurance, and co-payments
- The plan's drug tiers, which are used to assign different coinsurance amounts and co-payments to specific drugs

Any one of these changes may affect what an enrollee pays out of pocket for his or her drugs on the same MA-PD or Part D plan from one year to the next. In some cases, the lowest-cost plan for a Medicare beneficiary's personal drug regimen in one year may not be the lowest-cost plan in the following year.

The actual savings estimated when a person uses the tool may differ based on variables such as geographic location, plan availability and selection, estimated full retail cost in each area, and other factors. Therefore, users of the tool can expect their actual realized savings to differ from the estimate provided by the tool for many reasons. For example, the estimates of full retail costs in each area may not reflect the actual prices available for drugs in a particular area. Benefits and coverage may also vary between plans. For instance, some plans may require step therapy (in which a patient must try a cheaper drug before trying a more expensive drug) or have other rules for drug coverage that may not be fully reflected in the prescription drug comparison tool's results. When selecting a plan, consumers should always be sure to check the plan details to confirm the accuracy of any estimate of plan costs and coverage.

Survey methodology

This report analyzes more than 30,000 user sessions that occurred on eHealthMedicare.com and PlanPrescriber.com during the 2017 Annual Election Period, which took place between October 15 and December 7, 2016. More than 23,100 user sessions occurred in which a person identified their current Medicare Prescription Drug Plan (PDP) and one or more prescription drugs they were taking. In addition, over 6,900 user sessions occurred in which a person identified their current Medicare Advantage Prescription Drug (MA-PD) plan and one or more prescription drugs they were taking.

The information users were required to provide in order to be counted as currently enrolled in a PDP or MA-PD plan included their zip code and the name of their existing PDP or MA-PD plan. In the user sessions used for this analysis, customers also included the names, dosages and frequency of any prescription drugs they were taking. Average annual savings were calculated as the difference between the customer's total estimated out-of-pocket spending on their current plan — including monthly premiums, deductibles, coinsurance, and co-payments — and the total estimated out-of-pocket spending on the plan recommended by eHealth's Medicare drug coverage comparison tool.

For price comparisons, this study assumes no changes in prescription or medical needs, as well as no changes in coverage rates or drug prices during the applicable time period. The average savings presented in this report are based on user sessions that occurred during the last AEP on eHealthMedicare.com and PlanPrescriber.com only. These user sessions may not reflect the overall Medicare population or any particular individual's situation.

NOTE: Medicare beneficiaries base their plan selections on a variety of priorities, including price. eHealth encourages people to consider their specific needs in deciding which plans to select during AEP. Plan data listed in this report might change based on additional data received from the Centers for Medicare & Medicaid Services (CMS) at a date later than the active date of the data or later than the published date of this report.

About eHealth

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