

# RUPRI Center for Rural Health Policy Analysis

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### **Rural-Urban Enrollment in Part D Prescription Drug Plans: June 2017 Update**

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#### **Purpose**

Rural enrollment of Medicare beneficiaries in the Medicare Part D prescription drug program has historically lagged urban enrollment. Rural Part D enrollees are overwhelmingly in stand-alone prescription drug plans (PDPs), whereas urban beneficiaries are more likely to be enrolled in Medicare Advantage with Prescription Drug (MA-PD) plans. This analysis updates prior briefs on the rural-urban enrollment differential in Medicare Part D plans, and highlights state-to-state variation in PDP and MA-PD enrollment by rural-urban residence.

#### **Key Findings**

- As of June 2017, more than 72 percent of eligible Medicare beneficiaries had prescription drug coverage through Medicare Part D plans, a significantly higher proportion than the 55.6 percent in December 2008.
- The percentage of rural enrollment in Part D plans still lags that of urban enrollment, despite growth in both rural and urban participation in Part D plans.
- Rural enrollees continue to have much higher enrollment in stand-alone PDP plans than do urban enrollees, though rural participation in MA-PD plans has almost doubled since December 2008.

#### **Background**

All Medicare beneficiaries are eligible to voluntarily enroll in the Medicare Part D outpatient prescription drug benefit since the benefit became available in 2006. Since December 2008, when the last analysis on rural-urban enrollment differentials was performed, the number of Medicare beneficiaries eligible for Medicare Part D has grown substantially (43.5 million in 2008 vs. 57.2 million in 2017). Beneficiaries have access to the Part D drug benefit through private plans approved by the Federal government. The plans are either stand-alone PDPs, are part of Medicare Advantage plans (MA-PD plans), or obtained through other options such as group plans offered to retirees by employers and unions, Federal Employee Health Benefits Program plans, TRICARE, and Veterans Affairs. While an estimated 13 percent of Medicare beneficiaries lack any “creditable” Part D coverage<sup>1</sup> (creditable prescription drug coverage is expected to pay on average as much as the standard Medicare prescription drug coverage),<sup>2</sup> the majority of beneficiaries obtain their prescription drug coverage through a



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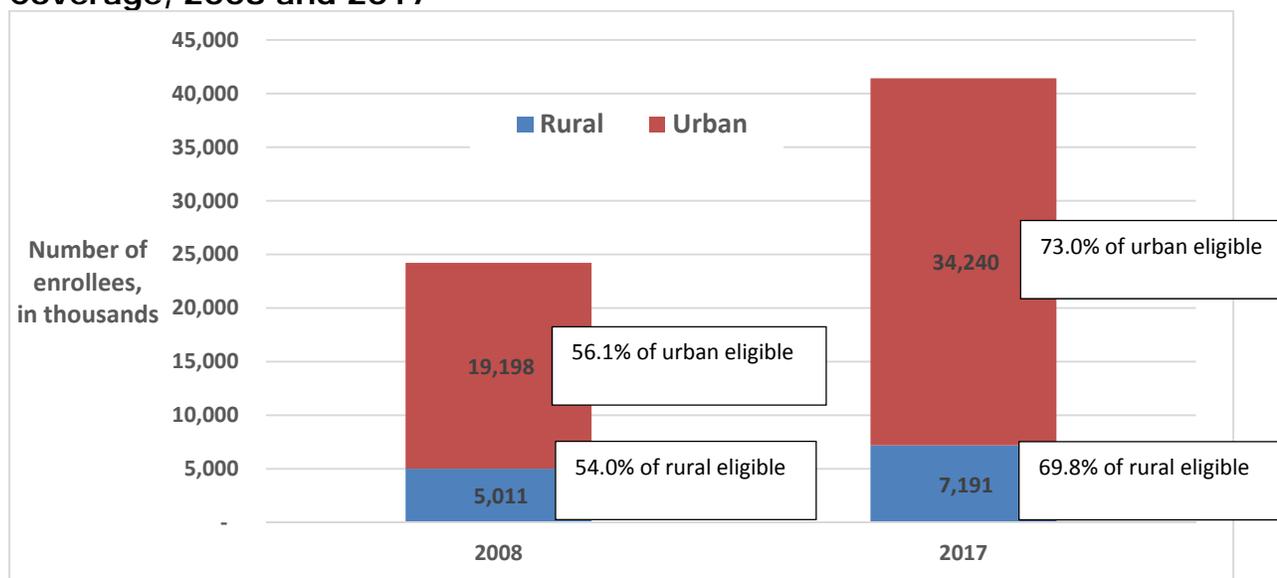
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Medicare Part D plan (PDP or MA-PD plan). A smaller number of Medicare beneficiaries obtain prescription drug coverage through other prepaid contracts such as Medicare-Medicaid plans, **Programs of All-Inclusive Care for the Elderly (PACE), or Cost and Demonstration plans** financed by the Centers for Medicare & Medicaid Services (CMS). The analysis in this brief is based on Medicare Advantage/Part D Contract and Enrollment data from June 2017,<sup>3</sup> with a focus on enrollment in Medicare Part D plans by rural-urban<sup>4</sup> county of residence. Medicare-Medicaid and PACE plans are included in the MA-PD plan category because they are, like MA-PD plans, considered prepaid contracts for Medicare eligible beneficiaries.

### Enrollment in Part D

The total number of Medicare beneficiaries with Medicare Part D plans has grown significantly since 2008, from 24.2 million in December 2008 to 41.4 million in June 2017. As a result, enrollment in Part D plans has grown from 55.6 percent of eligible beneficiaries in December 2008 to 72.5 percent in June 2017. Though the proportion of rural enrollment has grown from 54.0 percent in 2008 to 69.8 percent in June 2017, it still lags that of urban enrollment (73.0 percent) (Figure 1).

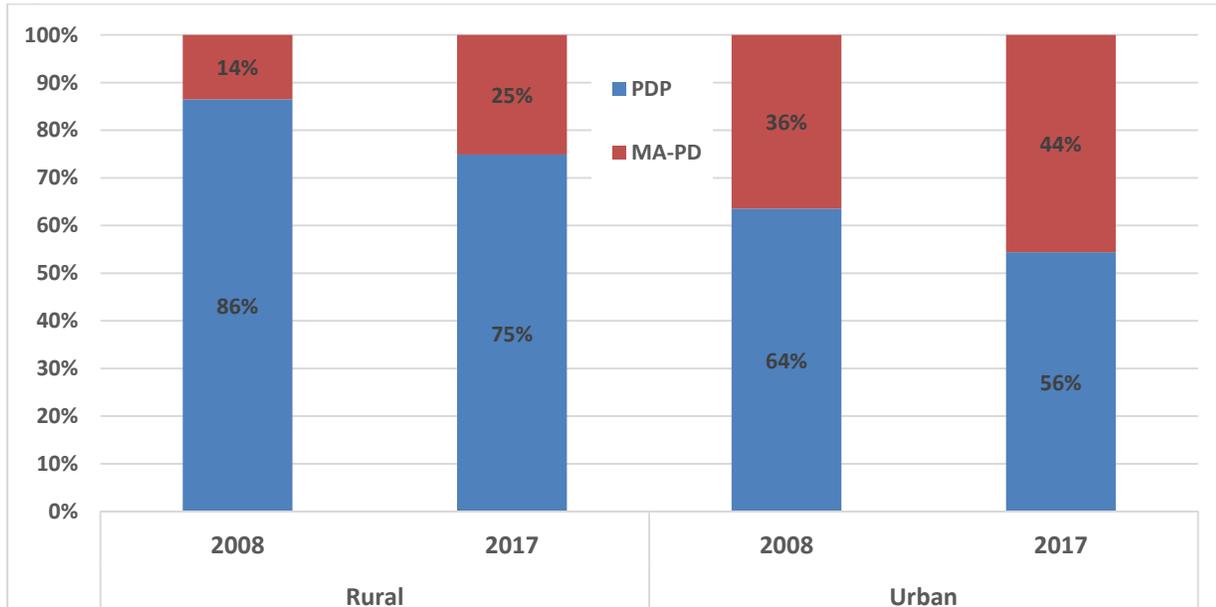
**Figure 1. Number of Rural and Urban Enrollees with Part D Prescription Drug Coverage, 2008 and 2017**



Note: Figures represent total enrollment in Part D plans (PDP and MA-PD contracts) and prepaid contracts (Medicare-Medicaid and PACE). Prepaid contracts are included in the MA-PD category, and represent 1 percent of total plan enrollment. Data source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/index.html>

As Figure 2 shows, in 2017 rural enrollees are still far more likely than urban enrollees to have stand-alone PDP coverage (75 percent vs. 56 percent) and less likely to have coverage through MA-PD plans (25 percent vs. 44 percent). This trend was evident in prior analyses as well, and is attributed to fewer Medicare Advantage plan offerings to rural Medicare beneficiaries.<sup>5,6</sup>

**Figure 2. Percentage of Rural-Urban Enrollment in PDP and MA-PD Plans, 2008 and 2017**



Note: Percentages of PDP and MA-PD are of total enrollment in Part D plans and prepaid contracts (Medicare-Medicaid, PACE). Prepaid contracts are included in the MA-PD category, and represent 1 percent of total plan enrollment. Does not include enrollees with other sources of creditable drug coverage. Data source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/index.html>.

**State Variation in Medicare Part D Enrollment by Rural-Urban Area of Residence**

Enrollment in Part D plans by rural-urban area of residence varies from state to state. Table 1 shows the percentage of Medicare beneficiaries with Part D plans by rural-urban area of residence, sorted by percentage of the Medicare population in rural counties. In 10 of the 13 states with more than 40 percent of the eligible population living in rural areas, rural participation in Part D plans is comparable (within 1 percentage point) or better than urban participation (Vermont, Wyoming, Mississippi, South Dakota, Kentucky, Iowa, Maine, Arkansas, New Hampshire, and Nebraska). Three of these 13 states have lower rural participation in Part D than urban (Montana, North Dakota, and West Virginia). Six states (Arizona, California, Florida, Nevada, Oregon, and Wisconsin) have a rural rate of enrollment at least nine percentage points lower than their urban rates. Beneficiaries living in rural areas of Maryland and Virginia have participation rates at least nine percentage points higher than their urban counterparts. Alaska has the lowest Part D enrollment among all states (37.3 percent), having grown by only 2 percentage points since 2008 (35.3 percent).<sup>6</sup>

## **Conclusion**

The percentage of Medicare beneficiaries with Part D coverage through a PDP or MA-PD plan has grown to 72.5 percent. The trend in coverage by Part D plans is positive for both rural and urban enrollees, though rural enrollees still lag urban in overall enrollment. Data on distribution of the remaining 27.5 percent of Medicare enrollees is lacking, though an estimated 13 percent (approximately 7.4 million) do not have any creditable prescription drug coverage.<sup>2</sup> Of the remaining 14.5 percent (approximately 8.2 million), it is assumed that creditable coverage is obtained through other pathways, such as employer plans offering retiree drug coverage, Federal Employee Health Benefits Program plans, Veterans Administration, Tricare, and employer coverage for active workers. While the distribution across these other sources of creditable coverage may vary between rural and urban (i.e., rural beneficiaries may be more likely to have coverage through the Veterans Administration, Tricare, or Federal Employee Health Benefits Program plans while urban beneficiaries may be more likely to have retiree coverage through an employer), we assume the overall percentages are similar. That said, the urban-rural gap in Part D participation indicates room for improvement in enrolling rural beneficiaries. Earlier analyses by Davidoff et al indicated that there were a number of possible factors impeding Part D enrollment, including unaffordability of premiums and out-of-pocket costs, lack of plan choice, lack of awareness on how to enroll or coverage benefits, difficulty of the enrollment process, or higher self-perceived health leading to non-enrollment decisions<sup>7</sup>. Further detailed examination of Part D data would point to strategies to increase enrollment in rural areas.

**Table 1. Enrollment in Part D coverage by State, sorted by percentage of Medicare population in rural counties (June 2017)**

State	Total Eligible Medicare Beneficiaries	Percentage of Eligible Medicare Beneficiaries with Part D Coverage	Percentage of Medicare Population in Rural Counties	Percentage in Rural Counties with Part D Coverage	Percentage in Urban Counties with Part D Coverage	Difference between Rural and Urban Participation
Vermont	139,023	71.8%	72.0%	71.7%	72.3%	- 0.6%
Wyoming	101,642	60.4%	69.5%	60.7%	59.8%	0.9%
Montana	215,324	63.9%	67.4%	62.7%	66.5%	- 3.8%
Mississippi	583,619	69.6%	58.5%	71.3%	67.3%	4.0%
North Dakota	124,260	67.5%	55.8%	66.6%	68.5%	- 1.9%
South Dakota	164,671	64.9%	53.4%	66.2%	63.4%	2.8%
Kentucky	896,449	73.0%	48.0%	73.4%	72.7%	0.7%
Iowa	599,258	75.3%	47.9%	75.1%	75.4%	- 0.3%
Maine	321,454	70.4%	45.1%	69.9%	70.9%	- 1.0%
Arkansas	618,715	67.6%	44.5%	68.7%	66.7%	2.0%
New Hampshire	280,613	64.3%	43.2%	65.2%	63.7%	1.5%
Nebraska	330,193	69.4%	43.0%	70.6%	68.5%	2.1%
West Virginia	430,368	67.6%	41.6%	66.7%	68.2%	- 1.5%
Oklahoma	710,224	64.6%	39.3%	62.8%	65.7%	- 2.9%
Kansas	510,110	68.7%	37.0%	66.9%	69.8%	- 2.9%
Idaho	304,339	66.3%	35.5%	62.0%	68.7%	- 6.7%
New Mexico	396,413	69.6%	34.4%	65.6%	71.7%	- 6.1%
Alaska	88,678	37.3%	33.1%	36.3%	37.8%	- 1.5%
Wisconsin	1,112,183	70.0%	31.6%	63.3%	73.0%	- 9.7%
Missouri	1,186,748	73.2%	30.1%	69.6%	74.7%	- 5.1%
Minnesota	970,907	74.5%	29.3%	73.2%	75.1%	- 1.9%
Tennessee	1,293,899	73.6%	28.3%	73.5%	73.6%	- 0.1%
Alabama	1,007,751	70.6%	27.1%	71.3%	70.3%	1.0%
North Carolina	1,872,847	72.3%	26.9%	71.3%	72.7%	- 1.4%
Indiana	1,204,308	74.1%	25.5%	72.7%	74.7%	- 2.0%
Georgia	1,627,049	70.5%	22.6%	71.4%	70.2%	1.2%
Ohio	2,249,124	76.5%	22.3%	74.8%	77.0%	- 2.2%
Michigan	1,984,654	77.5%	22.2%	75.2%	78.1%	- 2.9%
Hawaii	258,586	69.8%	21.5%	70.0%	69.7%	0.3%
Oregon	808,696	72.5%	21.4%	64.3%	74.7%	- 10.4%
Virginia	1,435,377	61.6%	19.4%	70.1%	59.6%	10.5%
Louisiana	832,921	73.1%	18.3%	71.5%	73.5%	- 2.0%
United States	57,214,739	72.5%	18.0%	69.8%	73.0%	- 3.2%
South Carolina	1,002,446	70.4%	17.8%	73.4%	69.8%	3.6%
Texas	3,874,503	70.4%	16.2%	68.5%	70.8%	- 2.3%
Colorado	854,070	69.8%	15.7%	63.4%	71.0%	- 7.6%
Illinois	2,157,843	71.7%	15.4%	71.0%	71.9%	- 0.9%
Washington	1,274,467	63.0%	14.2%	58.8%	63.7%	- 4.9%
Pennsylvania	2,635,566	75.8%	13.4%	74.8%	75.9%	- 1.1%
Utah	369,604	68.2%	13.3%	62.6%	69.1%	- 6.5%
Nevada	488,523	67.6%	12.9%	59.3%	68.9%	- 9.6%
New York	3,481,481	76.4%	8.9%	72.7%	76.8%	- 4.1%
Connecticut	653,973	76.6%	6.2%	75.9%	76.6%	- 0.7%
Arizona	1,211,000	72.6%	5.9%	63.9%	73.2%	- 9.3%
Maryland	986,426	59.9%	3.8%	68.6%	59.6%	9.0%
Florida	4,273,491	74.5%	3.6%	65.1%	74.8%	- 9.7%
California	5,964,673	77.7%	3.4%	67.4%	78.0%	- 10.6%
Massachusetts	1,274,258	72.9%	1.9%	72.8%	72.9%	- 0.1%
D.C. †	91,800	57.9%	0.0%	-	57.9%	
Delaware†	192,021	73.4%	0.0%	-	73.4%	
New Jersey†	1,556,437	72.6%	0.0%	-	72.6%	
Rhode Island†	211,754	74.7%	0.0%	-	74.7%	

† All counties are classified as urban, thus no rural population to report.

Note: Data reflect enrollment into Part D contracts and prepaid contracts (Medicare-Medicaid, PACE plans). Data do not include enrollees with other sources of creditable drug coverage. Data source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/index.html>.

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- <sup>2</sup> Creditable Coverage. Centers for Medicare & Medicaid Services. <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/index.html>.
- <sup>3</sup> Medicare Advantage/Part D Contract and Enrollment Data. Centers for Medicare and Medicaid Services. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/index.html>.
- <sup>4</sup> Rural-urban designation of counties is determined by the 2013 UIC codes from the Economic Research Service division within the USDA. Counties with 2013 UIC codes of 1 or 2 are 'urban', while codes 3-12 are 'rural'.
- <sup>5</sup> McBride TD, Kemper L, Mueller K. Rural Enrollment in Medicare Part D is Growing Slowly. Rural Policy Brief. March 2009; No. 2009-2. RUPRI Center for Rural Health Policy Analysis. <https://www.public-health.uiowa.edu/rupri/publications/policybriefs/2009/b2009-2%20Medicare%20Part%20D.pdf>.
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