

MEDICARE RELEASES PART D DATA FOR 2006 AND 2007 AT MEDICARE PRESCRIPTION DRUG BENEFIT SYMPOSIUM

PRESCRIPTION DRUG EVENT DATA OVERVIEW

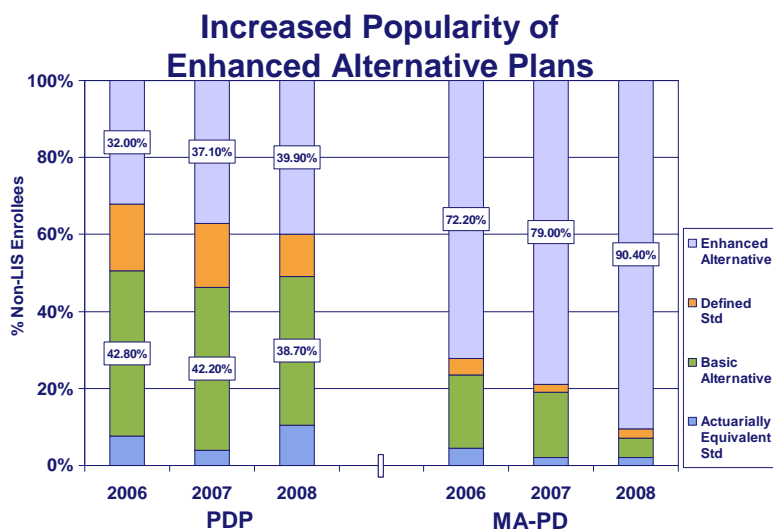
CMS is presenting information on Medicare drug claims for the 25 million Medicare beneficiaries in the Part D program which has never before been made public. Pursuant to the Medicare Part D Data Final Rule, published May 2008, CMS now has an unprecedented tool for evaluation of the Medicare Prescription Drug Benefit and the entire Medicare program. The Part D Data Final Rule permits Part D claims data to be analyzed and used for program monitoring, research, quality improvement, and other purposes.

Below are highlights from the six presentations from the Medicare Prescription Drug Benefit (Part D) Symposium conducted by CMS on October 30, 2008.

HIGHLIGHTS OF SYMPOSIUM FINDINGS

Consumer Preferences in Part D

- A broad range of Part D plan options continue to be available to consumers.
- Part D beneficiaries across the country have access to plans with non-standard benefit designs, including coverage in the gap and zero deductibles.
- Among non-LIS enrollees in 2008, 13% of those in PDPs and 63% of those in MA-PDs had some form of gap coverage.
- Enrollment trends show that enhanced alternative plans have become an increasingly popular option in Part D.



- Regression analysis shows that market share for Part D PDPs is driven by considerations of costs (lower premium or deductible, lower out-of-pocket costs) and coverage (offering coverage in the gap or raising Initial Coverage Limit [ICL]). Previous enrollment in a plan was also a strong independent factor for market share.

Drug Use

Top 100 Drugs

- Therapeutic classes of top drugs utilized in Part D were those used to treat the most prevalent conditions in this population.
- Analysis using 2006 PDE data indicates that the top 100 drugs by fills represent 65.5% of total drug fills in 2006 and the top 100 drugs by cost represented 67% of total gross drug costs in 2006.

- Overall, the top three therapeutic classes of the top 100 drugs by cost (accounting for nearly 50% of total gross drug costs) are: cardiovascular drugs, psychotherapeutic drugs, and gastrointestinal drugs.
- The top drugs vary across different enrollee sub-populations (LIS, non-LIS, PDP, MA-PD). For example, while cardiovascular drugs had the highest share of total costs overall, psychotherapeutic drugs accounted for the highest cost among LIS beneficiaries.

Therapeutic Classes of Top 100 Drugs by Cost

Overall Rank	Generic Therapeutic Class	Overall
1	CARDIOVASCULAR	22.7%
2	PSYCHOTHERAPEUTIC DRUGS	17.0%
3	GASTROINTESTINAL	8.7%
4	UNCLASSIFIED DRUG PRODUCTS	7.7%
5	CNS DRUGS	6.5%
6	BLOOD	6.1%
7	HYPOGLYCEMICS	5.6%
8	ANTIASTHMATICS	4.7%
9	AUTONOMIC DRUGS	4.0%
10	CARDIAC DRUGS	3.4%

- Lipitor ranks first among the top 10 drugs by cost across all enrollee sub-populations, except LIS beneficiaries.

Top 10 Drugs by Cost

DRUG NAME	Overall
LIPITOR	1
PLAVIX	2
ZYPREXA	3
NEXIUM	4
SEROQUEL	5
RISPERDAL	6
PREVACID	7
NORVASC	8
ARICEPT	9
ADVAIR DISKUS	10

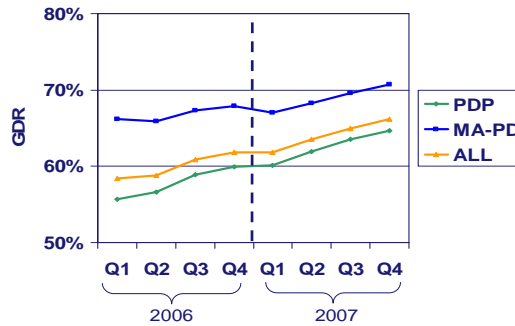
Utilization

- The majority of Medicare Part D enrollees utilized the drug benefit. In the first year of the program, 90% of Part D enrollees filled at least one prescription.

Generic Dispensing Rate (GDR)

- The use of generic drugs has been high in Part D, increasing from 60% in 2006 to 64% in 2007 based on PDE data.

2006-2007 Trend of GDR by Quarter



- Generic dispensing rates (GDR) calculated from the PDE data are similar to plan-reported data.
- GDR continues to increase each quarter; the first quarter of 2008 plan-reported data show the overall Part D GDR was 67.8%.

Beneficiary Experience

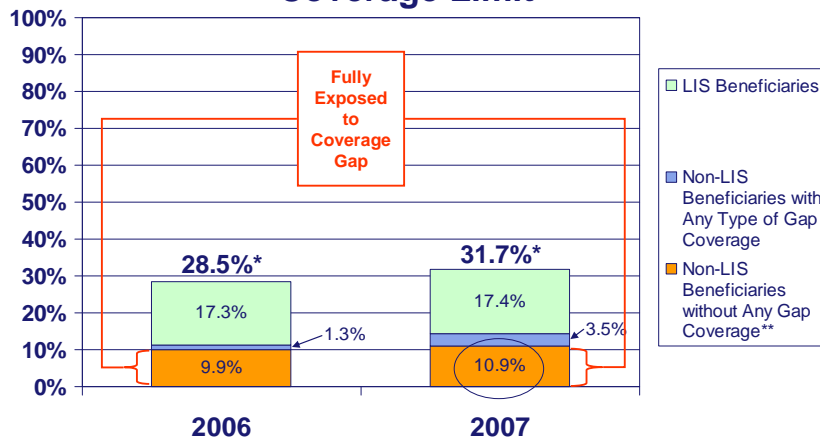
Cost and Utilization per Beneficiary

- Based on 2006 PDE data, the average monthly cost per enrolled beneficiary (including both beneficiary and program costs) was \$203. The average cost was higher among PDPs (\$233) than MA-PDs (\$135), slightly higher among females (\$209) than males (\$193), and higher among the LIS (\$277) than the non-LIS enrollees (\$147).
- The average number of prescriptions per enrolled beneficiary per month was 3.2 based on the total number of PDE records. The average number of prescriptions per enrolled beneficiary was slightly higher among PDPs (3.5) than MA-PDs (2.5), slightly higher among females (3.5) than males (2.8), and higher among the LIS (4.1) than the non-LIS enrollees (2.6).

Beneficiaries who Reached the Initial Coverage Limit (ICL) or Entered the Catastrophic Coverage Phase

- A small percentage of total enrollees were fully exposed to the coverage gap. About 10.9% (circled below) of all Part D enrollees in 2007 were fully exposed to the coverage gap after excluding all LIS beneficiaries as well as those non-LIS beneficiaries with some type of coverage in the gap. Overall, the average time from start of enrollment until reaching the ICL in 2006 and 2007 was about 6 months. In both years, on average, LIS enrollees reached the ICL sooner than non-LIS enrollees and PDP enrollees reached the ICL sooner than MA-PD enrollees.

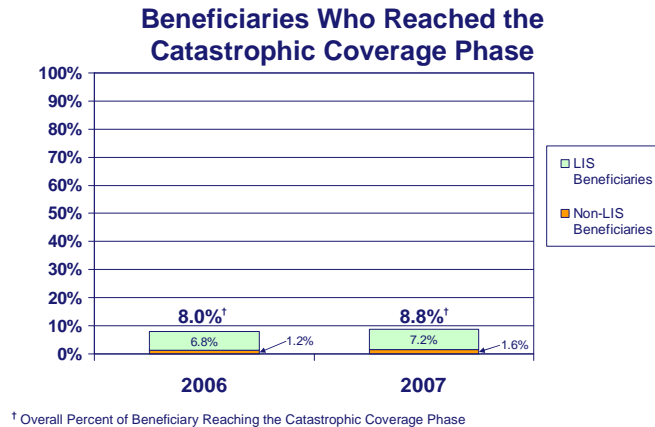
Beneficiaries Who Reached their Plan Initial Coverage Limit



* Overall Percent of Beneficiary Reaching Their Plan's Initial Coverage Limit.

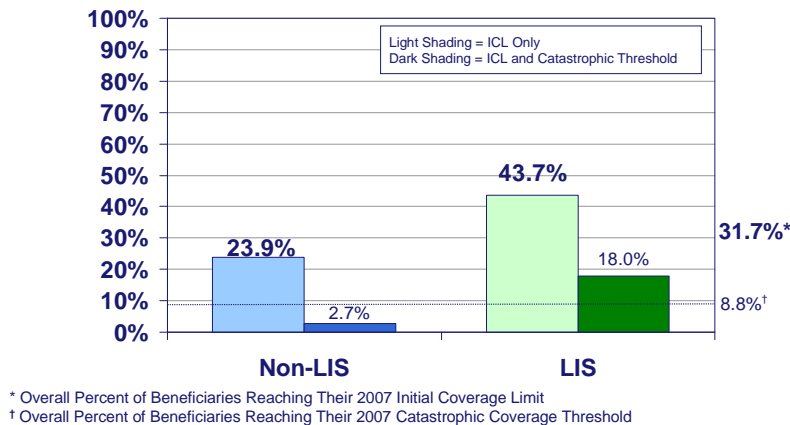
** Does not account for other types of coverage provided by other payors, such as State Pharmaceutical Assistance Programs.

- Only 8.8% of all Part D enrollees reached the catastrophic coverage phase in 2007, and the vast majority were LIS beneficiaries. Among those who reached the ICL (31.7% of all enrollees), the average time spent after reaching ICL to end of enrollment or catastrophic coverage for this group was about 4 months.



- In 2006 and 2007 it was more likely that LIS enrollees would reach the ICL and Catastrophic Coverage Phase, as compared to non-LIS enrollees.

**Percent Reaching 2007 Plan ICL and Catastrophic:
by LIS Status**



- In general, the average number of prescriptions filled showed little change as enrollees entered the coverage gap. Among enrollees who reached the ICL, there were small decreases in the average number of prescriptions per beneficiary per month from before reaching the ICL to after reaching the ICL for LIS beneficiaries (from 6.63 to 6.55 prescriptions) and non-LIS beneficiaries with gap coverage (5.26 to 4.87 prescriptions) or without gap coverage (4.77 to 4.39 prescriptions).
- Allowing Part D Sponsors to offer different benefit designs reduced the proportion of enrollees who would have otherwise reached the ICL and catastrophic coverage phase.

**Specialty Tier
Overview**

- Specialty tier medications represent a limited number of drugs that are used by a small proportion of enrollees. Overall only 4.4% of enrollees used specialty tier drugs in 2007. Of those enrollees, 61% were LIS beneficiaries.
- Expenditures for specialty tier drugs in 2007 accounted for 10% of total gross drug costs.

- Non-LIS enrollees pay approximately 20% of the medication cost for specialty tier medications, when all Medicare enrollees are included the average amount paid is much less.
- The specialty drug tier was added to the Part D plan bid information in 2008.

What Plans are Doing and What CMS is Doing

- Market negotiations result in higher quality, low cost drug coverage
- CMS policies provided stability, access and robust formularies
- CMS is increasing transparency in Part D (Plan Finder enhancements to include therapeutic substitution; e-prescribing initiatives).

Additional Information

For additional information on the Medicare Part D Data Final Rule or to access the power point presentations from the symposium please visit our website at: www.cms.hhs.gov/PrescriptionDrugCovGenIn/08_PartDDData.asp. To contact the CMS Research Data Assistance Center (ResDAC) visit <http://www.resdac.umn.edu/>.