Medicare Prescription Drug Benefit Symposium

Consumer Preferences in Part D

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

DEPARTMENT OF HEALTH & HUMAN SERVICES · USA

Discussion Topics

- Changes to the Part D Standard Benefit.
- Trends in Plan Offerings since 2006.
- Part D Enrollment Patterns.
- Driving Factors for Prescription Drug Plans' (PDPs') Market Share.

Overview

- A broad range of Part D plan options were available each contract year.
- Plan characteristics were examined by CMS to insure differentiated and unique plan offerings.
  - Fewer duplicative plan offerings in the last 2 years.
- Drivers for stand-alone PDPs' market share include costs as well as beneficiaries' previous choices.

Adjustments to the Standard Benefit

Benefit Parameters	2006	2007	2008	2009
Deductible	$250	$265	$275	$295
Initial Coverage Limit	$2,250	$2,400	$2,510	$2,700
Out-of-Pocket (OOP) Threshold	$3,600	$3,850	$4,050	$4,350
Total Covered Drug Spend at OOP Threshold	$5,100	$5,451.25	$5,726.25	$6,153.75

Trends in Part D Offerings

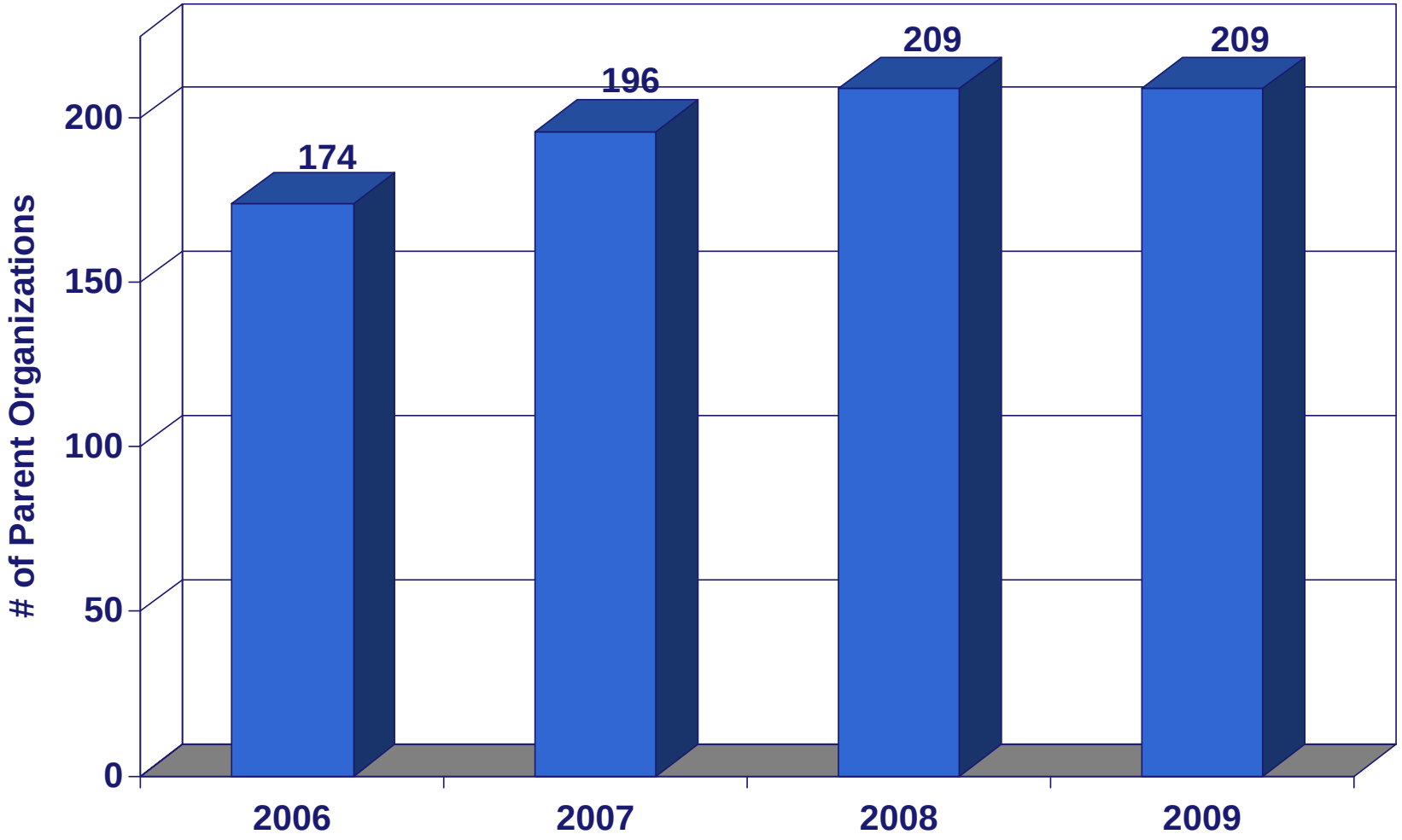
Methodology

Data sources:

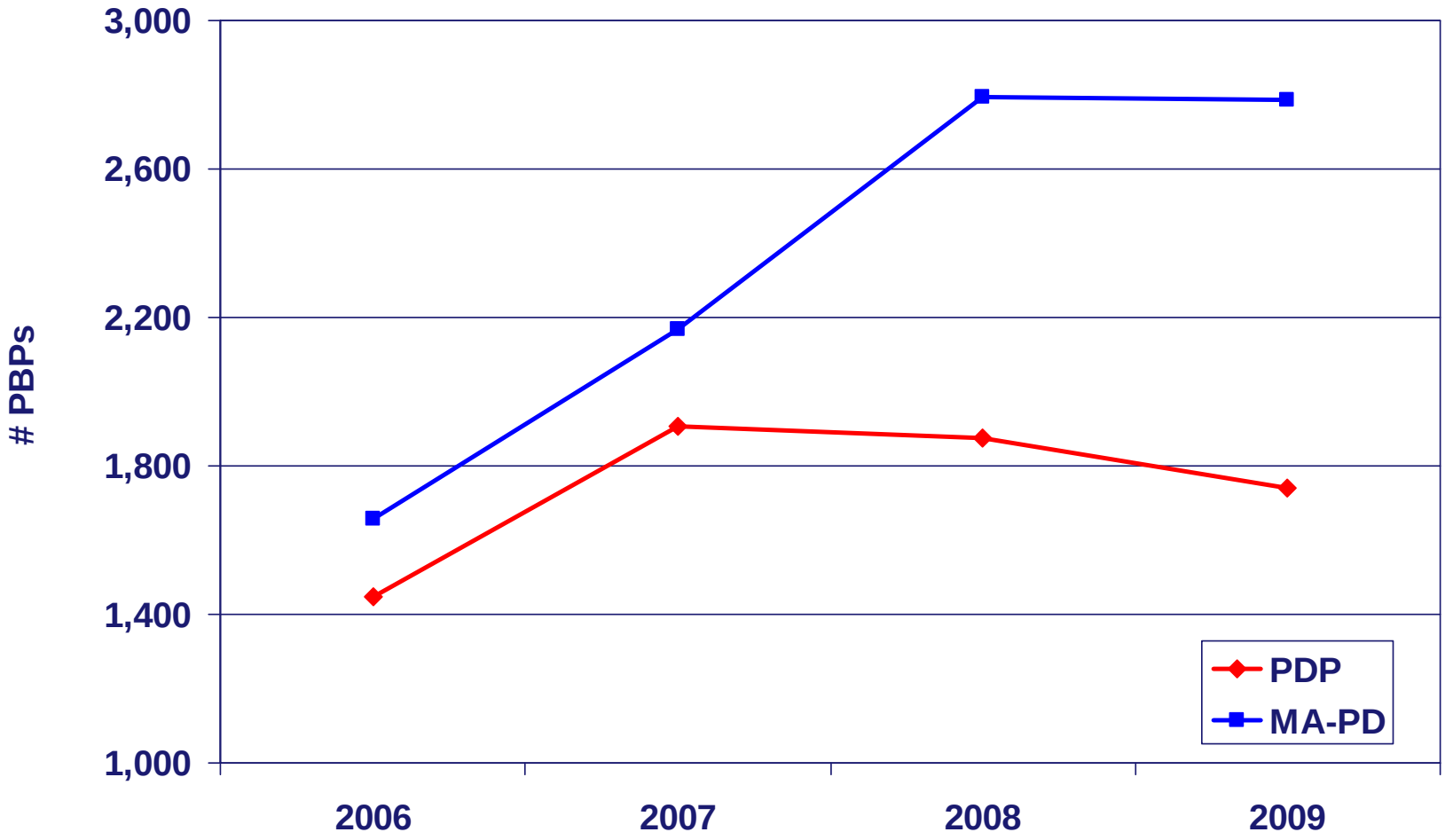
- 2006-2009 Part D Plan Benefit Information from Health Plan Management Systems (HPMS).

Exclusions: Employer group, PACE, and Part B only plans.

Numbers of Part D Parent Organizations are Growing



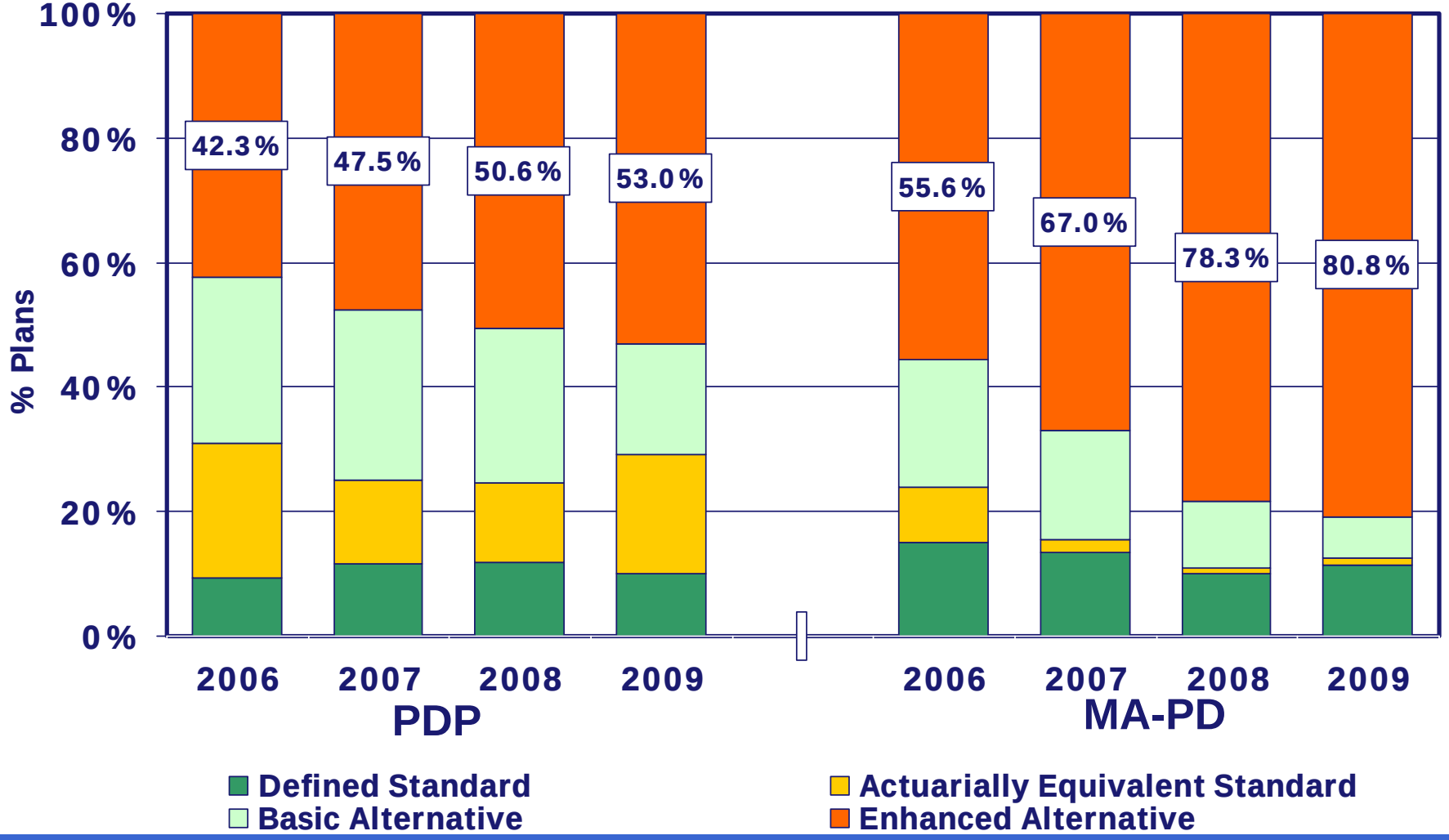
Trends in Plan Benefit Packages (PBPs)



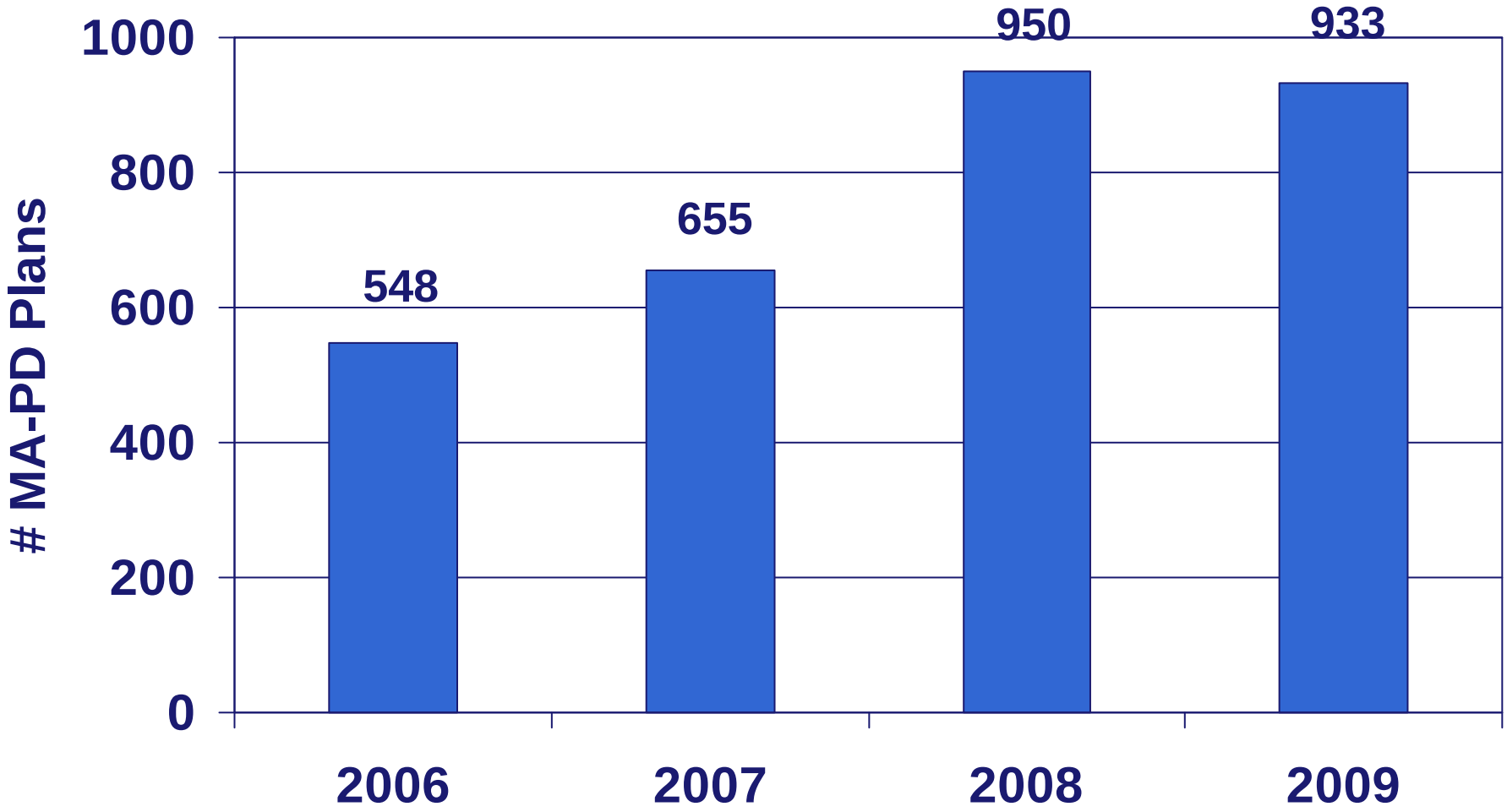
Shifts in Benefit Parameters

- Part D sponsors have flexibility to offer lower premiums, coverage in the gap, and non-standard or zero deductibles.
- With additional experience in the Part D market, Sponsors have shifted benefit designs.

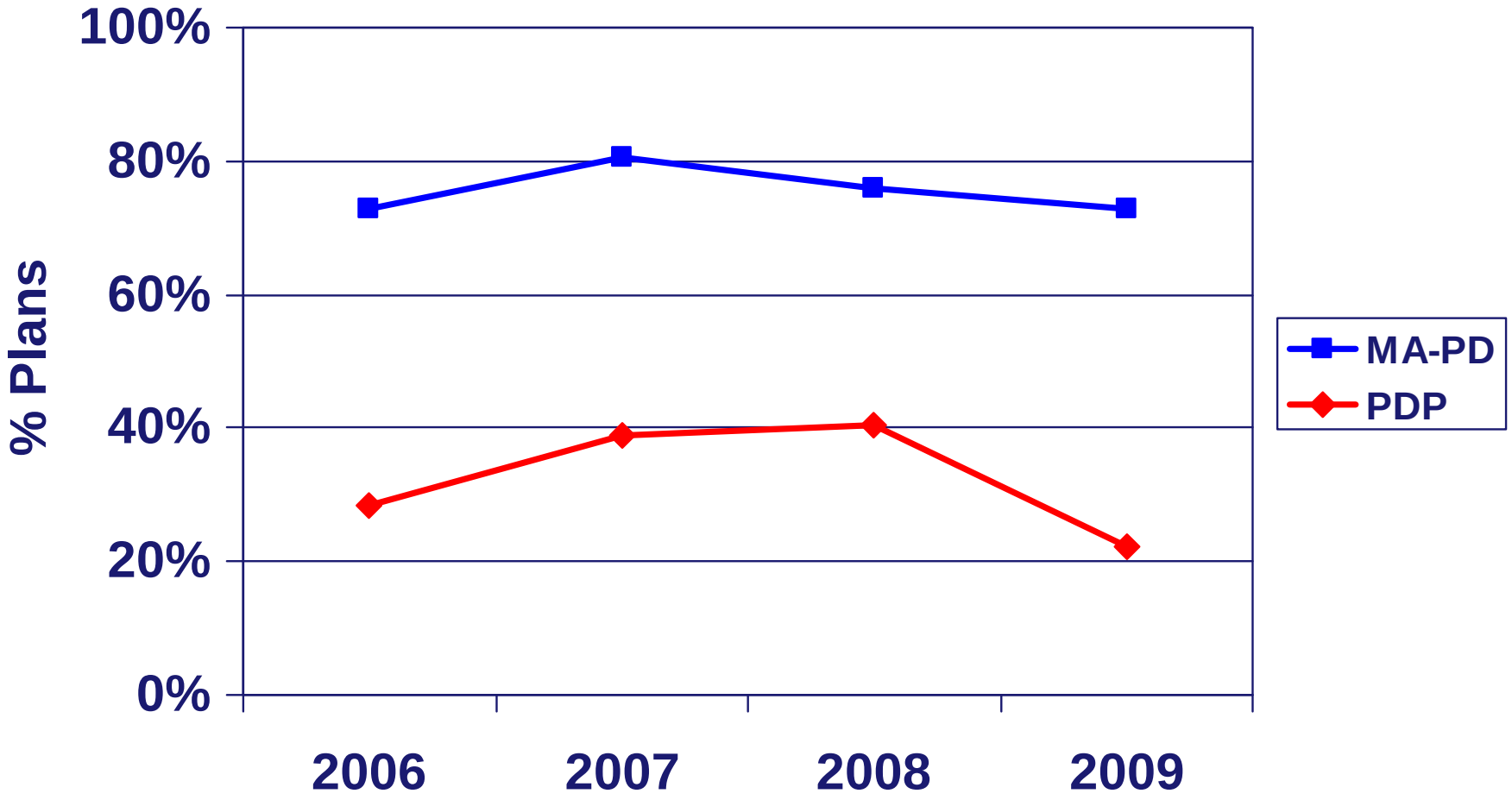
Trends in Part D Benefit Types



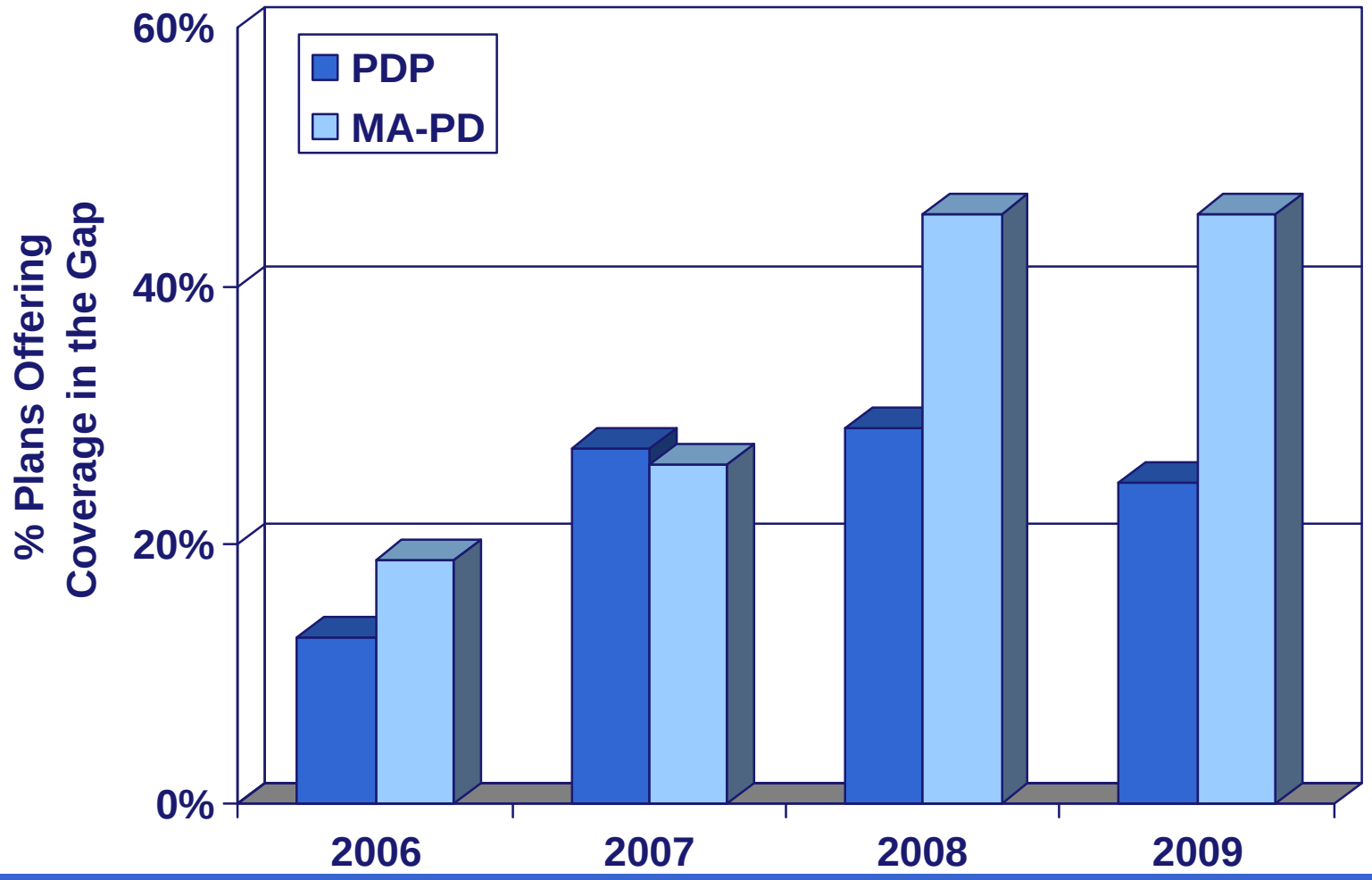
More MA-PDs Offer a $0 Part D Premium



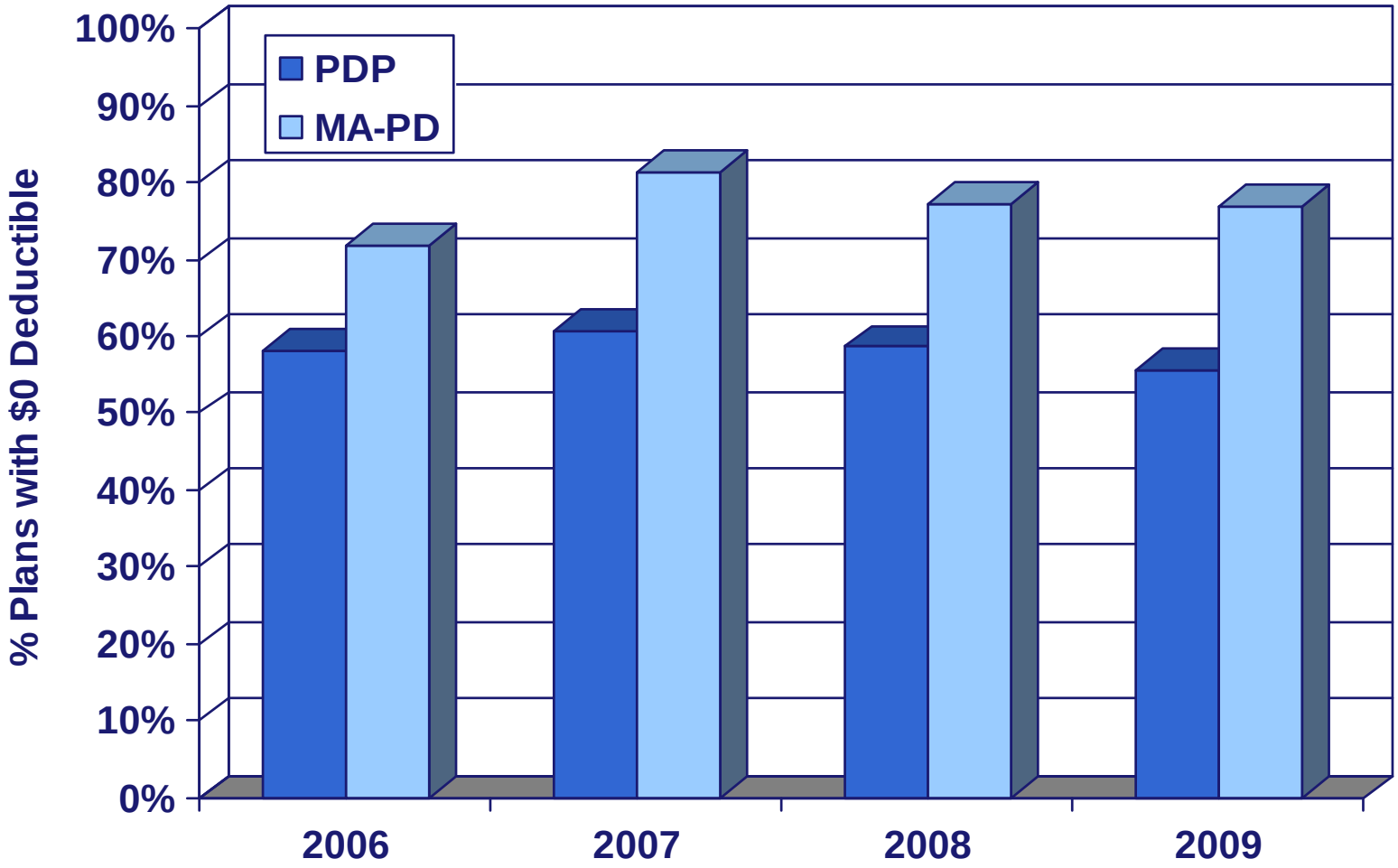
Sponsors Offering Part D Premiums Less than $30



Sponsors Offering Coverage in the Gap



Sponsors Offering $0 Deductible



Part D Enrollment Patterns

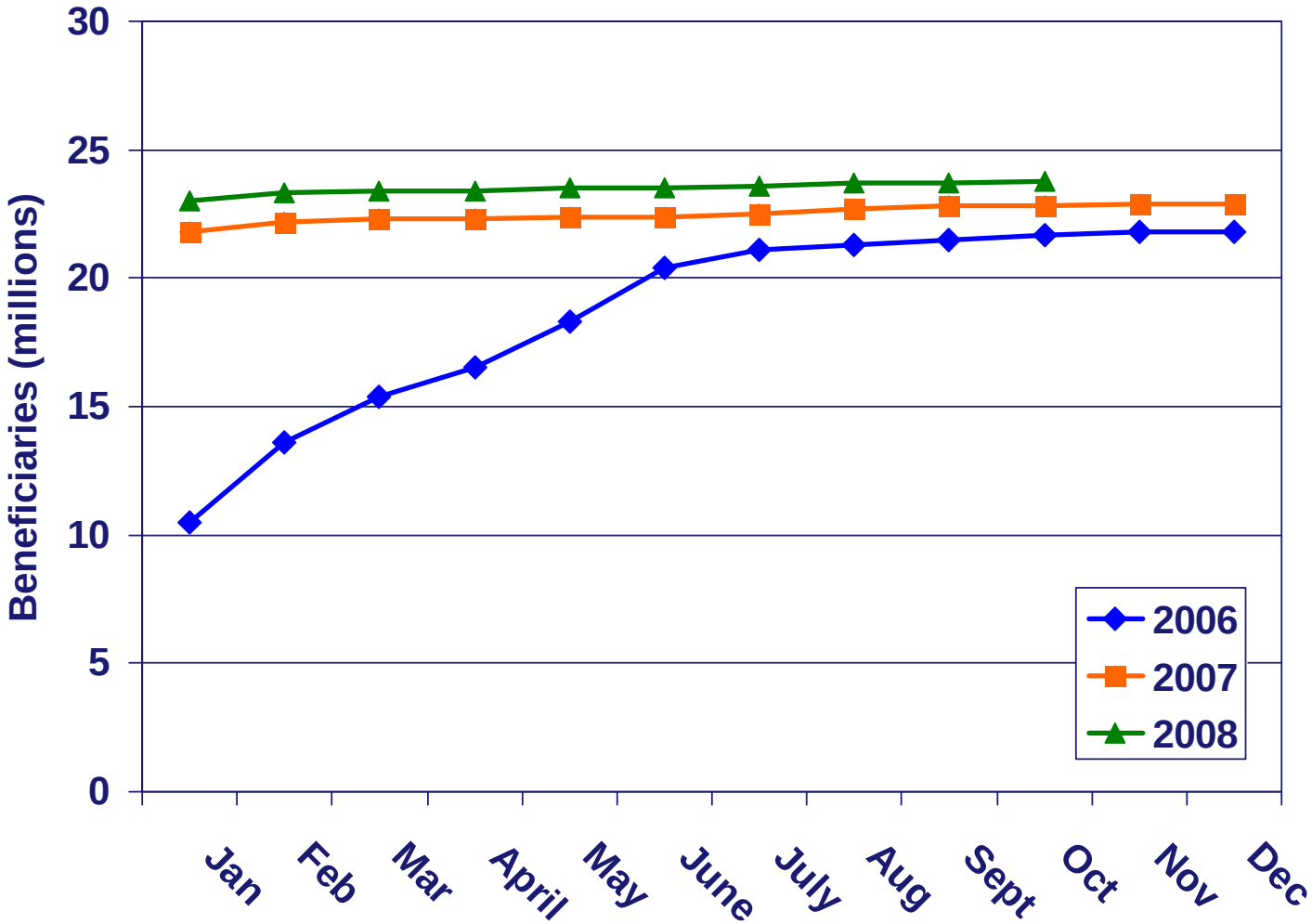
Methodology

Data sources:

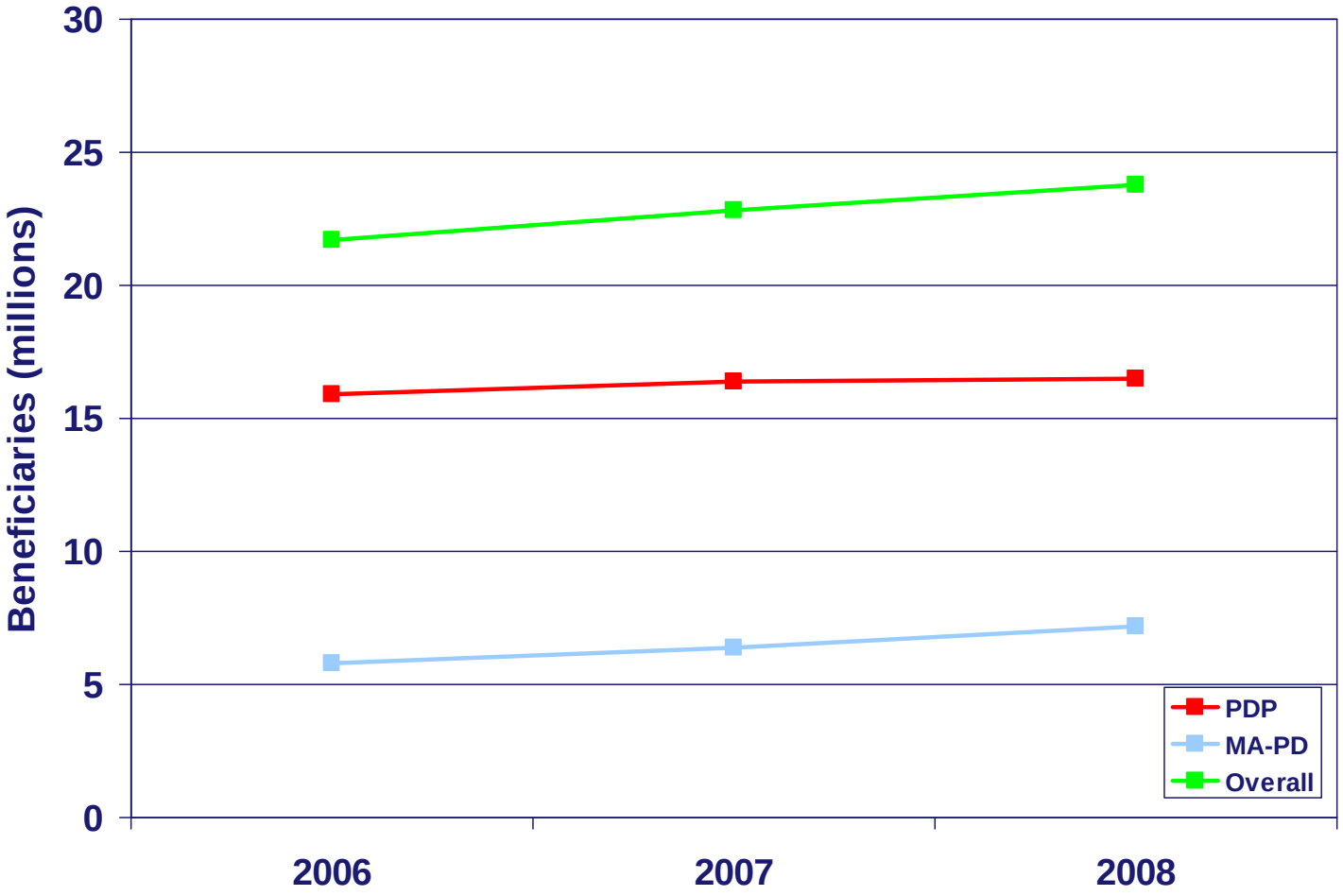
- 2006-2008 Part D Plan Benefit Information from Health Plan Management Systems (HPMS).
- Enrollment information from Management Information Integrated Repository (MIIR).

Exclusions: PACE, Employer, and Part B only plans, and low-income subsidy (LIS) beneficiaries.

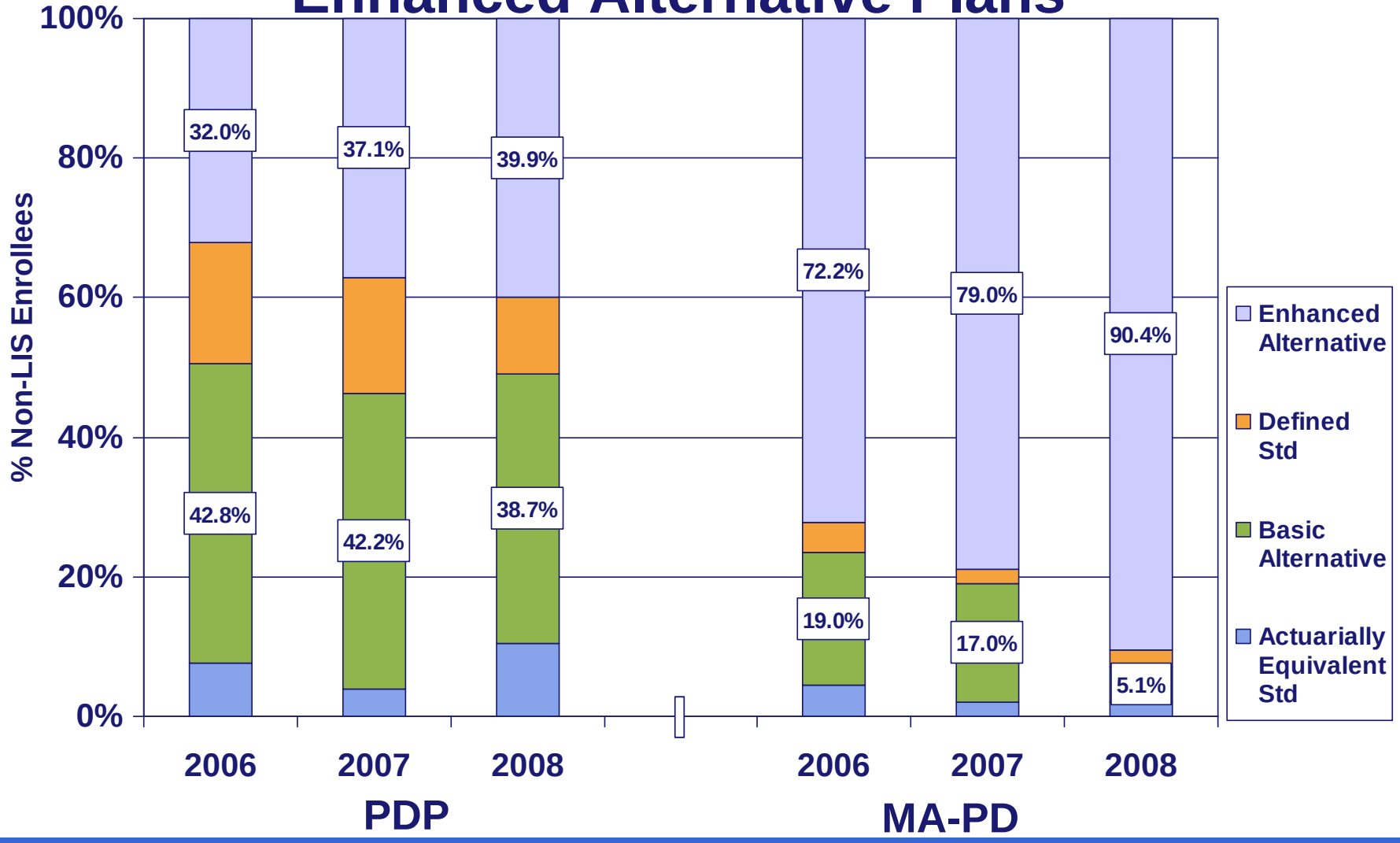
Enrollment in First Years of Part D



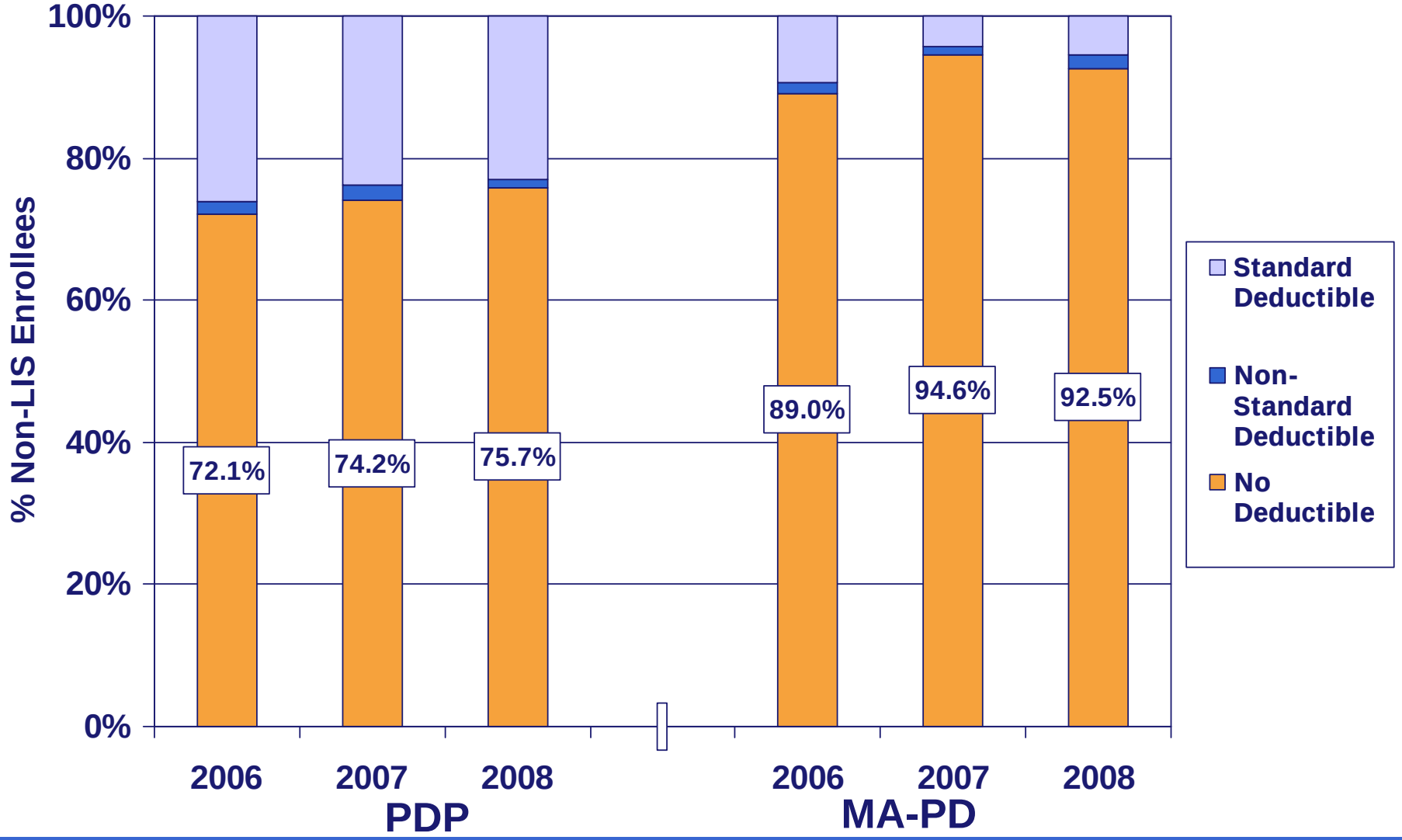
Part D Enrollment by Organization Type



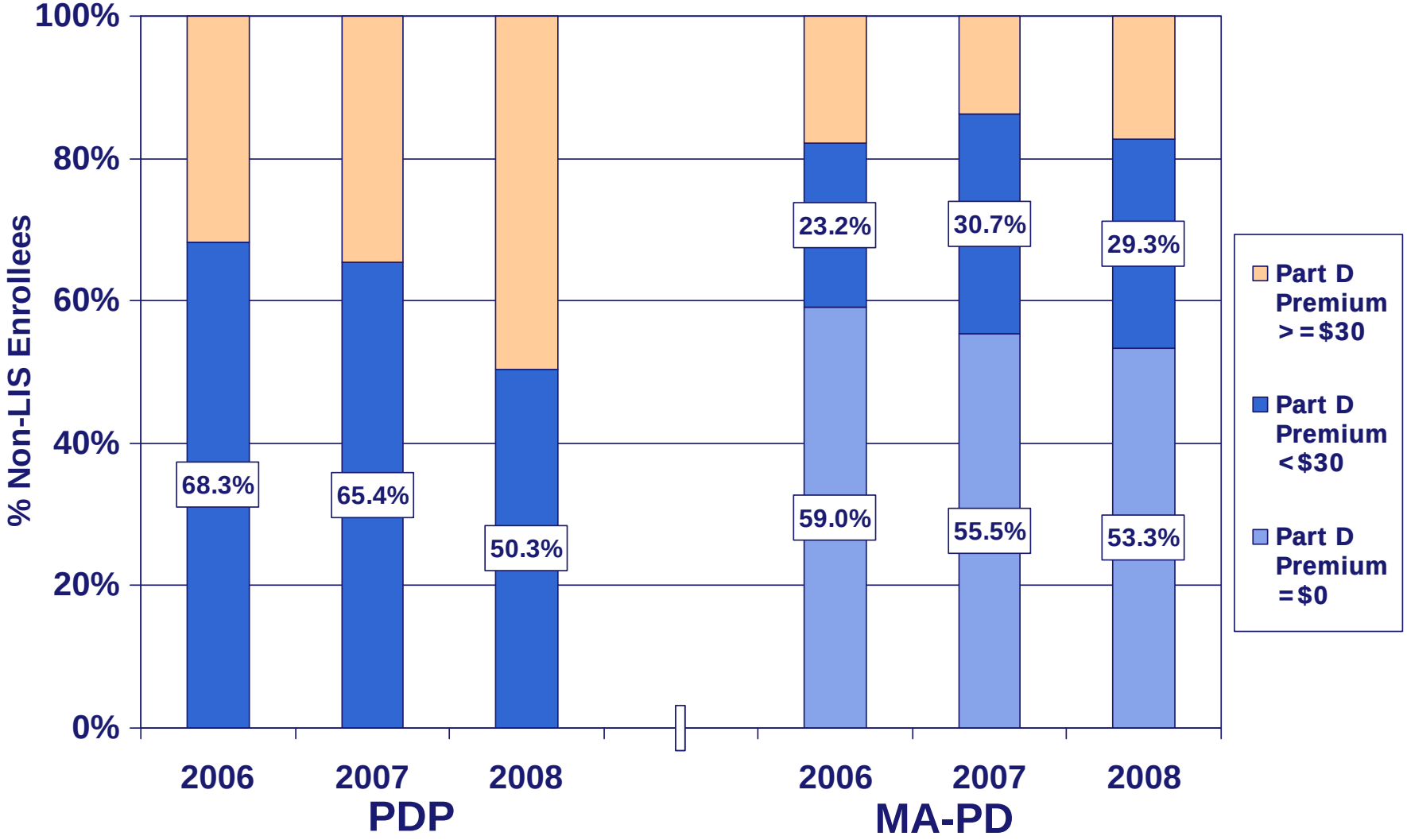
Increased Popularity of Enhanced Alternative Plans



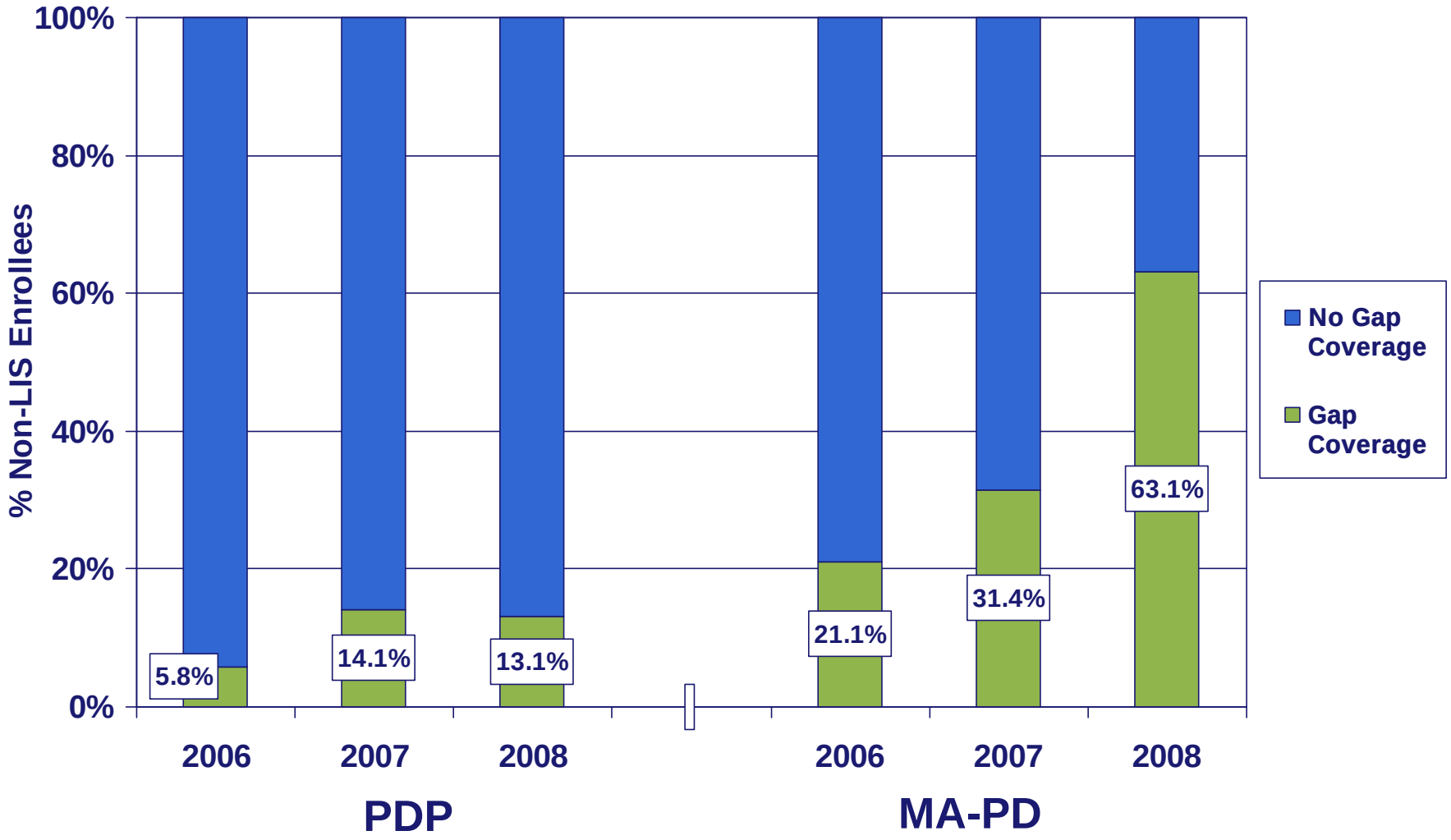
Most Beneficiaries Chose Plans With No Deductible



Enrollment Distribution by Part D Premium



Enrollment Distribution by Coverage in the Gap



Factors Driving PDP Market Share

Methodology

Data sources:

- 2006-2008 Part D Plan Benefit Information from HPMS

Steps:

- For July of each contract year, identify non-LIS beneficiaries, their enrolled PBP (plan) and PDP region.
- Regression analysis tested independent variables' impact to market share:
  - Plan's enrollment share in region.
  - Plan's year to year changes in market share.
  - Cost-sharing features.
  - Estimated out-of-pocket costs (OOPC).
  - Formulary.
  - Current enrollment.
  - Beneficiary risk score.

Methodology (continued)

- Model 1: Static model estimating 2007/2008 market shares.
- Model 2: Static models estimating individual market shares for each contract year from 2006-2008.
- Model 3: Difference model estimating changes in market shares as a function of percent changes in characteristics.
- Model 4: Difference model estimating changes in market share as a function of absolute changes in characteristics.

Results from 2006 Enrollment Study

- Analyses of 2006 enrollment had found that individually deductible and premium had an association with enrollment selection, while benefit type and coverage in the gap did not.
- Specifically, a $0 deductible and a premium below the $32.20 national benchmark were associated with a higher proportion of enrollment.
- Most beneficiaries enrolled in PDPs that offered a high number of drugs on formulary.
- The majority of beneficiaries chose plans that had lower utilization management rates.

Results of 2007 and 2008 Regression Models

- The variables found to be significant for market share were similar across all models.
  - Lagged market share.
  - Coverage in the gap.
  - Premium.
  - ICL threshold.
- The impact of variables may be inconsistent each year.
  - While increases in premiums were consistently associated with a negative effect to market share, there was less impact over time.
- Some variables had inconsistent or ambiguous results.
  - Plan count.
  - Benefit type.
  - Formulary – attributable to changes in formulary submissions.

Results of Model 1: Estimated PDP Market Share as Function of Changes

Independent factors	Coefficient	P-Value
Intercept	0.08130	0.8261
Drug Count	-0.00008	0.5700
Plan Total Part D Premium	**-0.02031**	**<.0001**
Deductible	**-0.00152**	**<.0001**
Initial Coverage Limit	**0.00055**	**<.0001**
Average Monthly Out of Pocket Cost	**-0.00398**	**0.0037**
Gap Coverage Indicator	**0.12410**	**0.0399**
Risk Score	0.06968	0.7171
Lagged Market Share	**0.93399**	**<.0001**
Contract Year Indicator (2007= Reference)	0.04732	0.2359

PDP Market Share – Driving Factors

- Expected factors that were validated as consistent drivers to increase market share:
  - Lower premium or deductible.
  - Offering coverage in the gap or raising Initial Coverage Limit (ICL).
  - Lower out-of-pocket costs.
- Previous enrollment in a plan was a strong independent factor for market share.
- Over time, plan selections were based more on past choices, and less on plan offerings.

Summary

- Part D plans offer a broad range of options for Medicare beneficiaries.
- CMS continues its efforts to reduce duplicative plan offerings.
- Market share for Part D PDPs are largely driven by previous enrollment with Sponsors, as well as considerations of costs.

Questions?