Medicare Prescription Drug Benefit Symposium

Beneficiary Experience

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DEPARTMENT OF HEALTH & HUMAN SERVICES · USA

Discussion Topics

- Cost and Utilization Per Beneficiary in 2006.
- Beneficiaries who reached the Initial Coverage Limit, 2006 and 2007.
- Beneficiaries who entered the Catastrophic Coverage Phase, 2006 and 2007.

Overview

- There were some differences among average monthly costs and utilization among sub-populations.
- A small percentage of total enrollees were fully exposed to the gap.
- The percent of enrollees who reached the ICL and/or the catastrophic coverage phase, and the time to reach these thresholds, varied by sub-group.
- Allowing Part D Sponsors to offer different benefit designs reduced the proportion of beneficiaries who would have otherwise reached the ICL and catastrophic coverage phase.

Cost and Utilization Per Beneficiary

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Methodology

Data Sources

- 2006 Standard Analytical File (SAF) of PDE Data.
- 2007 PDE Data.
- Medicare Beneficiary Database (MBD).
  - Used to identify beneficiary LIS status and other characteristics.

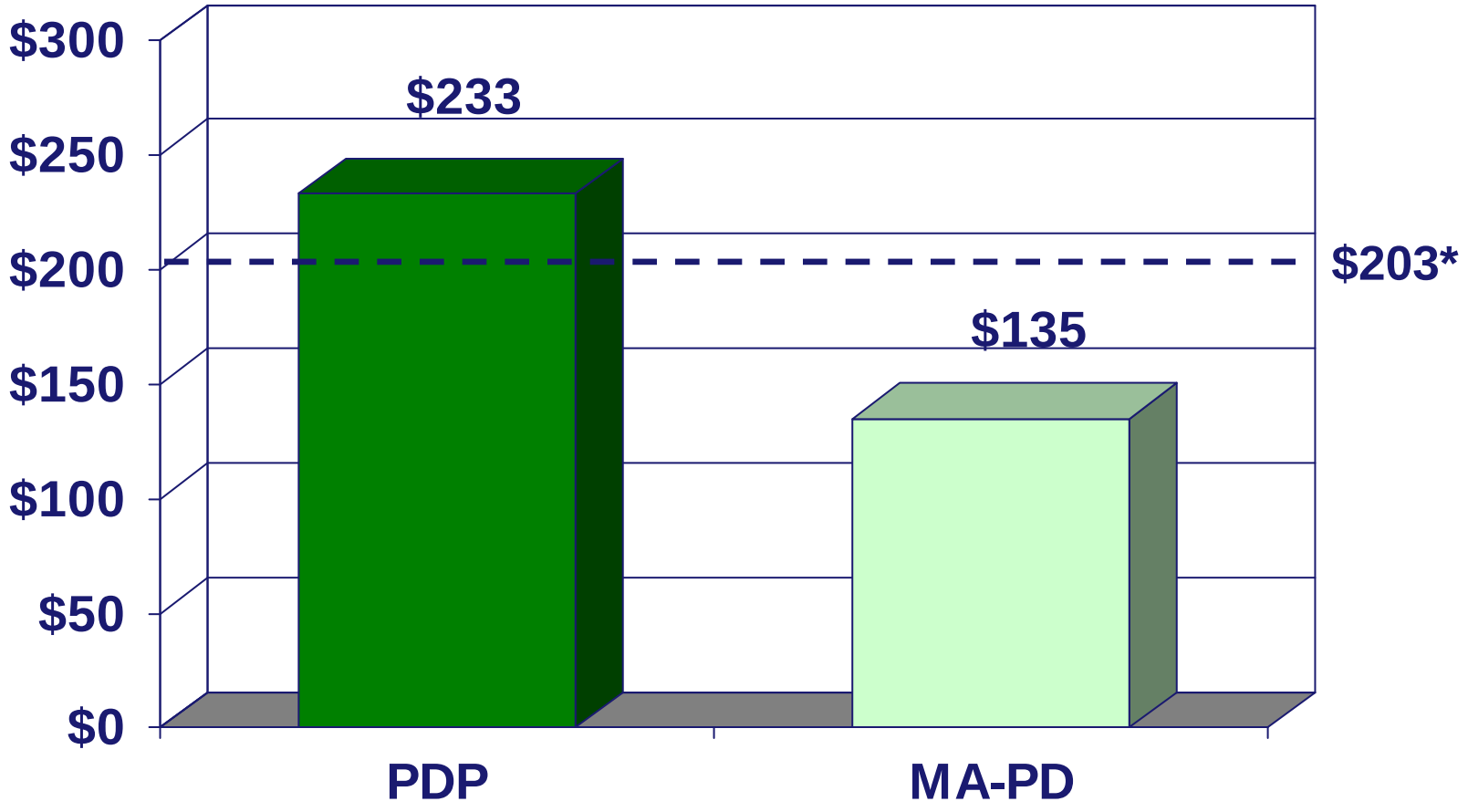
Methodology

- Average Gross Drug Cost Per Member Per Month
  - Total drug costs were summed across all PDEs for each year and divided by the total member-months of enrollment.
- Average Claims Per Member Per Month
  - Total number of PDEs for each year were counted and divided by the total member-months of enrollment.
  - Results were not adjusted for multiple month fills (e.g. 90-day supplies).

2006 Gross Drug Cost and Utilization Per Member Per Month

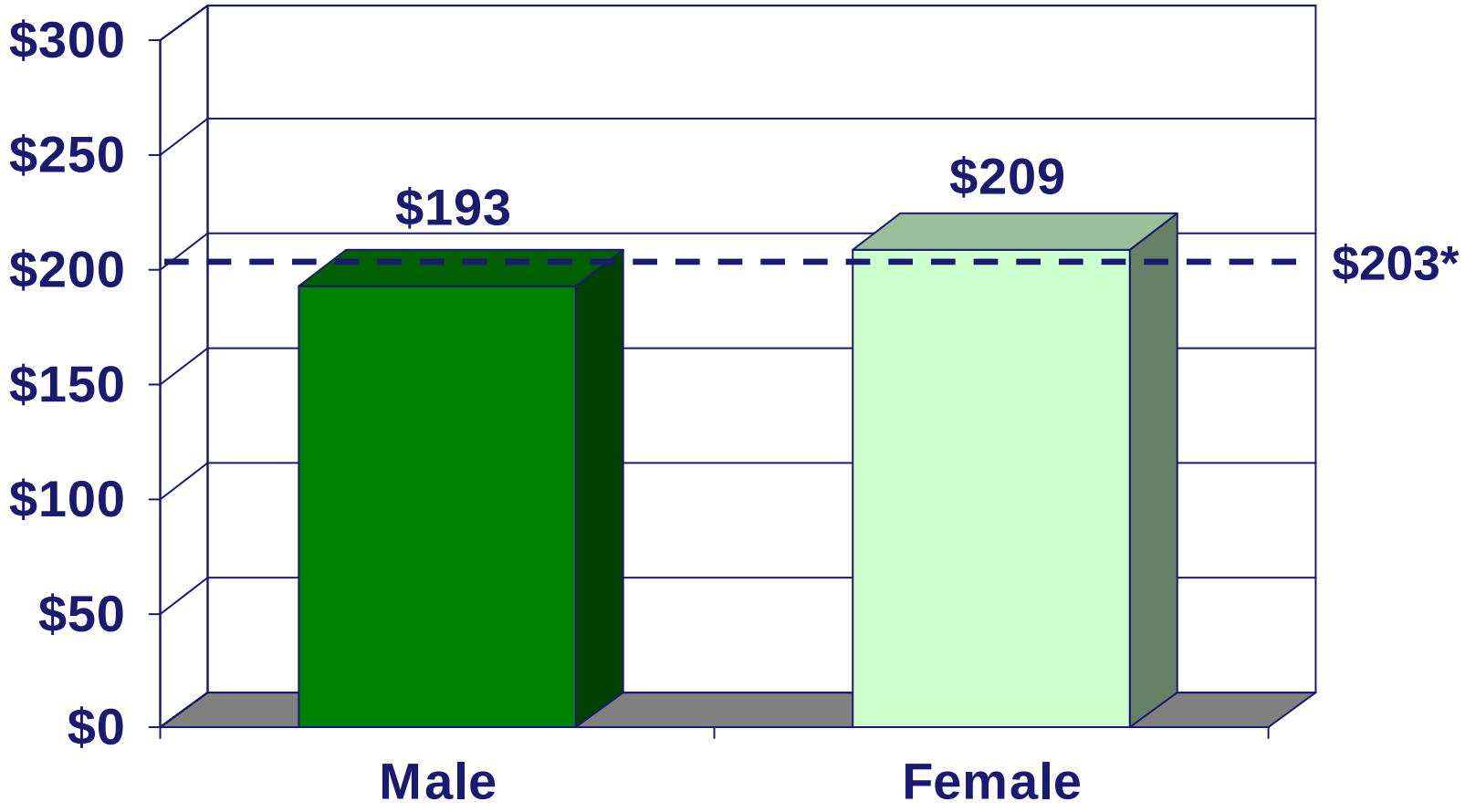
- Overall, based on total gross costs from 2006 PDE records, the average cost per member per month was $203.
- The average number of prescriptions per member per month was 3.2 based on the total number of PDE records.

2006 Gross Drug Cost Per Member Per Month: *by Organization*



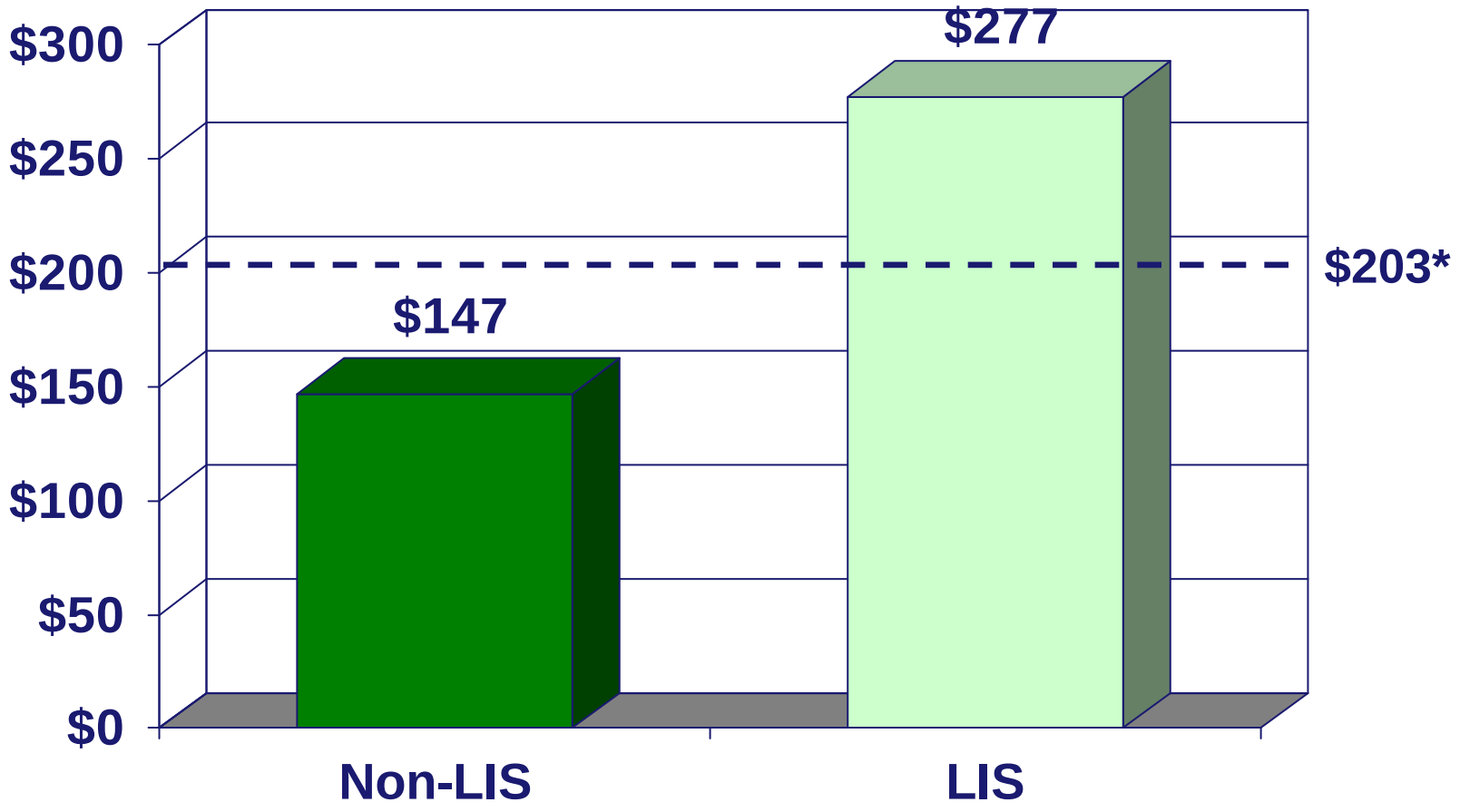
* Overall Average Cost Per Member Per Month

2006 Gross Drug Cost Per Member Per Month: *by Gender*



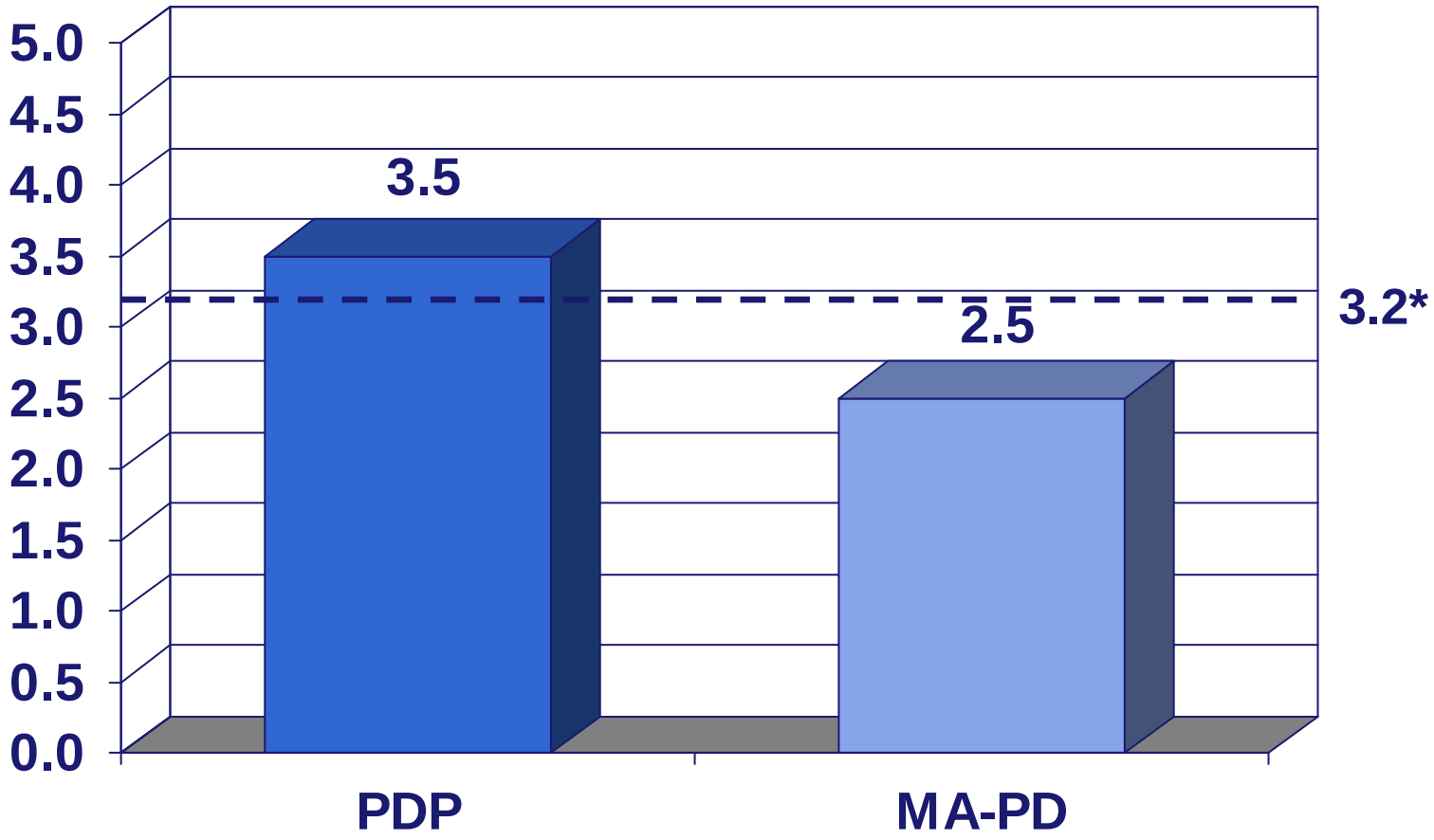
* Overall Average Cost Per Member Per Month

2006 Gross Drug Cost Per Member Per Month: *by LIS Status*



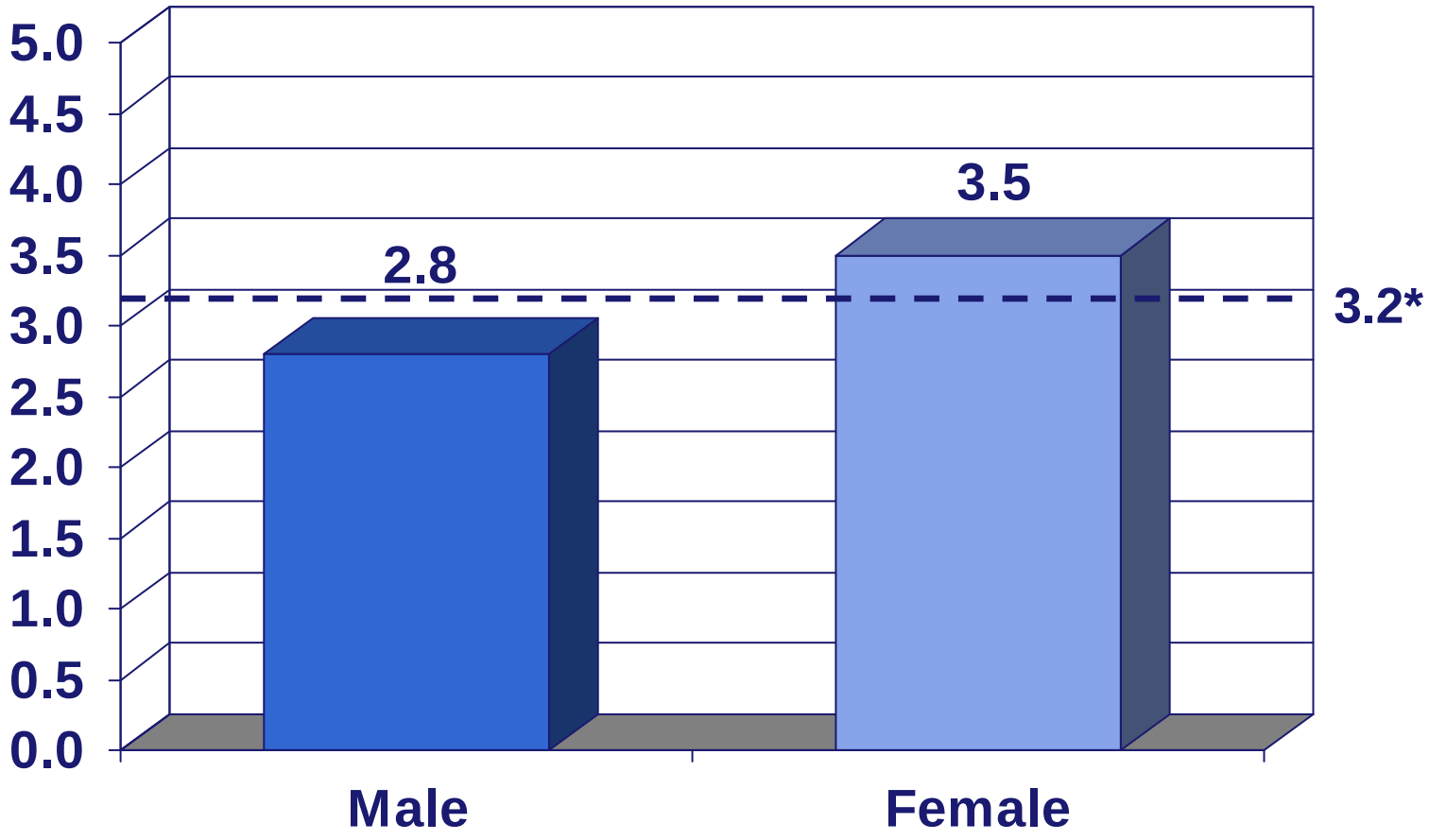
* Overall Average Cost Per Member Per Month

2006 Prescriptions Per Member Per Month: *by Organization*



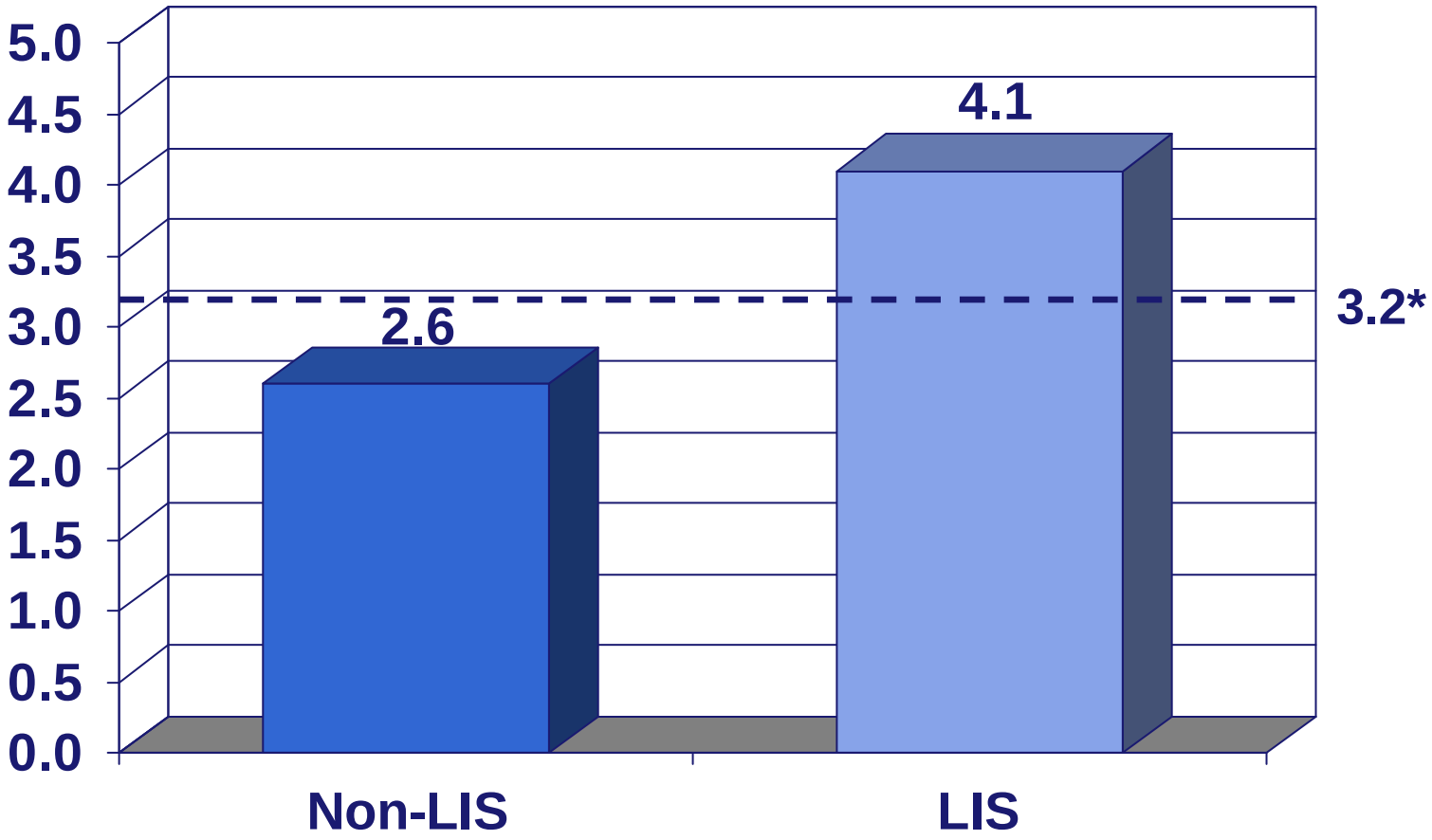
* Overall Average Number of Prescriptions Per Member Per Month

2006 Prescriptions Per Member Per Month: *by Gender*



* Overall Average Number of Prescriptions Per Member Per Month

2006 Prescriptions Per Member Per Month: *by LIS Status*



* Overall Average Number of Prescriptions Per Member Per Month

Beneficiaries who Reached the Initial Coverage Limit or Entered the Catastrophic Coverage Phase

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Methodology

Data Sources

- 2006 Standard Analytical File (SAF) of PDE Data and 2007 PDE Data.
  - Limited to Part D covered products.
- Medicare Beneficiary Database (MBD).
  - Used to identify beneficiary LIS status and other characteristics.
- 2006 and 2007 Part D Plan Benefit Information.

Methodology

- Initial Coverage Limit
  - Plan Designated Initial Coverage Limit (ICL).
  - Defined Standard ICL.
- Catastrophic Coverage
  - Catastrophic Coverage Codes.
  - Total Expenditures at Catastrophic based on Defined Standard.

Methodology: Initial Coverage Limit

Plan Designated ICL

- Gross costs accumulated within the benefit year for each beneficiary by date of service.
  - Gross Cost = sum of ingredient cost, dispensing fee, and sales tax.
- The claim in which the accumulated gross cost exceeded the plan's ICL was identified.

Methodology: Initial Coverage Limit

Defined Standard ICL

- The plan-specific ICL was substituted with the Defined Standard ICL amount.
  - $2,250 in 2006.
  - $2,400 in 2007.

Methodology: Catastrophic Coverage

Catastrophic Coverage Codes

- Each PDE record includes a field that indicates whether a claim is a non-catastrophic claim, attachment point claim, or catastrophic claim.
- Based on date of service order, the first instance of an attachment point or catastrophic coverage code was used to identify entry into catastrophic coverage.

Methodology: Catastrophic Coverage

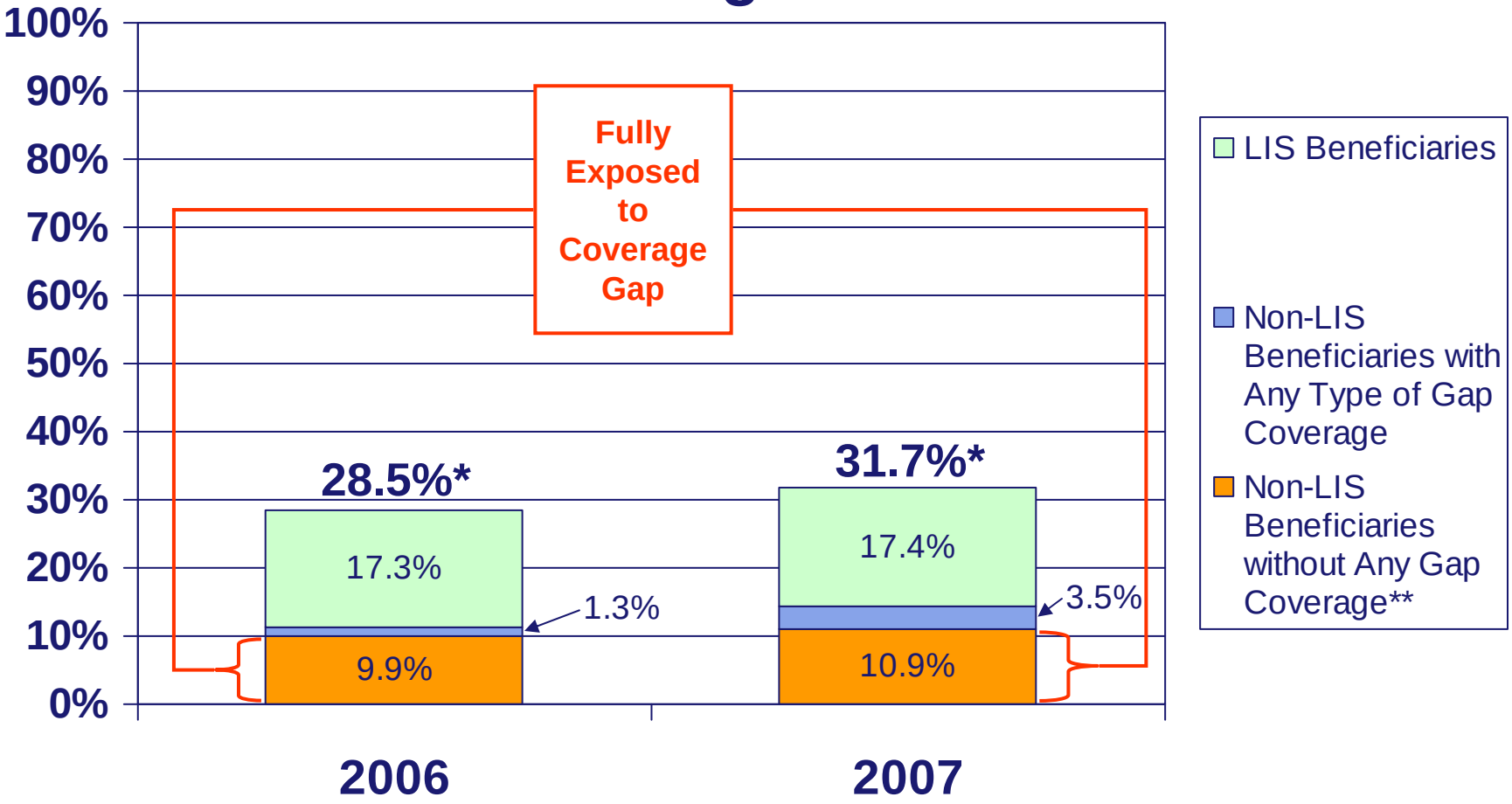
Total Expenditures at Catastrophic threshold based on Defined Standard

- Total gross drug costs that would have spent if enrolled in a Defined Standard benefit when they reached the catastrophic coverage threshold.
  - $5,100 in 2006.
  - $5,451.25 in 2007.

Percent Reaching 2007 Plan ICL

- Overall, 31.7% (8.3M) of all enrollees reached their ICL in 2007.
- When limited to non-LIS,14.4% (3.8M) out of all enrollees reached their ICL.
- 10.9% (2.9M) of all enrollees were fully exposed to the coverage gap when non-LIS beneficiaries with some type of coverage in the gap were also excluded.

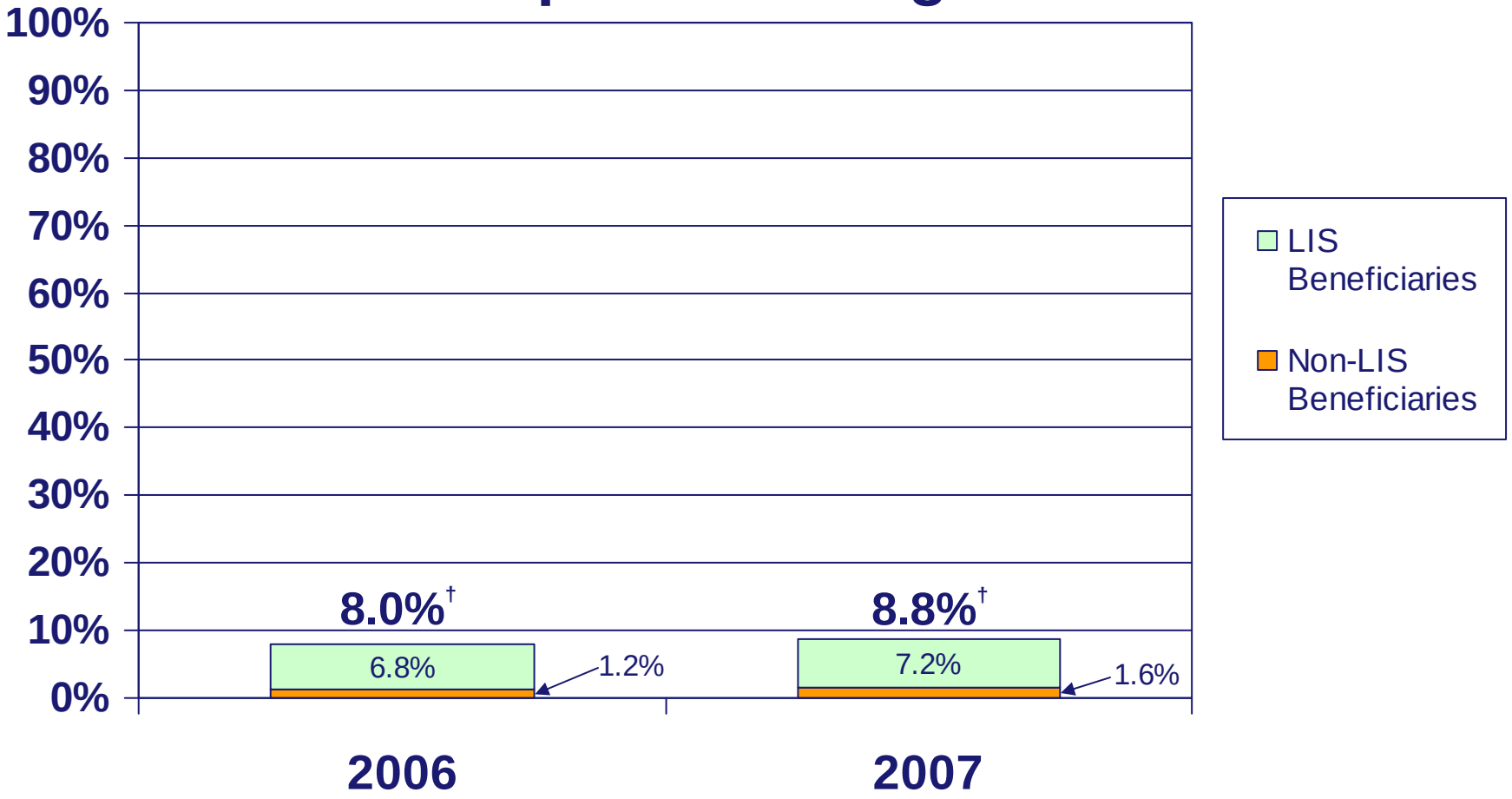
Beneficiaries Who Reached their Plan Initial Coverage Limit



* Overall Percent of Beneficiaries 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.

Beneficiaries Who Reached the Catastrophic Coverage Phase



† Overall Percent of Beneficiaries Reaching the Catastrophic Coverage Phase

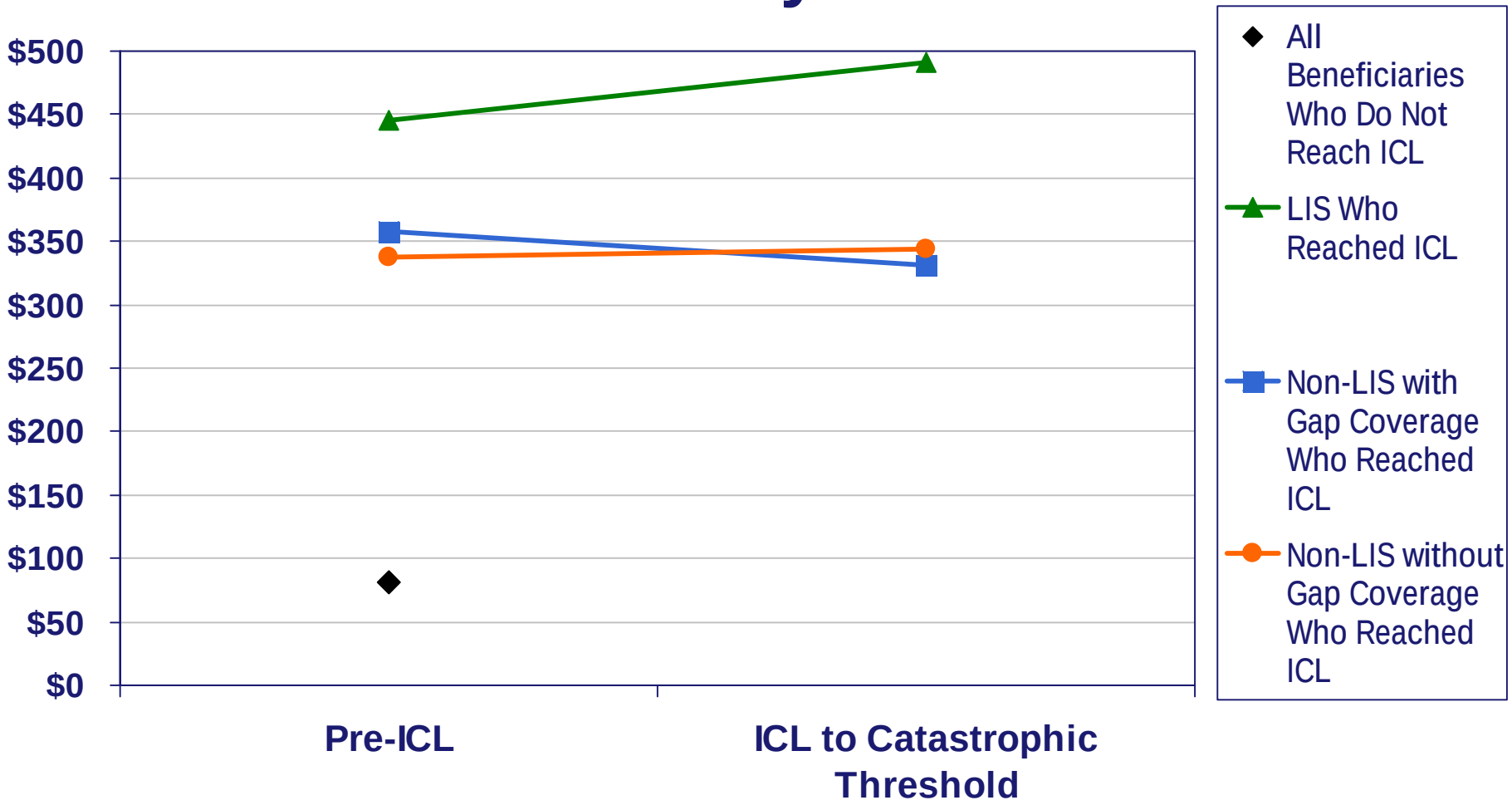
2007 Time to Reach ICL and Time in Various Phases

- 68.3% of enrollees (17.9M) never reach the ICL.
- 31.4% of enrollees (8.3M) reach the ICL.
  - Mean time to reach ICL for this group = 6.2 months.
  - Mean time spent after reaching ICL to end of enrollment or catastrophic coverage for this group = 3.6 months.
- 8.8% of enrollees (2.3M) reach the catastrophic coverage phase.
  - Mean time spent in catastrophic phase for this group=3.6 months.
- Similar findings were seen in 2006.

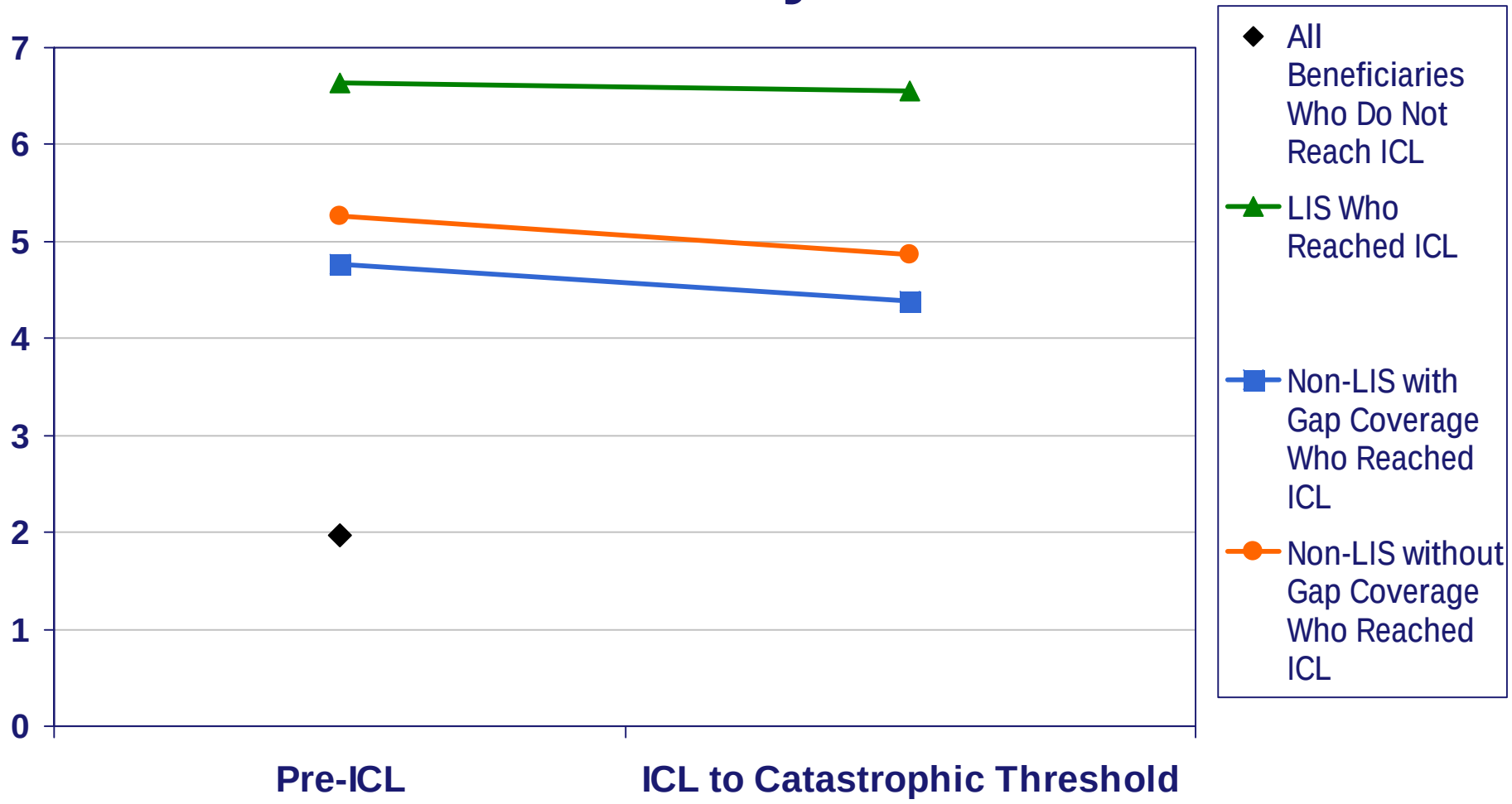
Subgroup Analysis of Time to Reach ICL and Time in Various Phases

- LIS beneficiaries reached the ICL more than a month sooner than non-LIS beneficiaries, on average.
  - Means: 5.6 versus 7.1 months, respectively, in 2007.
- PDP beneficiaries reached the ICL sooner than MA-PD beneficiaries.
- The time spent by LIS and Non-LIS beneficiaries after reaching ICL to end of enrollment or catastrophic coverage only differed by approximately two weeks, on average:
  - Means: 4.0 versus 4.5 months, respectively, in 2007.

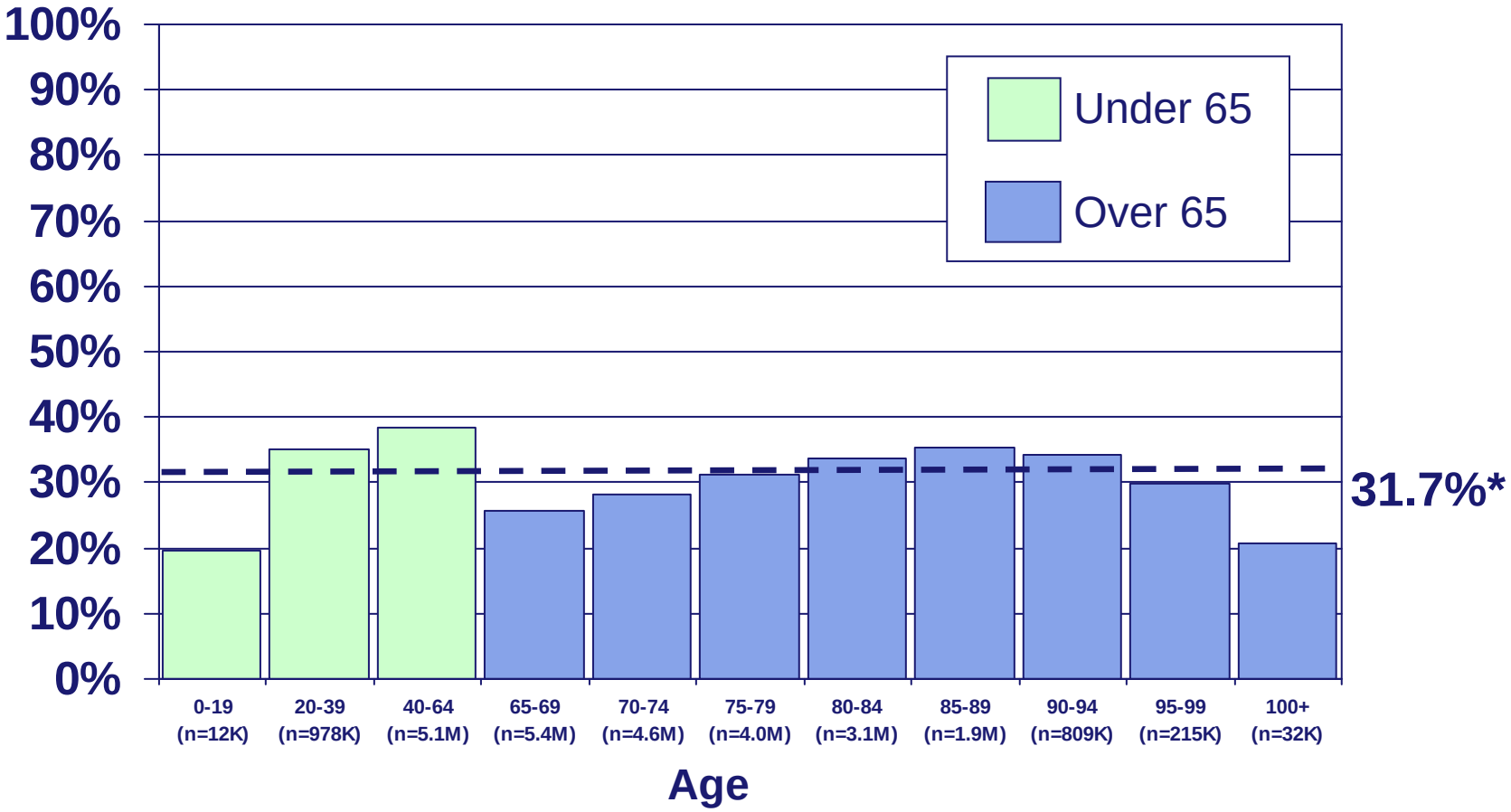
Pre/Post ICL Average Gross Costs Per Beneficiary Per Month



Pre/Post ICL Average Prescriptions Per Beneficiary Per Month

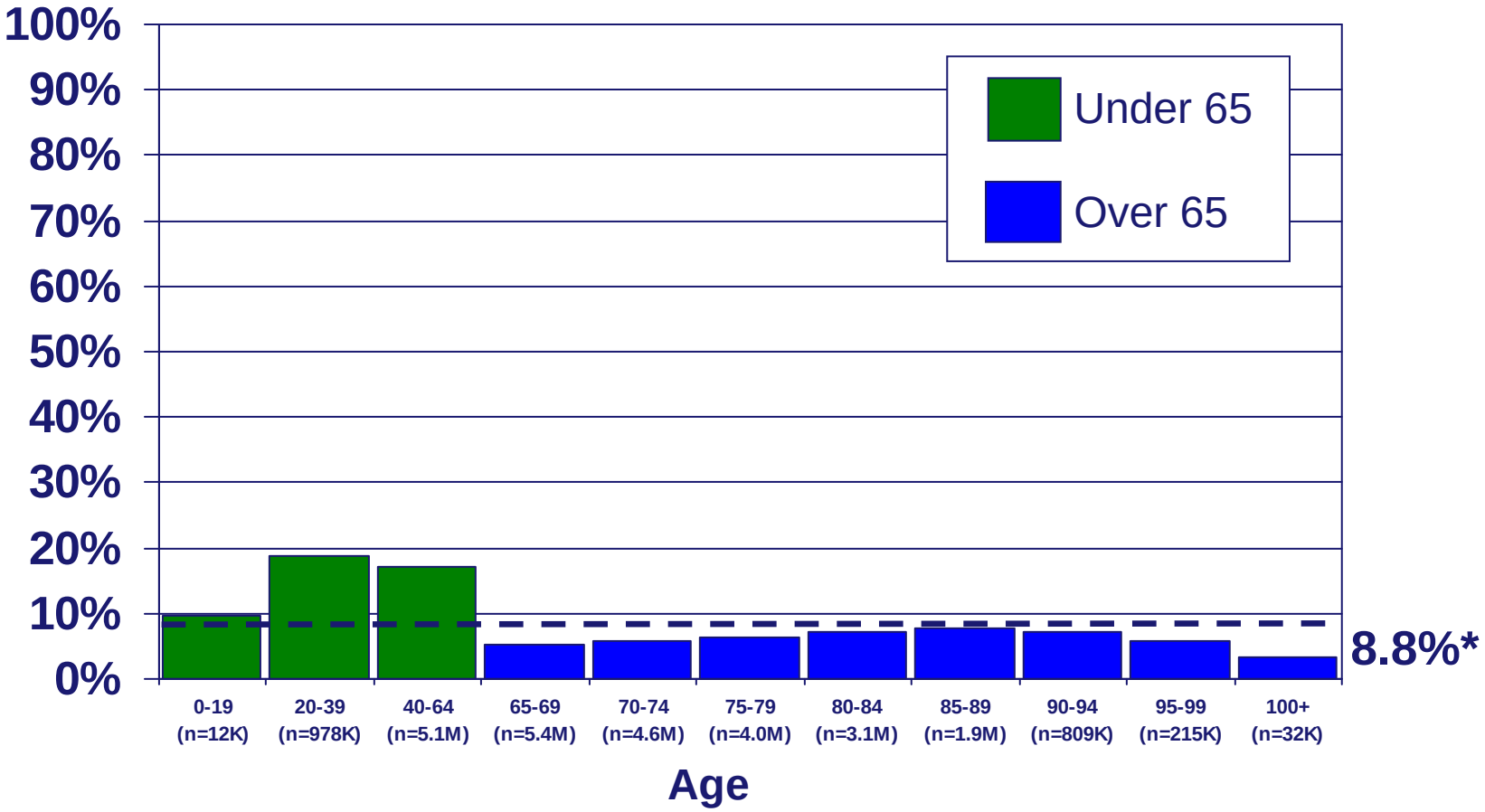


Percent Reaching 2007 Plan ICL: *by Age*



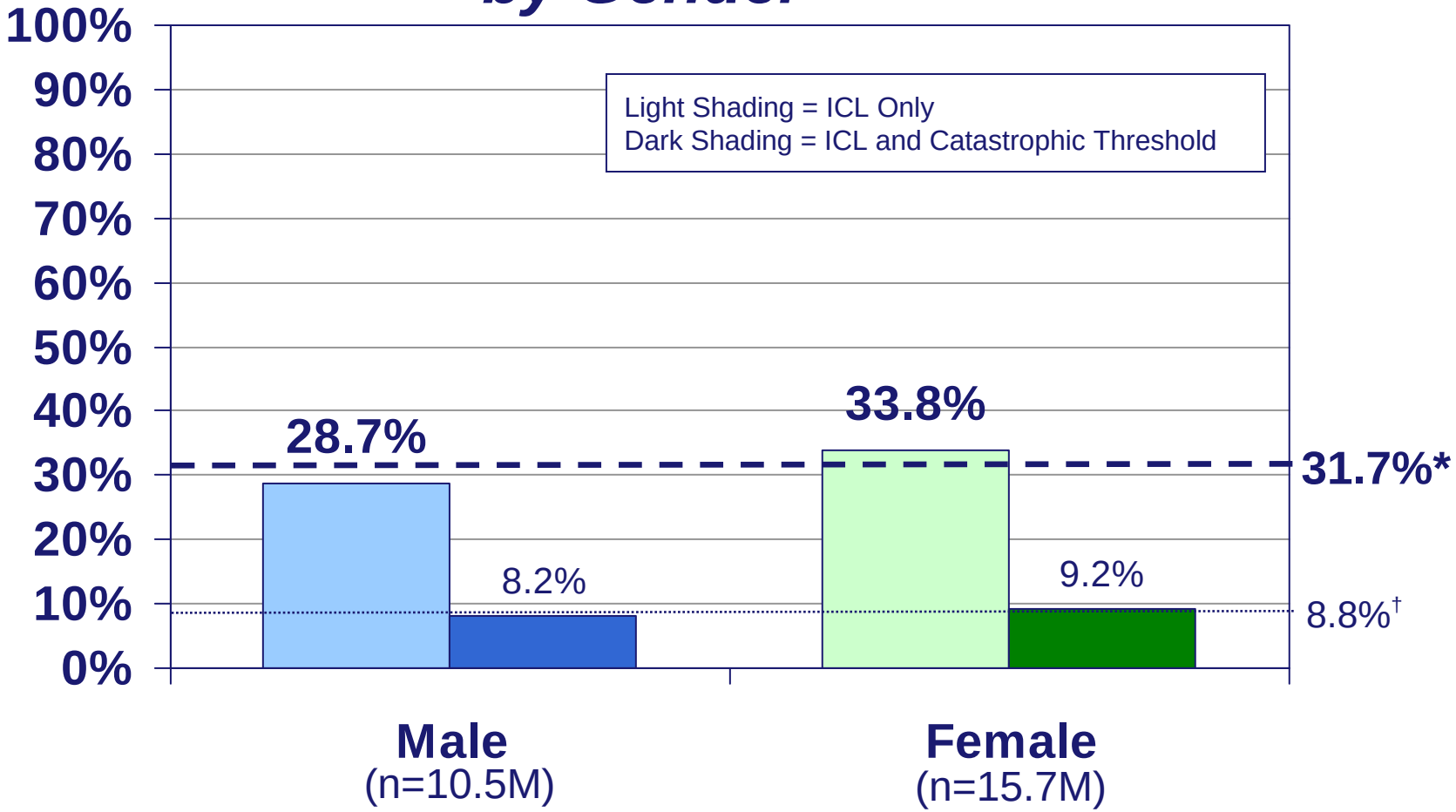
* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

Percent Reaching 2007 Catastrophic: *by Age*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

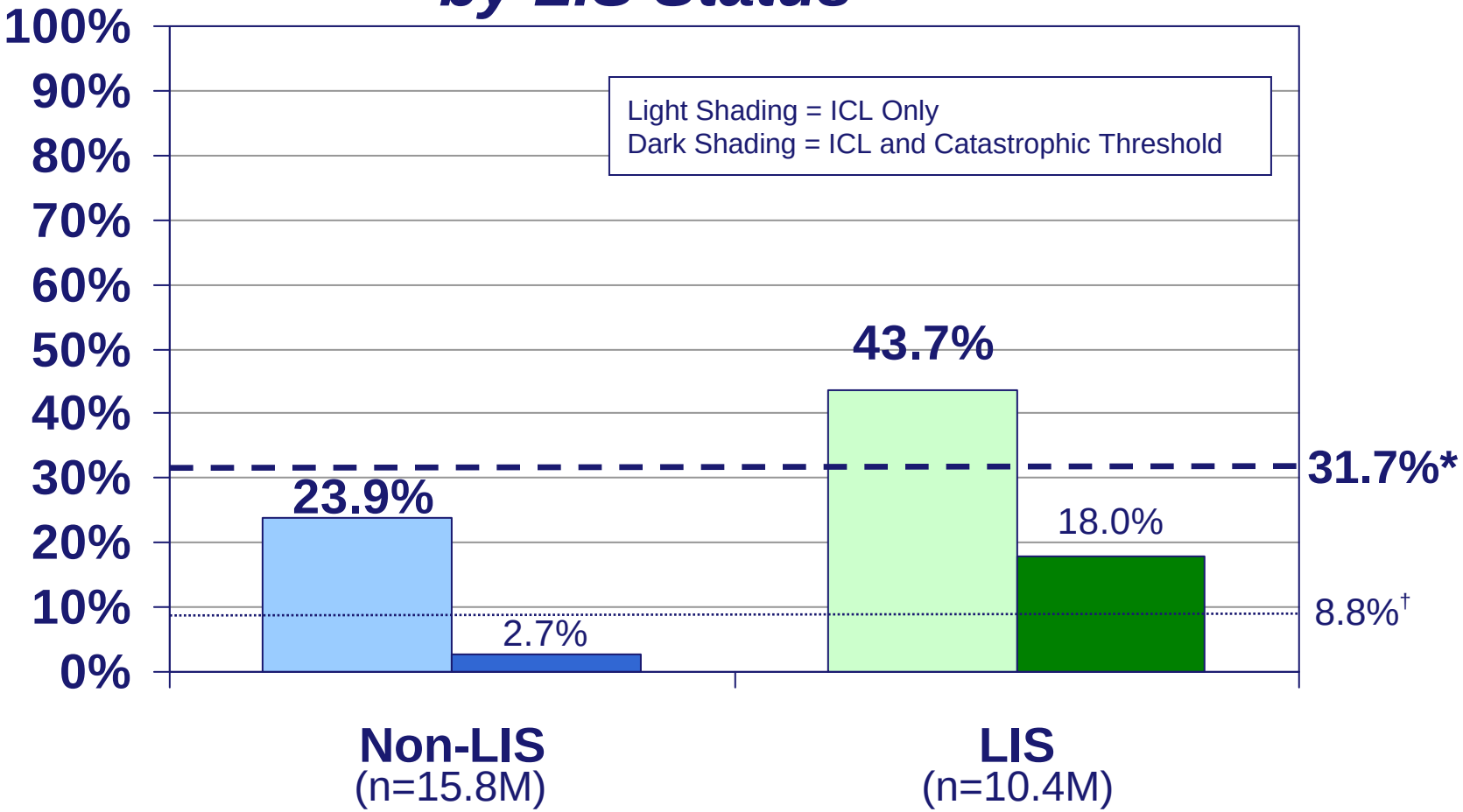
Percent Reaching 2007 Plan ICL and Catastrophic: *by Gender*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

† Overall Percent of Beneficiaries Reaching Their 2007 Catastrophic Coverage Threshold

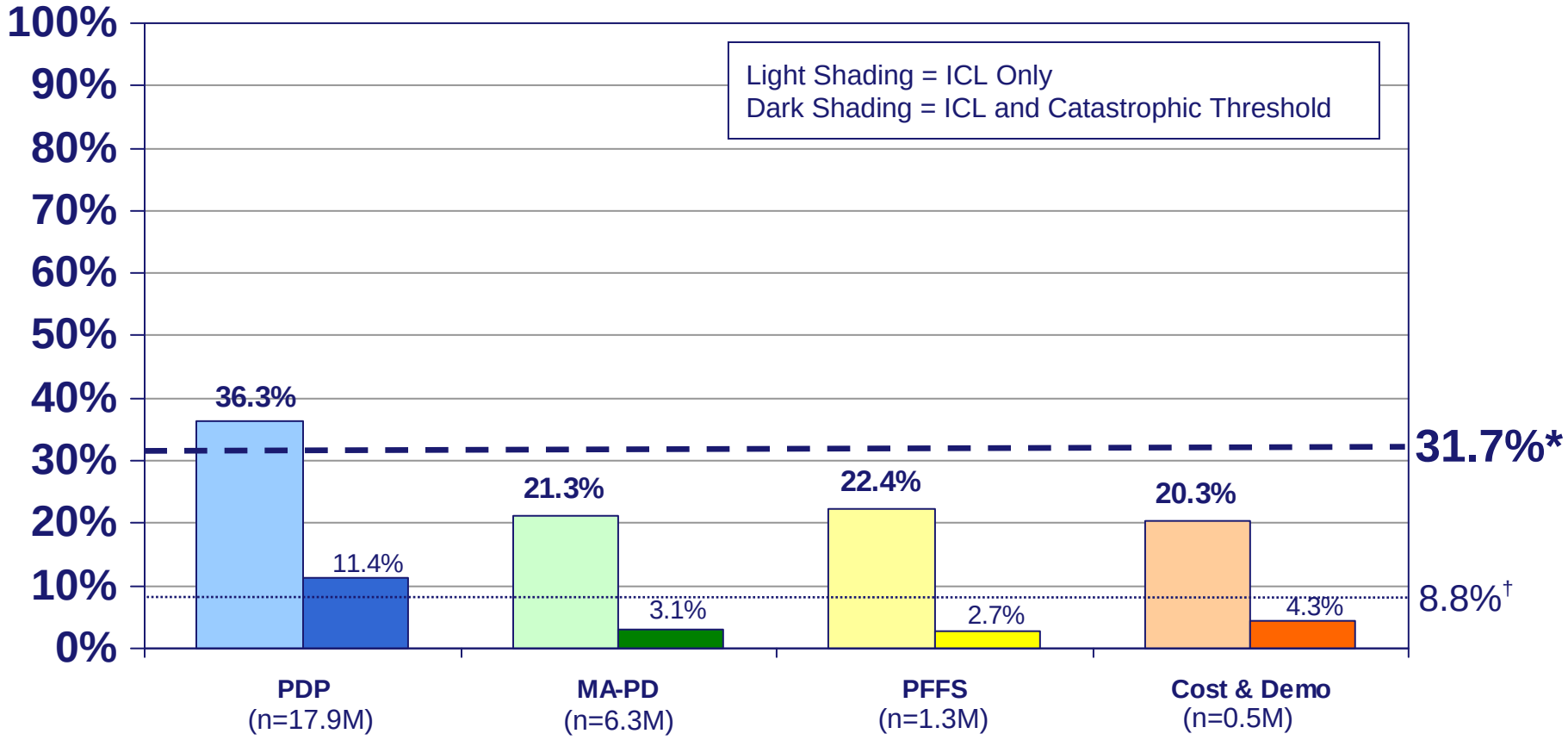
Percent Reaching 2007 Plan ICL and Catastrophic: *by LIS Status*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

† Overall Percent of Beneficiaries Reaching Their 2007 Catastrophic Coverage Threshold

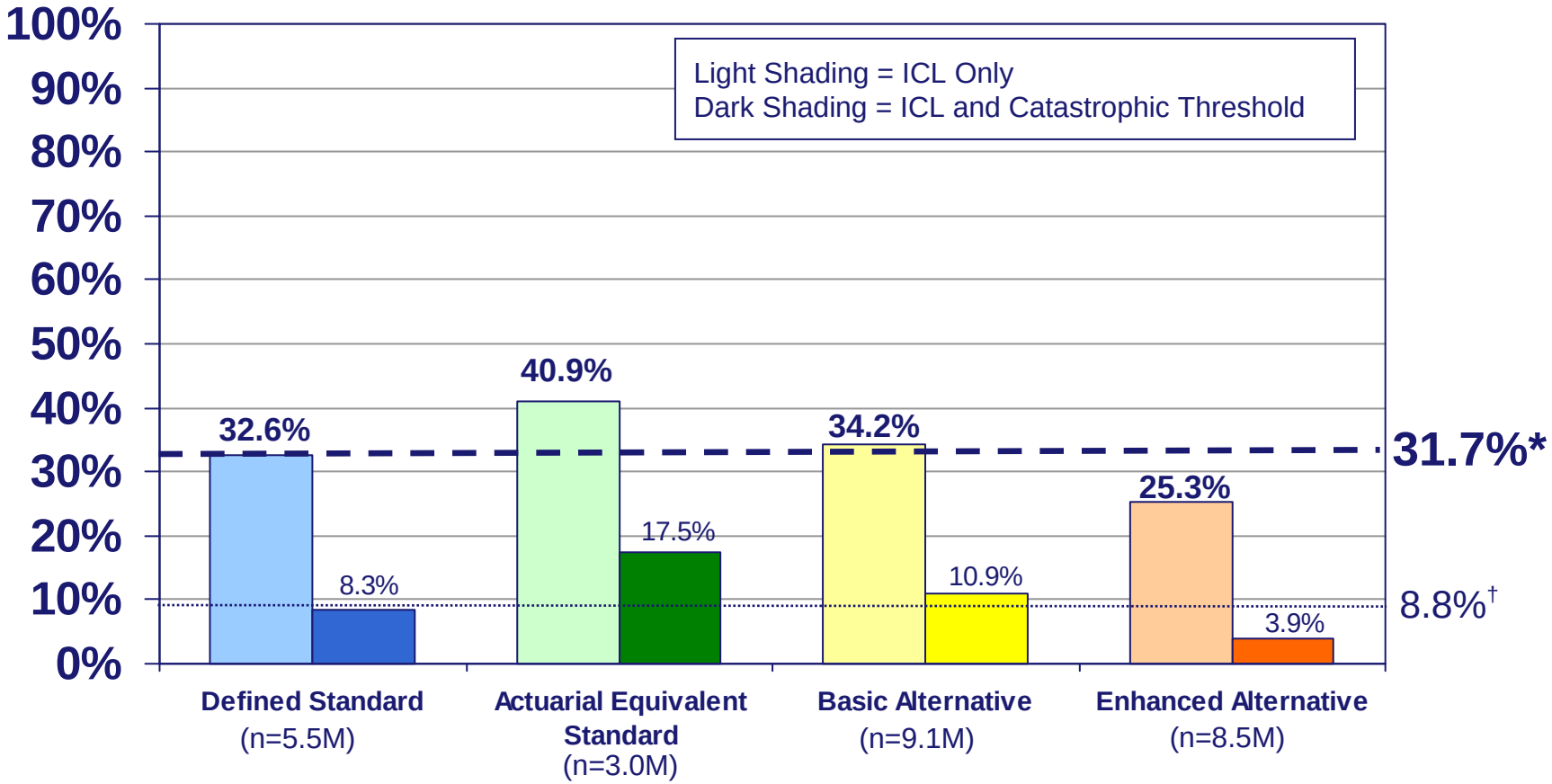
Percent Reaching 2007 Plan ICL and Catastrophic: *by Organization Type*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

† Overall Percent of Beneficiaries Reaching Their 2007 Catastrophic Coverage Threshold

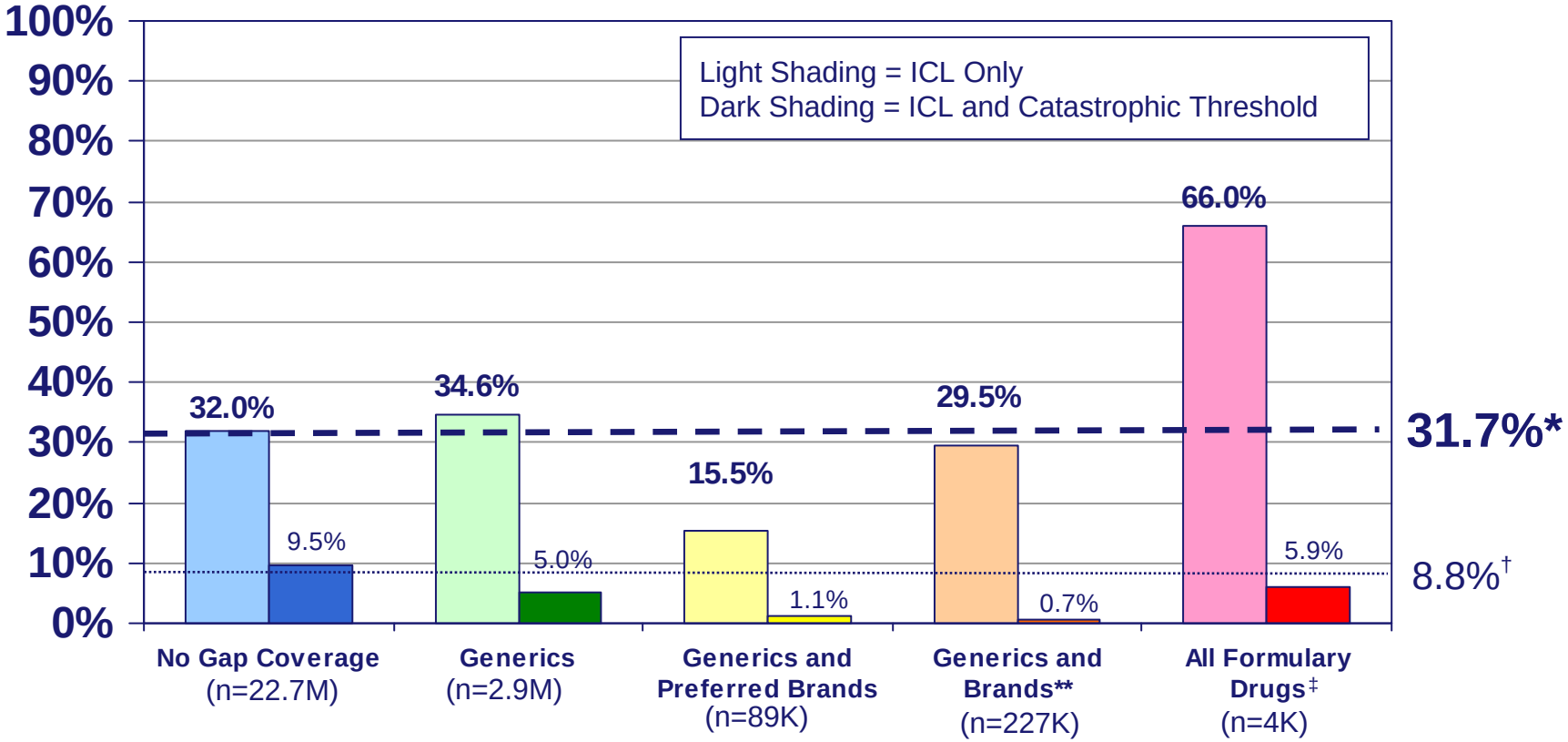
Percent Reaching 2007 Plan ICL and Catastrophic: *by Benefit Type*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit

† Overall Percent of Beneficiaries Reaching Their 2007 Catastrophic Coverage Threshold

Percent Reaching 2007 Plan ICL and Catastrophic: *by Gap Coverage*



* Overall Percent of Beneficiaries Reaching Their 2007 Initial Coverage Limit.
† Overall Percent of Beneficiaries Reaching Their 2007 Catastrophic Coverage Threshold.
** Does Not Include Coverage of Specialty Tier Generics and Brands.
‡ Excludes Plans with No ICL (325K beneficiaries).

Percent of Beneficiaries Who Reach ICL or Catastrophic Using Plan Designated Benefit Structure vs. Defined Standard Parameters

	2006		2007	
	ICL	Catastrophic	ICL	Catastrophic
Using Plan Designated Benefit Structure	28.5%	8.0%	31.7%	8.8%
Under Assumption of Defined Standard Parameters	30.1%	9.3%	32.3%	9.9%
Absolute Difference	1.6 percentage points	1.3 percentage points	0.6 percentage points	1.1 percentage points
Percent Difference	5.6%	16.3%	1.9%	12.5%

Overall Summary

- Overall, in 2006 Part D enrollees had an average of 3.2 prescriptions per month with an average monthly cost of $203.
- In 2006 and 2007, under one-third of all enrollees in each year exceeded their ICL, but this was meaningful to only about one-tenth of all enrollees.
- The percentages of enrollees who reached the ICL or entered the catastrophic phase are similar to external reports. However, most external reports cannot accurately identify enrollees who are fully exposed to the gap.
- Enrollees who were LIS, under 65, or female were more likely to exceed the ICL.
- Alternative benefit designs allowed for fewer beneficiaries to reach the ICL, compared to the number of beneficiaries that would have reached the ICL if only a defined standard benefit was offered.

Questions?