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Coverage and Pricing of Drugs That Can Be Covered Under Part B and Part D

*A study conducted by staff from Georgetown University
and from NORC at the University of Chicago
for the Medicare Payment Advisory Commission*

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Final Report

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Coverage and Pricing of Drugs That Can Be Covered Under Part B and Part D

Executive Summary

Part B of Medicare covers certain drugs when provided in a physician's office or under other selected circumstances. Many of these drugs may also be covered under the Part D prescription drug benefit, when the beneficiary's situation does not meet Part B coverage requirements. Plans participating in Part D include many such drugs on their formularies, but coverage varies by plan. The costs of the drugs –to the government, to beneficiaries, and overall – can differ substantially depending on whether they are covered in Part B or in Part D.

In this project, we examined this overlap between Part B and Part D coverage in three ways. First, we spoke with various stakeholders about their policies on and experiences with these drugs. Second, we looked at data on all Part D plans and how they cover these drugs. Third, for a select group of drugs, we compared the prices paid by the government and beneficiaries when a drug is covered by Part B to prices in national prescription drug plans participating in Part D.

Stakeholder interviews

Individuals at health plans, pharmacies, and trade organizations told us that drugs that can be covered under either Part B or Part D are consuming considerable time and energy for health plans and pharmacies. Although the process of determining whether a drug is covered under Part B or D of Medicare has improved since Part D was introduced in January of 2006, room for improvement and clarification remains.

- Medicare simplified the determination process for some groups of drugs, such as chemotherapy agents, by determining that whenever a drug is dispensed at retail pharmacy, it cannot meet the requirements for Part B coverage (i.e., being incident to a physician's service). Pharmacists and plans found this clarification very helpful.
- Some drugs with overlap issues may be much more likely to be covered under one program or the other. For example, PCMA/NACDS reports that data from the IMS National Disease and Therapeutic Index shows only 2% of prednisone use is for transplant patients – which might be covered by Part B -- while the other 98% of usage would be covered under Part D. Plans and pharmacists are still expected to make a B/D determination for these drugs.
- Respondents noted that one of the more challenging determinations is whether an oral anti-emetic is being dispensed within 48 hours of chemotherapy, which determines whether it will be covered by B or D.
- Some respondents suggested that Medicare should ensure better access to B/D drugs by creating a way to provisionally cover the drug while coverage issues are worked out.

- Many drugs that can be delivered at home via a specialty pharmacy or in long-term care require the use of equipment that is not reimbursable as durable medical equipment. The beneficiary may have to pay out-of-pocket for items such as syringes, IV tubing, or bags. This also has caused problems for providers of home infusion services, since Part D does not cover the supplies, equipment or staffing that accompanies most home infusion regimens. This has raised particular issues for dually eligible beneficiaries whose home infusion was previously fully covered.
- Part D plans are open to having drugs switched to be covered by Part D only – and would welcome the change for some groups of drugs, as long as they have the lead time to include the cost of the drugs in their annual bids. Although some pharmacists had trouble with both Part B and Part D, several pharmacists said they prefer working with Part D plans, because the systems are more automated.

Part D Coverage of Drugs Commonly Used in Part B

Part D plans are given the flexibility to create limited formularies that pick and chose among individual drugs, as long as the plans fulfill basic requirements. We examined coverage of 276 chemical entities that have Part B charges and also appear on the list of drugs for which Part D must supply coverage information. The coverage, tier placement, and utilization management of these drugs by the plans participating in Part D in 2007 varies substantially.

- On average, the chemical entities on our list were covered by 75% of the Part D plans. The vast majority of drugs (93%) are covered by at least half the Part D plans. One drug is covered by just 24% of plans.
- About half the drugs on our list – mostly generics -- are on a preferred tier in a majority of the plans that cover them. Brand name drugs are less likely to be placed on a preferred tier. Because of the nature of this set of drugs, all but a dozen chemical entities are on a specialty or injectible tier in at least one plan. About a quarter of the drugs on our list – mostly brand name drugs -- are placed on a specialty tier by the majority of plans that cover them.
- The plans we interviewed reported that they commonly use prior authorization to gather the information needed to determine whether a drug should be covered under Part B or Part D. Prior authorization is used not only to determine B/D issues but also to determine medical necessity. Almost a fifth of the drugs on our list are subject to prior authorization requirements in a majority of plans. Our analysis shows that many plans are more likely to include this requirement for expensive drugs where the administrative cost is easier to justify.

Comparison of Prices for Drugs Covered in Part B and Part D

Pricing and cost sharing work differently in the two parts of the Medicare program. In Part B, the price of drugs is based on the Average Sales Price (ASP), plus a 6% payment to cover additional costs incurred in acquisition of the drug. The beneficiary pays 20% cost sharing. In Part D, there is no set price for drugs, and the beneficiary's cost varies from plan to plan and throughout the benefit

structure. On average across all drugs and all beneficiaries, beneficiary cost sharing should be 25% of the cost of the drug during the initial coverage period. For a set of 50 drugs, we collected price data to compare costs in Part B and Part D.

- For most of the 50 drug prices we examined, the negotiated price reported by Part D plans is higher than ASP+6%. One reason for this pattern among brand name drugs may be the exclusion of rebates from the reported Part D price. For generic drugs, there are other irregularities in the way prices are reported that may be driving the differences between Part B and Part D.
- Beneficiary spending in Part D is almost always higher than in Part B, reflecting both the higher Part D transaction prices (i.e., prices that exclude the rebates obtained by the plans) and the higher cost sharing established in law for Part D (i.e., 25% on average versus 20% in Part B). Over the course of a year in which they took no other drugs, a beneficiary's annual cost sharing would be lower under Part D than under Part B for only 3 of the 50 drugs we studied. Beneficiaries would pay up to \$100 more in a typical Part D plan for 10 of the 50 drugs that we studied. The annual B/D difference in beneficiary cost sharing would be between \$100 and \$500 for 16 drugs, between \$500 and \$2000 for 6 drugs, and more than \$2,000 for 15 drugs.
- Despite the fact that total costs are generally more under Part D, the fact that beneficiary cost sharing is higher means that Part D plans often pay less than Part B. However, for 15 of our 50 drugs, the Part D plan's cost is higher than Medicare's Part B payment for the same drug. For the three drugs with the largest price differences – the infused or injected immunosuppressants cyclosporine, Atgam, and Prograf – this is partly because of catastrophic coverage in Part D. For the other drugs, however, the beneficiary pays more than 20% of the cost, but this is outweighed by a higher overall price in Part D.

Conclusion

Although Part B and Part D may both cover the same drugs, the amount that the government and the beneficiary may pay can vary dramatically between the two programs. Many of the drugs are very costly, and in absolute terms, the annual difference in beneficiary cost sharing between the two programs can sometimes be in the thousands of dollars. These dynamics should be considered as policy makers consider any changes to which drugs should be covered under Part B or Part D.

The finding that the negotiated prices reported by Part D plans are almost always higher than the price paid under Part B may merit further study, although the role that manufacturer rebates play may be an explanation that cannot be studied due to lack of data. In particular, we did not pursue in this study some of the anomalies in generic prices that may point to structural issues in the ASP system, the Medicare Plan Finder, or both.

Both plans and pharmacists are concerned about the burden imposed by making coverage determinations for these drugs. While there are large differences in payment outcomes for expensive drugs, some B/D drugs cost less than the process of prior authorization itself. But when plans forgo the use of prior authorization for these inexpensive drugs, they fear that they are vulnerable to sanctions if drugs are incorrectly paid under Part D.

Coverage and Pricing of Drugs That Can Be Covered Under Part B and Part D

Over the years, Part B of Medicare has come to cover a sizeable number of drugs. Many of these drugs are provided in a physician's office, but Part B sometimes also covers drugs under other circumstances. Plans participating in the new Medicare prescription drug benefit include many of these drugs on their formularies because there are circumstances in which they are eligible for Part D coverage. However, coverage varies by plan, so that whether a beneficiary has access to all of the Part B drugs through Part D depends on which plan he or she enrolls in. The costs of the drugs – to the government, to beneficiaries, and overall – may also differ substantially depending on whether they are covered in Part B or in Part D.

In this project, we examined this overlap between Part B and Part D coverage in three ways. First, we spoke with various stakeholders about their policies on and experiences with these drugs. Second, we looked at data on all Part D plans and how they cover these drugs in 2007. Third, for a select group of drugs, we compared the prices paid by the government and beneficiaries when a drug is covered by Part B to prices in national prescription drug plans participating in Part D.

CMS and Plan Policies Regarding Part B and Part D Drugs

Prior to the passage of the Part D prescription drug benefit, Medicare already covered several categories of drugs in Part B:

- Injected or intravenous drugs are covered when administered incident to a physician service, if they are considered to be “not usually self-administered.”
- To reduce the incentive for extra physician services, oral anti-cancer drugs and oral anti-emetic drugs taken in association with chemotherapy are covered if they are replacing injected or intravenous versions of the same drugs.
- Erythropoietin (EPO) is covered for treatment of anemia for persons with chronic renal failure who are undergoing dialysis when given in the dialysis center.
- Influenza and pneumococcal vaccines are covered, as are hepatitis B vaccines when beneficiaries are considered intermediate or high-risk.
- Drugs that require administration via covered DME (e.g. nebulizer, infusion pump) in the beneficiary's home are covered, including parenteral nutrition for individuals with permanent dysfunction of the digestive tract.
- To ensure that organ transplants covered by Medicare do not result in rejection, immunosuppressant drugs are covered for Medicare-covered transplants.

Most of the rules for Part B coverage limit that coverage in some way: they must be used for a certain condition, or by a certain type of beneficiary, or in a certain location. Thus, there are other circumstances when these drugs are not covered by Part B – and are eligible for coverage by Part D plans. Appendix A shows in more detail the rules about when drugs are covered under Part B and when they are covered under Part D. The Pharmaceutical Care Management Association and the

National Association of Chain Drug Stores (PCMA/NACDS) estimate that there are approximately 6,000 products (unique NDC numbers) that could potentially have coverage available under either Part B or Part D.¹

In this project, we conducted interviews in early 2007 with individuals at health plans, pharmacies, and trade organizations to discuss the issues they have encountered in dispensing and adjudicating claims for drugs that could be covered either by Part B or by Part D. Because so many of these drugs can be purchased under either part of Medicare, we asked stakeholders how they determined whether to bill Medicare Part B or the beneficiary's Part D plan. The key findings from these interviews included the following:

- In general, drugs that can be covered under either Part B or Part D are consuming considerable time and energy for health plans and pharmacies. According to one survey, half of pharmacists were having problems in resolving coverage.
- Stakeholders report that the process of determining whether a drug is covered under Part B or D of Medicare has improved since Part D was introduced in January of 2006. Room for improvement and clarification remains, however.
- Medicare simplified the determination process for some groups of drugs, such as chemotherapy agents, by determining that whenever a drug is dispensed at retail pharmacy, it cannot meet the requirements for Part B coverage (i.e., being incident to a physician's service). Pharmacists and plans found this clarification very helpful.
- Some drugs with overlap issues may be much more likely to be covered under one program or the other. For example, PCMA/NACDS reports that data from the IMS National Disease and Therapeutic Index shows only 2% of prednisone use is for transplant patients – which might be covered by Part B -- while the other 98% of usage would be covered under Part D.²

Other stakeholder comments are included in this report as they relate to our findings on coverage and cost. In addition, at the end of this report we have included some more specific issues that stakeholders raised related to ways the current system could be improved.

Part D Coverage of Drugs Commonly Used in Part B

In Part B, drug coverage is determined by category. If a drug meets the requirements of a category – such as being administered incident to a physician's service, or being an immunosuppressant – it will generally be covered by Part B. In contrast, Part D plans are given the flexibility to create limited formularies that pick and chose among individual drugs, as long as the plans fulfill basic requirements about the number of drugs that must be covered in each therapeutic class. The coverage of Part B drugs by the plans participating in Part D varies substantially, with some drugs

¹ PCMA/NACDS. 2006. White paper: Proposed solutions to the Medicare Part B/Part D coverage overlap. Unpublished paper. November 15.

² Ibid.

covered by all plans and one drug covered by just 24% of plans. Likewise, tier placement and utilization management also differ from plan to plan.

We used plan formulary files provided by CMS to determine coverage, tier status, and utilization management requirements for a group of 276 chemical entities that could be covered by either Part B or Part D of Medicare.³ For these chemical entities, there are 460 different products with different trade names. The full drug product list in our analysis is helpful in determining how plans tend to differentiate along the characteristics of trade name when setting formulary policy. Our analysis of chemical entities ignores plan coverage policies for brand name drugs that have generic equivalents and focuses instead on how plans treat those generics – the most likely version of a drug to be covered, and we focus on those results here. Results are shown for all drug products for our studied chemical entities in Appendix B.⁴

There are 3464 plans altogether in our analytic file for 2007, 1598 of which are MA plans and 1866 PDP plans. There are considerably fewer separate decision-makers, however, because some organizations offer many different plans. Thus, for example, Humana offers three different PDPs in each of 34 regions, accounting for 102 of the 1866 PDPs. The organization also offers a large number of Medicare Advantage plans. Although we know that enrollment is not evenly distributed among plans, at the time of this analysis we did not have 2007 enrollment figures that could be used to perform a weighted analysis of 2007 formularies.

We first considered how often our sample of drugs are covered by Medicare Part D plans. If they are covered, we determined the tiers on which they are covered for various plans. We also determined whether plans require prior authorization for each drug in our sample. More detailed results by drug on each of these measures (organized by drug class) are available in Appendix C.

Coverage

On average, the chemical entities on our list were covered by 75% of the Part D plans. The vast majority of drugs (93%) are covered by at least half the Part D plans (Table 1).

There are only fifteen drugs that are listed as covered by all plans. Several of these fall into protected classes in which plans are expected to cover every drug, such as immunosuppressants and antipsychotics.

Many Part D plans have open formularies, listing all drugs on the reference file as covered. Nearly all drugs on our list were listed as covered on the formularies of at least a quarter of Part D plans. The least covered chemical entity, at 24% of plans, is chorionic gonadotropin, a drug that is used as a fertility treatment.

³ We selected drugs by identifying HCPCS codes for drugs that had Part B charges in 2004. We then used a CMS crosswalk to identify the drugs in the Part D Reference File that match those HCPCS codes. As a result, our list may not include drugs that have become available since 2004. It also does not include IV immune globulin, which has undergone recent changes in HCPCS codes. We include an additional analysis on the coverage of IV immune globulin in Appendix D.

⁴ Our list of chemical entities includes 120 generics and 156 brand name drugs. Our list of drug products includes an additional 35 generic versions of those chemical entities (typically branded generics) and an additional 147 brand name versions.

Table 1. Frequency of Coverage, 2007

Of 460 Drug Products, Number Covered By...	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of Part D plans	15	5%
90% or more of Part D plans	70	25%
75% or more of Part D plans	131	47%
50% or more of Part D plans	257	93%
25% or more of Part D plans	275	100%
10% or more of Part D plans	276	100%
0 Part D plans	0	0%

We have selected the ten chemical entities on our list with the highest total Part B charges in 2004 to explore in further depth in this section (Table 2). Three of these drugs were more likely than average to be covered: Lupron Depot, Remicade, and Neulasta. Two were notably less likely than average to be covered: Rituxan and Taxotere. These two drugs are in a category – anti-neoplastics – in which plans must cover “all or substantially all” of the drugs, or gain an exception from CMS. However, because these drugs are almost always supplied in a physician’s office (and thus covered by Part B), it may be that CMS has not applied the “all or substantially all” rule to them, or plans have sought exceptions to the rule.

Table 2. Percent of Plans Covering Drug in 2007, 10 Drugs with Highest Total 2004 Part B Charges

Generic Name	Trade Name	Drug group	Percent of Plans Covering Drug
Rituximab	Rituxan	Cancer or Cancer-related	58%
Leuprolide Acetate	Lupron Depot	Hormonal Suppressants	90%
Infliximab	Remicade	TNF Inhibitors	96%
Pegfilgrastim	Neulasta	Colony stimulating Factor	84%
Goserelin Acetate	Zoladex	Hormonal Suppressants	74%
Docetaxel	Taxotere	Cancer or Cancer-related	67%
Paclitaxel	Paclitaxel	Cancer or Cancer-related	70%
Carboplatin	Carboplatin	Cancer or Cancer-related	74%
Zoledronic Acid Monohydrate	Zometa	Parathyroid/Metabolic Bone Disease	72%
Oxaliplatin	Eloxatin	Cancer or Cancer-related	72%
Average, all 276 chemical entities			75%

Table 3. Percent of Plans Covering Drug, by Class, 2007

Drug Group	Percent of Plans Covering (Average of Drugs in Group)
Immunosuppressants	85%
TNF Inhibitors	96%
Parathyroid/Metabolic Bone Disease	72%
Hormonal Suppressants	73%
Anti-emetics	86%
Other Cancer Drugs or Drugs Used With Cancer Treatments	72%
Insulin	92%
Respiratory	76%
Antibiotics	74%
Other	72%
Average, all 276 chemical entities	75%

Coverage varies somewhat by drug class (Table 3). Insulins and TNF inhibitors are the most likely to be covered, with average coverage rates of over 90%. Several classes, including antibiotics, respiratory drugs, parathyroid/metabolic bone disease drugs, and certain cancer drugs, are covered slightly less than three-quarters of the time, on average.

According to CMS policy, all drugs in the immunosuppressant category, used to prevent organ rejection after transplants, are required to be covered by Part D plans unless they appeal to use a different categorization or make a case to cover less than all. Thus, it is notable that on average, drugs in this class are covered by only 85% of plans. It is possible that our list of immunosuppressants differs from the list plans were required to cover or that it includes some versions of the drugs for which coverage is not required. Several drugs in this class are covered by all plans, while others have less than complete coverage. Most notably, the anti-thymocyte globulins in this class, Atgam and Thymoglobulin, are covered by fewer than half the plans. Still, coverage of drugs in this class is higher than the average for all drugs that we studied.

Tier Status

In addition to coverage status, we looked at tier placement of the drugs on our list. While some Part D plans follow the standard 25% coinsurance model described in the law, most have taken advantage of the program’s flexibility to establish tiered benefit plans with different levels of cost sharing for each tier. Some plans use tiers to differentiate between brands and generics, while others distinguish further between preferred and non-preferred brands.

For this analysis, we consider as preferred the following tiers:

- Any generic tier
- A brand tier in a plan that does not distinguish between preferred and non-preferred brands
- A preferred brand tier
- All drugs covered by a plan with standard 25% coinsurance

Table 4. Frequency of Placement on a Preferred Tier, 2007

Of Covered Drug Products, Number Preferred By...	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%
90% or more of the plans that cover the drug	21	8%
75% or more of the plans that cover the drug	91	33%
50% or more of the plans that cover the drug	149	54%
25% or more of the plans that cover the drug	206	75%
10% or more of the plans that cover the drug	267	97%
0 the plans that cover the drug	0	0%

About half the drugs on our list are on a preferred tier in a majority of the plans that cover them (Table 4). Of the 149 chemical entities that are preferred at least half the time, only 33 are brand-name drugs.

Tier structures may also include an additional tier for specialty drugs. Some plans include a similar tier for injectible drugs, which we are considering specialty tiers for this analysis when they have the same cost sharing requirements as a plan’s specialty tier.⁵ Plans generally charge 25% to 33% coinsurance for these tiers, and the drugs on them are generally quite expensive. CMS guidelines specify that drugs on a specialty tier must cost at least \$500.

Because the list of drugs we are studying is made up primarily of injectible drugs, they are much more likely to be assigned to a specialty or injectible tier than other drugs. All but a dozen chemical entities are on a specialty tier in at least one plan (Table 5). The drugs on our list that are never on the specialty tier include several inexpensive drugs like prednisone, methotrexate, and albuterol, primarily oral solids and inhalable drugs.

Table 5. Frequency of Placement on a Specialty Tier, 2007

Of Covered Drug Products, Number Placed on a Specialty Tier By...	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%
90% or more of the plans that cover the drug	1	0%
75% or more of the plans that cover the drug	25	9%
50% or more of the plans that cover the drug	76	28%
25% or more of the plans that cover the drug	118	43%
10% or more of the plans that cover the drug	220	80%
0 the plans that cover the drug	12	4%

⁵ There is no designation in CMS formulary files of which tiers are officially specialty tiers. Because we have included all tiers that “look like” specialty tiers, we have probably included some without that official designation.

About a quarter of the drugs on our list are placed on a specialty tier by the majority of plans that cover them. Of these chemical entities that are on a specialty tier in more than half the plans that cover them, only 5 (of 76) are available as generics.

One drug, Xolair, is covered by 71% of plans and is placed on the specialty tier in 90% of those plans. This expensive injectible drug is a monoclonal antibody used for treating asthma.

The ten drugs with highest total charges in 2004 were all less likely than the average drug on our list to be placed on a preferred tier, and more likely than average to be placed on a specialty tier (Table 6). This is not surprising, for these are high-cost, high-use drugs, and the use of the specialty tier limits plans' costs and discourages beneficiary use.

Table 6. Percent of Plans Placing Drug on a Preferred and Specialty Tiers in 2007, 10 Drugs with Highest Volume of 2004 Part B Charges

Generic Name	Trade Name	Percent of Plans Placing Drug on Preferred Tier When Covered	Percent of Plans Placing Drug on Specialty Tier When Covered
Rituximab	Rituxan	9%	74%
Leuprolide Acetate	Lupron Depot	17%	72%
Infliximab	Remicade	8%	82%
Pegfilgrastim	Neulasta	10%	81%
Goserelin Acetate	Zoladex	27%	57%
Docetaxel	Taxotere	16%	63%
Paclitaxel	Paclitaxel	23%	57%
Carboplatin	Carboplatin	42%	40%
Zoledronic Acid Monohydrate	Zometa	12%	73%
Oxaliplatin	Eloxatin	19%	58%
Average of 276 Chemical Entities		53%	31%

Some groups of drugs are far more likely to be on a preferred or specialty tier than others (Table 7). For example, the TNF inhibitors, a group of three expensive injectible drugs for treating rheumatoid arthritis, are the least likely to be on a preferred tier and the most likely to be on a specialty tier. None of these drugs has a generic alternative available.

The hormonal suppressants such as Lupron, Zoladex, and Plenaxis, generally used to treat prostate cancer, are another expensive class of drugs quite likely to be placed on a specialty tier – over half of the time. On average, other cancer drugs are on a specialty tier in about two-fifths of plans.

Despite their high cost, drugs in the immunosuppressant class are relatively less likely than other drugs on our list to be placed on a specialty tier. However, two drugs in this class, Zenapax and Thymoglobulin, are on a specialty tier in two-thirds of the plans that cover them.

Insulin is the drug on our list most likely to be on a preferred tier. Most versions of insulin are on a specialty tier in only one of the 3464 plans. The Glucagon emergency kit, an insulin injection available for severe cases of hypoglycemia, is on a specialty tier in 6% of plans.

Table 7. Percent of Plans Placing Drug on a Preferred and Specialty Tiers, by Class, 2007

Drug Group	Percent of Plans Placing Drug on Tier When Covered (Average of Chemical Entities in Group)	
	Preferred	Specialty
Immunosuppressants	65%	21%
TNF Inhibitors	14%	80%
Parathyroid/Metabolic Bone Disease	40%	25%
Hormonal Suppressants	34%	53%
Anti-emetics	72%	16%
Other Cancer Drugs or Drugs Used With Cancer Treatments	43%	43%
Insulin	90%	1%
Respiratory	72%	15%
Antibiotics	57%	22%
Other	49%	32%
Average of studied drugs	53%	31%

Use of Prior Authorization and Other Utilization Management Tools

The plans we interviewed reported that they commonly use prior authorization to gather the information needed to determine whether a drug should be covered under Part B or Part D. Plans vary in the information that they request when making a prior authorization determination. Pharmacists report that plans are most likely to ask for diagnosis information in their prior authorization requirements. Some plans also request information on the indications for the drugs, a statement from the prescriber, or proof of denial from Part B. Procedures also vary, for example, in terms of whether a telephone response or written statement is required.

If physicians write the needed information on the prescription, prior authorization can be immediate. However, few physicians have begun to do this; primary care physicians are especially unlikely to do so. Respondents were not optimistic that this behavior would change, except possibly among physicians that prescribe a high volume of drugs covered by both Part B and Part D (e.g., specialists such as rheumatologists). Patients may also have legitimate privacy concerns about their diagnoses being listed on prescriptions.

Prior authorization requirements may be particularly inconvenient for the beneficiary and their physician. One stakeholder reported that some physicians have begun to require appointments to meet with beneficiaries, and that some physician groups feel overwhelmed by the volume of prior authorization requests they receive.

There are a large number of drugs that overlap between Part B and Part D for which the only Part B coverage is when they are administered in a doctor’s office. In 2006, CMS made the clarification that for these drugs, plans and pharmacies could assume that when a beneficiary presents a prescription for that drug at a retail pharmacy, it is for home use and not eligible for Part B coverage. This reduced the number of drugs for which B/D determinations had to be made.

Nonetheless, many of these injectible drugs are quite expensive, and plans have maintained prior authorization requirements (Table 8). For example, Somatropin, a synthetic human growth hormone that is not available in generic form, is subject to prior authorization at least 90% of the times that it is covered.

Table 8. Frequency of Prior Authorization Requirements, 2007

Of Covered Drug Products, Number Required to Have Prior Authorization By...	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%
90% or more of the plans that cover the drug	1	0%
75% or more of the plans that cover the drug	12	4%
50% or more of the plans that cover the drug	50	18%
25% or more of the plans that cover the drug	94	34%
10% or more of the plans that cover the drug	204	74%
0 of the plans that cover the drug	2	1%

Given CMS guidance, we would expect more widespread prior authorization requirements for drugs that could be covered by either Part B or Part D even when dispensed at the retail pharmacy. For example, coverage of immunosuppressants depends on whether Medicare covered the transplant, and coverage of oral anti-emetics depends on whether they are taken within 48 hours of chemotherapy. Furthermore, some oral drugs are covered by Part B when they are used to treat cancer but not for other indications. For example, the drug methotrexate was developed to treat cancer but is sometimes used to treat autoimmune disorders like rheumatoid arthritis.

However, drugs in these categories are not uniformly subject to a high rate of prior authorization (Table 9). Rather, only the high-cost drugs in these categories frequently face that requirement. This is consistent with our discussion with one plan that told us they had chosen not to use prior authorization for low-cost drugs like prednisone and methotrexate because the labor cost of doing this check can be more than the cost of the drug. This plan indicated that they preferred to risk some incorrect payments (paying for some drugs that should have been covered by Part B) in favor of lower overhead costs.

Table 9. Prior Authorization in Part D for Selected Oral Solids Also Covered by Part B, 2007

Generic Name	Trade Name	Drug Group	% of Part D Plans Covering Chemical Entity	Of Plans Covering, % Requiring Prior Authorization	Median Negotiated Price for a Month's Supply
Azathioprine	Azathioprine	Immunosupp.	100%	38%	\$76
Cyclosporine	Cyclosporine	Immunosupp.	95%	71%	\$1165
Mycophenolate Mofetil	Cellcept	Immunosupp.	94%	65%	\$695
Prednisolone	Prednisolone	Immunosupp.	98%	8%	\$6
Prednisone	Prednisone	Immunosupp.	100%	4%	\$3
Sirolimus	Rapamune	Immunosupp.	100%	67%	\$234
Tacrolimus	Prograf	Immunosupp.	100%	67%	\$654
Methotrexate	Methotrexate	Cancer/RA	98%	18%	\$20
Aprepitant	Emend	Anti-emetics	100%	74%	\$599
Methylprednisolone	Methylprednisolone	Anti-emetics	100%	8%	\$8

Table 10. Percent of Plans Placing Requiring Prior Authorization in 2007, 10 Drugs with Highest Volume of 2004 Part B Charges

Generic Name	Trade Name	Percent of Plans Requiring Prior Authorization When Covered
Rituximab	Rituxan	66%
Leuprolide Acetate	Lupron Depot	57%
Infliximab	Remicade	87%
Pegfilgrastim	Neulasta	60%
Goserelin Acetate	Zoladex	50%
Docetaxel	Taxotere	20%
Paclitaxel	Paclitaxel	18%
Carboplatin	Carboplatin	23%
Zoledronic Acid Monohydrate	Zometa	20%
Oxaliplatin	Eloxatin	27%
Average of 276 Chemical Entities		27%

Several of the Part B drugs with the highest total Part B charges are more likely than average to be subject to prior authorization (Table 10). For some drugs, such as Remicade and Rituxan, two-thirds or more of plans require prior authorization. At the same time, there are several drugs on our list that are at or below the average for this group of drugs.

We also found variation by class in the rate of prior authorization requirements (Table 11). Again, this appears to be associated with what we know about the typical cost of drugs in a class. For example, along with being the class most likely to be on a specialty tier, the TNF inhibitors are also the most likely to be subject to prior authorization.

Insulin, which is relatively inexpensive, is less likely than other Part B drugs to require prior authorization when it is covered under Part D. In general, vials of insulin are not subject to prior authorization requirements, but prefilled pens or innolets (devices that help measure doses) are more likely to have a prior authorization requirement.

Table 11. Percent of Plans Requiring Prior Authorization, by Class, 2007

Drug Group	Percent of Plans Requiring Prior Authorization When Drug Is Covered (Average of Chemical Entities in Group)
Immunosuppressants	51%
TNF Inhibitors	86%
Parathyroid/Metabolic Bone Disease	20%
Hormonal Suppressants	50%
Anti-emetics	26%
Other Cancer	27%
Insulin	2%
Respiratory	36%
Antibiotics	11%
Other	27%
Average of studied drugs	27%

CMS requires plans to report the use of two other utilization management tools: step therapy (where a different drug must be tried by the patient before permitting dispensing of the drug in question) and quantity limits (where the supply of the drug is limited to a certain number of doses in a given time period). Only one drug has a step therapy requirement for as many as 10% of plans (itraconazole), and the vast majority never require step therapy. Quantity limits are used more frequently, but based on other research we know that plans use quantity limits in different ways. For example, drug plans often use quantity limit flags to limit supplies to no more than 30 days or restrict the number of units dispensed for drugs with normal dosing other than on a daily basis. Because the specific nature of each quantity limit is not available, we have not included an analysis of quantity limits in this report.

Comparison of Prices for Drugs Covered in Part B and Part D

Determining the proper treatment of drugs under Part B and Part D requires an understanding of how pricing and cost sharing work in the two parts of the Medicare program. In Part B, CMS recently implemented a policy to pay for drugs on the basis of the Average Sales Price (ASP) – the average of the prices that the manufacturer reports receiving for the drug, taking into account any rebates and discounts that the manufacturer provides. CMS adds a 6% payment to cover additional costs incurred in acquisition of the drug.

In Part D, there is no set price for drugs. Each plan negotiates with pharmacies to determine the reimbursements they will provide – often at some discount off the list price of the drug. In periods when the beneficiary must pay the full price of the drug, or when cost sharing is calculated as a percentage of the price, this is the amount that is used to calculate the beneficiary's costs. Plans also negotiate with brand name manufacturers to receive additional discounts. However, these discounts often come in the form of lump-sum rebates and are not reflected in the price of the retail transaction. Furthermore, rebate amounts are considered proprietary and are not available for research purposes.

We find that for most drugs we examined, the negotiated price reported by Part D plans is higher than ASP+6%. One reason for this pattern among brand name drugs may be the exclusion of rebates from the reported Part D price. It may be that in the end, Part D plans pay no more than Part B for a drug, but the final price is not seen at the point of the retail transaction and thus not in our database. For generic drugs, there are other irregularities in the way prices are reported that may be driving the differences between Part B and Part D.

The way beneficiary cost sharing is set also varies between the two programs. In Part B, beneficiaries pay 20% coinsurance for all drugs. In Part D, coinsurance varies both depending on the stage of the benefit (deductible, initial coverage period, coverage gap, or catastrophic coverage) and on the design of the plan's cost sharing. While some plans use the "standard" benefit of 25% coinsurance after the deductible is met and before the coverage gap is reached, most have opted for a tiered coinsurance structure that varies cost sharing by type of drug. We find that for most drugs, a beneficiary will pay more than 20% coinsurance under Part D, although this changes depending on the cost of the drug. Because the standard benefit is higher than 20%, this result is a direct consequence of Part D's design.

Cost sharing can be further affected by other coverage that beneficiaries have. For example, Medigap policies or supplemental insurance from former employers may cover some or all of a beneficiary's 20% coinsurance under Part B. Low-income beneficiaries may also face much lower cost sharing if they are enrolled in Medicaid and/or the low-income subsidy for Part D. We do not attempt to account for all possible variations of beneficiary cost sharing in this report, looking instead at the simplest case of a beneficiary who has Medicare only.

In this section, we investigate the cost differences between the two programs. We selected a list of 49 drugs and one combination of three drugs that are usually taken together, for a total of 50 prices. For each, we determined a common dosing schedule and calculated the annual cost under Part B. In February and March 2007, we collected information on prices from the CMS Plan Finder website

for the same dosing schedule from the 47 PDPs that participate on a national or near-national basis in Part D. We use the median negotiated price and cost sharing amount for these 47 plans to represent typical prices for Part D. Tables showing price data for each of the 50 drugs are provided in Appendix E. Further details on our methodology are provided in Appendix F.

Total Spending

For all but five of the drugs we examined, the negotiated price reported on the Plan Finder website is higher than the ASP+6% price used by Part B (Table 12). The majority of drugs have a Part D negotiated price within 50% of the Part B price.

Table 12. Frequency of Ratio Between Part D Negotiated Price and Part B Price (ASP+6%), 2007

Part D Price Compared to Part B Price	Number of Drugs
Part D Negotiated Price is lower than ASP+6%	5
Part D Negotiated Price is higher, but less than 10% more	12
Part D Negotiated Price is 10-25% more	9
Part D Negotiated Price is 25-50% more	3
Part D Negotiated Price is 50-100% more	4
Part D Negotiated Price is more than 100% more	17

We know of three notable problems with the available data on drug prices. First, ASP may not always be accurate: manufacturers not participating in the Medicaid best price program are not required to report data for ASP. Second, the negotiated price reported on the Plan Finder website may not be accurate. CMS has stated that some prices may be a proxy value. However, we do not know how common this is.⁶ It is likely that these first two problems are more pronounced for generic drugs. Of the 16 generic drugs on our list, 14 are outliers: either cheaper in Part D (3 drugs) or more than 50 percent more than the Part B price (11 drugs). In general, pricing of generic drugs is more variable than for brand drugs.

The third problem with data on drug prices, as described above, is that the reported prices do not take into account manufacturer rebates. Rather than being reflected in the retail prices of drugs, rebates should lead to reductions in the premiums that plan enrollees pay to Part D plans. This problem is relevant for many (if not all) brand-name drugs, but rebates are rarely used for generics.

Beneficiary Cost Sharing as a Share of Total Costs

In Part B, the beneficiary always pays 20% of the cost of a drug. In Part D, the beneficiary's cost sharing as a percent of cost is related to both the plan's cost sharing requirements and the total cost of their drugs. For the drugs we examined, a beneficiary's cost sharing ranges from 11% to 100% of the total cost. Cost sharing varies as a beneficiary moves through the deductible, initial coverage period, coverage gap, and catastrophic benefit.

⁶ Some evidence of this phenomenon comes from the clustering of prices observed in data collected from the Plan Finder.

In the Deductible: If total drug spending for the year is under \$265 and the plan has a standard deductible, beneficiaries will pay 100% of the cost of their drugs. The full-year cost of several of the drugs on our list, including several antiemetics, would be less than this deductible amount.

Under the Initial Coverage Limit: When their total spending is between \$265 and the initial coverage limit (\$2,400), beneficiaries pay coinsurance or cost sharing set by the plan. For the drugs on our list that have a total annual cost in this range, beneficiaries would pay an average of about 33% of the cost of the drug (including the deductible and other cost sharing).

Over the Initial Coverage Limit: After total spending reaches the initial coverage limit, the beneficiary pays 100% of the cost of the drug until they reach the catastrophic cap. For the drugs we studied that have a total annual cost over \$2400 but too low to reach the catastrophic cap, the proportion of total costs paid by the beneficiary typically is about 70%.

Over the Catastrophic Cap: Beneficiary spending falls to just 5% of the cost of a drug after the catastrophic cap is reached (\$3,500 in out-of-pocket spending). Thus, beneficiary costs as a proportion of total costs can be much lower for very expensive drugs.

- For an annual supply of each of three very expensive drugs on our list, average beneficiary spending would be less than 20% of the negotiated price: the injectible immunosuppressants Prograf (\$59,249/year), Atgam (\$33,904/year), and cyclosporine (\$24,965/year).
- Three more drugs on our list -- TNF inhibitors Humira (\$16,068/year), Enbrel (\$16,068/year), and Remicade (\$14,279/year) -- would also push a beneficiary into the catastrophic benefit. Beneficiary spending would be about 30% of the total negotiated price for an annual supply of each of these drugs.

The above examples consider only one drug at a time, thus making the unrealistic assumption that the drug in question is the only drug the beneficiary takes (or at least the only one paid under Part D). Clearly, nearly all beneficiaries with health conditions that require the drugs in this analysis will be taking multiple drugs. The following example shows how a beneficiary's share of costs can change when that beneficiary also uses other drugs.

Prochlorperazine is a very inexpensive anti-emetic drug used to prevent the nausea associated with chemotherapy. A patient receiving chemotherapy twice a month might spend just \$3.27 per month on this drug. Over the course of a whole year, a beneficiary filling prescriptions only for prochlorperazine under Part D (assuming, for example, that chemotherapy drugs are covered under Part B) would not reach the standard Part D deductible of \$265, and would pay the full cost of the drug (Table 13).

If that beneficiary did have other drug costs, however, she would reach other stages of the Part D benefit. For example, with an additional \$25 in spending each month, the beneficiary would pay the deductible and reach the initial coverage period, and the beneficiary's share of spending would fall to 86%. With an additional \$100 spending each month, even more of the beneficiary's spending would fall under the initial coverage period, and the beneficiary's share of total annual spending would fall to 43%.

Table 13. Beneficiary’s Share of Costs as Drug Spending for Other Drugs Increases

Total Monthly Cost	Annual Part D Costs				Benefit Stage Completed		
	Plan	Beneficiary	Total	% Paid by Beneficiary	deductible	initial coverage period	coverage gap
Prochlorperazine: \$3.27/month	\$0	\$39	\$39	100%			
+ \$25/month	\$48	\$291	\$339	86%	*		
+ \$100/month	\$712	\$527	\$1,239	43%	*		
+ \$250/month	\$1,550	\$1,490	\$3,039	49%	*	*	
+ \$500/month	\$2,155	\$3,885	\$6,039	64%	*	*	*
+ \$1000/month	\$7,849	\$4,191	\$12,039	35%	*	*	*
+ \$2500/month	\$24,955	\$5,084	\$30,039	17%	*	*	*

With an additional \$250 in spending each month, the beneficiary would pass the initial coverage period and enter the coverage gap. As more of the beneficiary’s spending falls in the coverage gap, the beneficiary’s share of total spending rises again. A beneficiary with \$500 a month in additional spending beyond a prescription for prochlorperazine – enough to reach the catastrophic cap in November – would pay 64% of total annual costs.

Finally, as a beneficiary has more spending during the catastrophic benefit, the share of spending covered by the beneficiary falls again. A beneficiary with \$1000 a month in additional spending would pay 35% of annual costs, and a beneficiary with \$2500 a month in additional spending would pay 17% of annual costs.

Absolute Beneficiary Spending

For the drugs we examined, beneficiary spending in Part D is almost always higher than in Part B. In general this is due to the two factors described above. First, the negotiated price reported by Part D plans is usually higher, and sometimes thousands of dollars higher, than the full price paid under Part B. Second, the structure of the Part D benefit makes it uncommon for a beneficiary to pay less than 20% of the cost of a drug unless they have reached the catastrophic cap. Again, this analysis of individual drugs does not take into account cases in which an individual beneficiary might pay less or more for a group of drugs if, as a group, they cause the beneficiary to reach a different stage of the benefit sooner. In fact, many beneficiaries using these drugs might reach catastrophic coverage based on all their drug usage, lowering their effective percentage of costs paid out of pocket.

For the majority of drugs that we studied (26 of 50), over the course of a year a beneficiary would pay between \$1 and \$500 more in a typical PDP than they would pay for the same drug in Part B (Table 14). For 20 of the 50 drugs we studied, the amount a beneficiary would spend under Part D is more than \$1,000 greater than the amount a beneficiary would spend under Part B. The difference is more than \$2,000 for 15 drugs, and more than \$3,000 for 4 drugs.

Table 14. Frequency of Difference Between Annual Beneficiary Costs in Part D and Part B, 2007

Part D Cost Compared to Part B Cost	Number of Drugs
Part D cost is lower than Part B cost	3
Part D cost is higher, but less than \$100 more	10
Part D cost is \$100-\$250 more	8
Part D cost is \$250-\$500 more	8
Part D cost is \$500-\$1000 more	1
Part D cost is \$1000-\$2000 more	5
Part D cost is \$2000-\$3000 more	12
Part D cost is more than \$3000 more	3

The six drugs with the largest absolute differences in beneficiary costs are all in the hormonal suppressant class, drugs that are typically used to treat prostate cancer. All have a difference of more than \$2,300 between beneficiary spending in Part B and Part D. The drugs include the four versions of leuprolide acetate on our list (including the generic daily form and the branded, long-acting versions known as Lupron Depot and Viadur, generally given on a monthly or annual basis), Trelstar Depot, and Zoladex.

Four of the six HCPCS codes associated with these drugs are frequently subject to a “least costly alternative” policy in Part B. Medicare will cover 80% of the cost of the least costly drug in this class. If a beneficiary and his or her doctor decide to use a more expensive drug instead, the beneficiary pays 20% of the cheapest drug’s cost, plus the full cost difference between the two drugs.⁷ There are large differences in beneficiary prices between Part B and Part D with or without this policy. This is in part because negotiated prices reported in Part D are much higher than ASP+6%. For five of these drugs, the Part D negotiated price is more than double ASP+6%. This is suggestive, but not conclusive, evidence that the least costly alternative policy may be encouraging lower prices for these drugs in Part B.

Another factor contributing to the large difference in beneficiary costs between Part B and Part D drugs for the hormonal suppressants is that beneficiaries using these drugs will enter the coverage gap, and only have catastrophic coverage for a small portion of their total spending (if they take no other drugs). Beneficiaries using leuprolide or Lupron Depot under Part D would pay 50% to 60% of the total cost of their drug; they would pay 63% for Trelstar Depot, 71% for Zoladex, and 80% for Viadur.

Four expensive immunosuppressants also have differences of more than \$2,000 between annual Part B and Part D beneficiary spending: Thymoglobulin, oral Prograf, Cellcept, and oral cyclosporine. The difference between the total price in Part B and the total price in Part D is smaller for these drugs than for the hormonal suppressants. The three branded products all have Part D prices within 20% of the Part B price. Cyclosporine has a negotiated Part D price 46% more than ASP+6%. However, because the price of these drugs is so high – ranging from \$7,843/year to \$13,985/year in Part D – the absolute differences in price are large even though the relative differences are small. The smallest difference between ASP+6% and the full Part D price is about \$1,000 for Prograf; the largest is about \$4,500 for cyclosporine. Because these drugs are more

⁷ American Urological Association. “Drugs Covered in State LCA Policy.” Available at <http://www.auanet.org/coding/reimburse/lcadrugs.pdf>; accessed July 20, 2007.

expensive than the hormonal suppressants, beneficiaries reach the catastrophic cap earlier. Beneficiaries using oral Prograf or Cellcept will pay about 50% of the cost of the drug; those using Thymoglobulin will pay about 38% and those using oral cyclosporine will pay only 30% of the cost of the drug. Still, this cost sharing amounts to much more than 20% of the lower Part B cost.

A beneficiary’s annual cost sharing would be lower under Part D than under Part B for only 3 of the 50 drugs we studied, assuming these drugs are the only drugs they take. For two of these drugs, the injectible immunosuppressants Prograf and Atgam, beneficiaries in Part D are helped by the catastrophic benefit. A beneficiary using only Prograf would spend \$4,890 less under Part D than under Part B, while a beneficiary using only Atgam would spend \$356 less under Part D. For the third drug, trimethobenzamide, the difference stems from the fact that ASP+6% for a monthly supply of the drug is reported as \$32, while Part D plans report a negotiated price of just \$4 for the same monthly dose. Although our models show beneficiaries paying full price for the drug under the Part D deductible, \$4 per month is lower than 20% of the Part B price.

Plan and Medicare Spending

Taking into account beneficiary cost sharing, the amount a Part D plan pays is less than Part B’s 80% share of drug costs for 34 of the 50 drugs we examined (Table 15). Despite the fact that total costs are generally more under Part D, the fact that beneficiary cost sharing is higher means that Part D plans often pay less than Part B.

Table 15. Frequency of Difference Between Annual Plan or Government Costs in Part D and Part B, 2007

Part D Cost Compared to Part B Cost	Number of Drugs
Part D plan cost is more than \$1000 lower than Part B’s government cost	10
Part D cost is \$100-\$1000 lower	11
Part D cost is less than \$100 lower	13
Part D cost is less than \$100 higher	2
Part D cost is \$100-\$1000 more	8
Part D cost is more than \$1000 more	6

However, for 16 of our 50 drugs, the Part D plan cost is higher than Medicare’s Part B payment for the same drug. For the three drugs with the largest price differences – the infused or injected immunosuppressants cyclosporine, Atgam, and Prograf – this is partly because the catastrophic coverage in Part D actually pushes the beneficiary’s share below 20%. For the other drugs, however, the beneficiary pays more than 20% of the cost, but this is outweighed by a higher overall price in Part D.

Case Study: A Beneficiary in the First Two Years After an Organ Transplant

As a case study of how some of these factors play out in a complicated drug regimen, we consulted with a pharmacist who specializes in working with transplant patients. Table 16 shows the drugs a transplant patient would typically receive immediately after transplant, as well as the less complicated (but still quite expensive) regimen that a relatively healthy patient might follow in subsequent years.

Table 16. Cost of a Typical Drug Regimen for a Medicare Beneficiary Who Has a Transplant on January 1

Generic Name	Brand Name	Part B		Part D	
		Medicare	Beneficiary	Plan	Beneficiary
FIRST YEAR AFTER TRANSPLANT					
Antithymocyte globulin (rabbit)	Thymoglobulin	\$4,238	\$1,059	\$2,666	\$3,965
Methylprednisolone	Medrol				
Prednisone	(generic)	\$71	\$18	\$40	\$2
Tacrolimus	Prograf	\$2,074	\$518	\$2,691	\$142
Sirolimus	Rapamune	\$3,121	\$780	\$2,001	\$105
Mycophenolate mofetil	Cellcept	\$5,868	\$1,467	\$7,923	\$417
SUBTOTAL, FIRST YEAR, B/D DRUGS		\$15,372	\$3,843	\$15,321	\$4,631
Valganciclovir	Valcyte	(no coverage)		\$5,548	\$292
Nystatin	(generic)	(no coverage)		\$3	\$0.15
Sulfamethoxazole and trimethoprim	(generic)	(no coverage)		\$80	\$4
TOTAL, FIRST YEAR, ALL DRUGS				\$20,952	\$4,928
SECOND AND SUBSEQUENT YEARS AFTER TRANSPLANT					
Sirolimus	Rapamune	\$4,161	\$1,040	\$1,817	\$992
Mycophenolate mofetil	Cellcept	\$5,868	\$1,467	\$5,244	\$3,096
TOTAL, ONGOING		\$10,029	\$2,507	\$7,061	\$4,088

In this example, a patient would receive one week of Thymoglobulin and Medrol in the hospital immediately after the transplant (this cost is not included in the example because it would be covered by Part A). Thymoglobulin would continue for one more week, at a cost of \$5,296 in Part B or \$6,631 in Part D. In the place of Medrol, the patient would continue taking oral prednisone, reducing the dose throughout the year. As the course of Thymoglobulin is ending, the patient would switch to oral doses of two other immunosuppressants: Prograf and Cellcept. After a few months, the patient might switch from Prograf to Rapamune to avoid ongoing issues with the nephrotoxicity of Prograf. The total cost of this regimen of immunosuppressant drugs in the first year after transplant is approximately \$19,215 in Part B and \$19,952 in Part D. Because the beneficiary would quickly reach the catastrophic cap, he would pay only 23% of costs in a typical Part D plan, still slightly more than 20% of costs in Part B.

In the first months after transplant, and possibly much longer, the patient also requires antiviral, antifungal, and antibiotic medications. Because these drugs are not immunosuppressants, they are not covered by Part B. In this example, we have used Valcyte, Nystatin, and Sulfamethoxazole. The appropriate course of these drugs costs a total of \$5,928 in a typical Part D plan. In our example, we have layered these on top of the course of immunosuppressants, which already caused the beneficiary to reach the catastrophic cap. Thus, we show a beneficiary as paying just under \$300 for these three drugs. When the full course of immunosuppressants and other drugs is combined, a beneficiary would pay 19% of the total costs of the drugs.

The use of Rapamune and Cellcept, or other equivalent drugs, continues indefinitely. We calculate that a full year of these two drugs would cost \$12,537 in Part B and \$11,149 in a typical Part D plan. With somewhat lower spending in the second year, the beneficiary has less spending over the

catastrophic limit and pays 39% of drug costs in Part D, or about \$1,500 more than he would pay under Part B for the same drugs.

In these examples, we only consider the drugs our beneficiary takes that are related to his transplant. In most cases, this beneficiary would probably be taking at least some drugs for conditions unrelated to his transplant. If these were taken into account, she would reach catastrophic coverage even sooner – thus lowering his cost of drugs received from a typical Part D plan.

Other Issues from Interviews

In the interviews we conducted, respondents raised several issues not directly related to questions about Part D coverage and the differences in payments between Part B and Part D. Their comments relate to ways to make the current system easier for plans, pharmacies, and beneficiaries, and how they would fare under a system that consolidated all drug coverage under Part D.

Emergency Supplies of Drugs While a Coverage Decision is Made

CMS currently does not allow beneficiaries to receive an emergency supply under Part D until a determination is made about whether the drug is covered under Part B. Beneficiaries may be delayed in receiving their drugs while the issue is resolved. Some pharmacists do provide an emergency supply, but they must absorb the cost if coverage is denied and the beneficiary cannot pay out of pocket. Some respondents suggested that Medicare should ensure better access to these drugs by creating a way to provisionally cover the drug while coverage issues are worked out.

Challenges to Making B/D Determinations

Certain drugs are covered by Part B if they involve the use of durable medical equipment, but only if they are used in the patient's home. The same drugs are not eligible for Part B drug payments if they are used in a long-term care facility. Plans have begun using a location code to make a determination of whether the drug is covered by Part B. This is a simpler and more immediate solution than requiring prior authorization.

Respondents noted that one of the more challenging determinations is whether an oral anti-emetic is being dispensed within 48 hours of chemotherapy, which determines whether it will be covered by B or D. Furthermore, a delay in dispensing could be very detrimental to the patient.

Home Infusion

Before the enactment of Medicare Part D, 24 infusion drugs that could be administered at home through DME were covered under Medicare Part B. Those medications still receive coverage under Part B, along with some of the services required for their administration. Likewise, for drugs administered in the physician's office, the cost of any items needed to administer the drug is considered part of the administration fee and is thus covered under Part B.

Many infusion drugs can be delivered at home or in long-term care, typically dispensed by a special pharmacy that works together with a home health agency or in a long-term care facility. Although

these medications are covered through Part D, they require the use of equipment that is not reimbursable as DME. This may include items such as syringes, IV tubing, or bags, which the beneficiary must pay out of pocket. Some pharmacists indicate that they end up absorbing the costs of the equipment. It also has caused problems for providers of home infusion services, since Part D does not cover the supplies, equipment or staffing that accompanies most home infusion regimens.

For dually eligible beneficiaries, Medicaid programs previously covered both the drugs and the cost of administration. Shifting the drugs into Part D has caused disruptions. In fact, one respondent reported that the changes were causing patients to be kept at hospitals or transferred to long-term care facilities to receive infusion treatments, rather than being able to receive them at home. He indicated further that the lack of reimbursement was causing access issues for some patients. For non-duals, coverage under Part D of drugs that can potentially be infused at home creates an opportunity to get patients home sooner. But this option may be prevented by the absence of payment for the administration and supplies.

Vaccines

Vaccines have not generally been a big issue in Medicare B and D reimbursement. One respondent speculated that the new shingles vaccine may be in higher demand. This would be a drug administered in the doctor's office, but not covered by Part B because it is a preventive vaccine rather than a response to an injury or direct exposure to a disease. In its call letter to plans for 2008, CMS has provided new draft guidelines on how to reimburse Part D vaccine administration costs. These guidelines, however, were released after our interviews were complete.

Brown Bagging for Physician-Administered Drugs

In prior interviews with physicians and other stakeholders about drugs that can be paid for by either Part B or Part D, we heard anecdotal reports of physicians sending patients to pharmacies to "brown-bag" drugs for delivery in the physician's office, thus shifting coverage for the drug to Part D instead of Part B. Typically, these drugs are infused or injected in the physician's office. The physician may have the incentive to shift use to Part D in cases where ASP+6% does not cover acquisition costs. In other cases, the switch might help the beneficiary. For example, if the patient is already above the catastrophic limit under Part D, the coinsurance is only 5%. And if the patient qualifies for the low-income subsidy, cost sharing is minimal.

We asked about this practice in our interviews of plans and pharmacies. In general, respondents did not seem to think it was a widespread practice. It may be that at the point of sale, most plans and pharmacies simply do not have any way of knowing whether patients are going to self-administer a drug or take it to their doctor's office (although some of these drugs can only be administered by a physician). A few respondents suggested they were seeing increased cases of brown bagging. They indicated that not all pharmacies stock these drugs, but said most could do so with advance notice.

Implications of Changing Which Programs Cover Certain Drugs

Part D plans are open to having drugs switched to be covered by Part D only – and would welcome the change for some groups of drugs, as long as they have the lead time to include the cost of the drugs in their bids. Pharmacists say they prefer working with Part D plans, because their systems are

more automated. Submitting pharmacy claims to Part B is more complicated, and payments are not made as quickly. Some pharmacists report problems, however, in working with both plans; a Part D plan may produce an online denial of a claim, while Plan B asks for a paper denial. Some stakeholders reported difficulty in obtaining a hard copy of denials from Part D plans.

Conclusion

In general, health plans and pharmacies report that coverage determinations for drugs that can be covered under either Part B or Part D are consuming considerable time and energy. Although the process of determining whether a drug is covered under Part B or D of Medicare has improved since January 2006, room for improvement and clarification remains.

Many of the drugs that overlap between Part B and Part D are high-cost drugs that are administered by infusion or injection in the physician's office. Although CMS has clarified that plans and pharmacies may assume that these drugs are covered by Part D when they are purchased in a retail pharmacy, Part D plans do not cover these drugs uniformly. When they are covered, high-cost drugs are likely to be placed on a specialty tier and to be subject to prior authorization.

There are also low-cost drugs that may be covered in Part B or Part D. Even when it is unclear which part of Medicare should pay for the drug, plans are less likely to require prior authorization for these low-cost drugs. In some cases, the administrative cost of prior authorization may be higher than the cost of the drug itself. Both plans and pharmacists are concerned about the burden imposed by making these determinations. Even when plans forgo the use of prior authorization, they remain vulnerable to sanctions if drugs are incorrectly paid under Part D.

By design, the Part D benefit is less generous than the Part B benefit. Cost sharing during the period between the deductible and the initial coverage limit is designed to be 25%, rather than the 20% beneficiaries pay in Part B. In addition, a beneficiary's total drug spending can dramatically change their effective cost sharing as illustrated by the examples in this report. For an inexpensive drug, the beneficiary may pay 100% if she never meets the deductible. For a very expensive drug or set of drugs, the beneficiary may actually pay less than 20% because of catastrophic coverage. In absolute terms, the difference in beneficiary cost sharing between the two programs can sometimes be in the thousands of dollars. These dynamics should be considered as policy makers consider any changes to which drugs should be covered under Part B or Part D. Interactions with supplemental coverage, Medicaid, and the low-income subsidy will also need to be considered.

The finding that the negotiated prices reported by Part D plans are almost always higher than the price paid under Part B for 50 selected drugs may merit further study, although the role that manufacturer rebates play may be an explanation that cannot be studied due to lack of data. In particular, we did not pursue in this study some of the anomalies in generic prices that may point to structural issues in the ASP system, the Medicare Plan Finder, or both.

Appendix A. Part B Coverage of Prescription Drugs

Part B Coverage Categories	Part B Coverage Description	B/D Coverage Determinations That Must Be Made	Other Issues That Arise
Always Part D at Retail Pharmacy			
Injected or intravenous drugs	Injectable/Intravenous drugs 1) administered "incident to" a physician service and 2) considered "not usually self-administered".	Always Part D at retail pharmacy.	Medicare does not cover supplies and professional services associated with Part D covered infusion therapy.
Erythropoietin (EPO)	Treatment of anemia for persons with chronic renal failure who are undergoing dialysis when given in the dialysis center or when given "incident to physician's service" for other approved uses.	Always Part D at retail pharmacy. For Part B coverage for dialysis patients, the claim must be submitted by the ESRD facility.	
Always Part B			
Influenza/Pneumococcal Vaccines	Influenza and Pneumococcal vaccines are covered for all beneficiaries.	Always Part B.	
Coverage Depends on Beneficiary's Diagnosis or History			
Oral Anti-Cancer Drugs	Oral drugs used for cancer treatment that contain same active ingredient (or pro-drug) as drugs that would otherwise be covered incident to a physician's service.	Part B for cancer treatment; Part D for all other indications	Participating Part B pharmacies must bill the DMERC in their region when these drugs are covered under Part B.
Vaccines	Hepatitis B vaccine for intermediate- to high-risk beneficiaries. Other vaccines if "incident to" physician service, only for injury or direct exposure.	Hepatitis: Part B if beneficiary is intermediate- to high-risk; Part D if low-risk. All other vaccines: Part B if related to injury or exposure; otherwise Part D.	Medicare does not cover professional services associated with Part D covered vaccines.
Immunosuppressant Drugs	Drugs used in immunosuppressive therapy for a Medicare-covered transplant.	Part B when drugs used in relation to Medicare-covered transplant; Part D when drugs used for rheumatoid arthritis, other non-transplant use, or a transplant not covered by Medicare.	Participating Part B pharmacies must bill the DMERC in their region when these drugs are covered under Part B.
Parenteral Nutrition	Prosthetic benefit for individuals with "permanent" (or long and indefinite) dysfunction of the digestive tract.	Part B if "permanent" dysfunction of digestive tract, Part D for all other situations.	Medicare does not cover supplies and professional services associated with parenteral nutrition or other Part D covered infusion therapy.
Coverage Depends on Beneficiary's Diagnosis and Timing			
Oral Anti-emetic Drugs	Oral anti-emetic drugs used as full therapeutic replacement for IV anti-emetic drugs within 48 hours of chemotherapy.	Part B if used within 48 hours of chemotherapy; Part D if used beyond 48 hours of chemotherapy or for any non-chemotherapy-associated use.	Participating Part B pharmacies must bill the DMERC in their region when these drugs are covered under Part B.
Coverage Depends on Location and Use of DME			
Durable Medical Equipment (DME) Supply Drugs	Drugs that require administration via covered DME (e.g. nebulizer, infusion pump) in the beneficiary's home.	At retail pharmacy Part B coverage depends on use of DME; usually Part D in LTC facilities because most LTC facilities are not considered a beneficiary's "home."	Medicare does not cover supplies and professional services associated with Part D covered infusion therapy.

Source: NACDS

Appendix B. Summary Tables by Covered Entity and Drug Product

In the body of this report, we present information on coverage of drugs at the chemical entity level (e.g., all loratadine products would be one chemical entity). This appendix provides additional information for some of the tables from the report at the level of drug product (e.g., counting loratadine and Claritin as two separate products). Tables are numbered to match the corresponding table in the body of this report.

Table B1. Frequency of Coverage, 2007

Of 460 Drug Products, Number Covered By...	# of Drug Products (n=460)	% of Drug Products (n=460)	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of Part D plans	15	3%	15	5%
90% or more of Part D plans	80	17%	70	25%
75% or more of Part D plans	160	35%	131	47%
50% or more of Part D plans	383	83%	257	93%
25% or more of Part D plans	457	99%	275	100%
10% or more of Part D plans	460	100%	276	100%
0 Part D plans	0	0%	0	0%

Table B3. Percent of Plans Covering Drug, by Class, 2007

Drug Group	Percent of Plans Covering Drug	
	Average of Drug Products in Group	Average of Chemical Entities in Group
Immunosuppressants	73%	85%
TNF Inhibitors	97%	96%
Parathyroid/Metabolic Bone Disease	67%	72%
Hormonal Suppressants	69%	73%
Anti-emetics	75%	86%
Other Cancer Drugs or Drugs Used With Cancer Treatments	67%	72%
Insulin	86%	92%
Respiratory	62%	76%
Antibiotics	65%	74%
Other	67%	72%
Average, studied drugs	69%	75%

Table B4. Frequency of Placement on a Preferred Tier, 2007

Of Covered Drug Products, Number Preferred By...	# of Drug Products (n=460)	% of Drug Products (n=460)	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%	0	0%
90% or more of the plans that cover the drug	36	8%	21	8%
75% or more of the plans that cover the drug	124	27%	91	33%
50% or more of the plans that cover the drug	222	48%	149	54%
25% or more of the plans that cover the drug	325	71%	206	75%
10% or more of the plans that cover the drug	443	96%	267	97%
0 the plans that cover the drug	0	0%	0	0%

Table B5. Frequency of Placement on a Specialty Tier, 2007

Of Covered Drug Products, Number Placed on a Specialty Tier By...	# of Drug Products (n=460)	% of Drug Products (n=460)	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%	0	0%
90% or more of the plans that cover the drug	1	0%	1	0%
75% or more of the plans that cover the drug	39	8%	25	9%
50% or more of the plans that cover the drug	114	25%	76	28%
25% or more of the plans that cover the drug	177	38%	118	43%
10% or more of the plans that cover the drug	358	78%	220	80%
0 the plans that cover the drug	31	7%	12	4%

Table B7. Percent of Plans Placing Drug on a Preferred and Specialty Tiers, by Class, 2007

Drug Group	Percent of Plans Placing Drug on Preferred Tier When Covered		Percent of Plans Placing Drug on Specialty Tier When Covered	
	Average of Drug Products in Group	Average of Chemical Entities in Group	Average of Drug Products in Group	Average of Chemical Entities in Group
Immunosuppressants	62%	65%	12%	21%
TNF Inhibitors	15%	14%	80%	80%
Parathyroid/Metabolic Bone Disease	35%	40%	34%	25%
Hormonal Suppressants	26%	34%	61%	53%
Anti-emetics	59%	72%	16%	16%
Other Cancer Drugs or Drugs Used With Cancer Treatments	41%	43%	41%	43%
Insulin	85%	90%	0%	1%
Respiratory	54%	72%	17%	15%
Antibiotics	50%	57%	23%	22%
Other	45%	49%	34%	32%
Average of studied drugs	49%	53%	29%	31%

Table B8. Frequency of Prior Authorization Requirements, 2007

Of Covered Drug Products, Number Required to Have Prior Authorization By...	# of Drug Products (n=460)	% of Drug Products (n=460)	# of Chemical Entities (n=276)	% of Chemical Entities (n=276)
100% of the plans that cover the drug	0	0%	0	0%
90% or more of the plans that cover the drug	12	3%	1	0%
75% or more of the plans that cover the drug	25	5%	12	4%
50% or more of the plans that cover the drug	76	17%	50	18%
25% or more of the plans that cover the drug	144	31%	94	34%
10% or more of the plans that cover the drug	328	71%	204	74%
0 of the plans that cover the drug	3	1%	2	1%

Table B11. Percent of Plans Requiring Prior Authorization, by Class, 2007

Drug Group	Percent of Plans Requiring Prior Authorization When Drug Is Covered	
	Average of Drug Products in Group	Average of Chemical Entities in Group
Immunosuppressants	43%	51%
TNF Inhibitors	86%	86%
Parathyroid/Metabolic Bone Disease	20%	20%
Hormonal Suppressants	55%	50%
Anti-emetics	23%	26%
Other Cancer	27%	27%
Insulin	6%	2%
Respiratory	37%	36%
Antibiotics	10%	11%
Other	30%	27%
Average of studied drugs	26%	27%

Appendix C. Part D Coverage of Selected Drugs That May Be Covered By Part B or Part D

This appendix provides information on Part D plans' coverage of our studied drugs, by drug product. Tier placement and coverage are presented as the percent of all 3464 plans participating in Part D in 2007. Prior authorization is presented as a percent of the plans that cover a given drug.

Table C1. Coverage of Immunosuppressants (Covered by Part B after a Medicare-covered transplant)

NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Azathioprine	Azasan	oral solid	43%	20%	36%	31%
Azathioprine	Azathioprine	oral solid	98%	0%	0%	38%
Azathioprine	Imuran	oral solid	9%	28%	63%	45%
Daclizumab	Zenapax	oral liquid	8%	44%	47%	51%
Sirolimus	Rapamune	oral solid	60%	39%	0%	67%
Sirolimus	Rapamune	sol/susp/powder	56%	42%	0%	70%
Anti-Thymocyte Globulin (Rabbit)	Thymoglobulin	sol/susp/powder	9%	38%	53%	47%
Anti-Thymocyte Globulin (Equine)	Atgam	injectible	10%	31%	59%	53%
Cyclosporine	Cyclosporine	oral solid	94%	0%	5%	71%
Cyclosporine	Cyclosporine	sol/susp/powder	91%	7%	0%	72%
Cyclosporine	Gengraf	oral solid	81%	7%	11%	64%
Cyclosporine	Gengraf	sol/susp/powder	80%	7%	12%	64%
Cyclosporine	Neoral	oral solid	42%	23%	33%	58%
Cyclosporine	Neoral	sol/susp/powder	43%	23%	33%	58%
Cyclosporine	Sandimmune	oral solid	40%	24%	35%	60%
Cyclosporine	Sandimmune	sol/susp/powder	42%	23%	34%	60%
Mycophenolate Mofetil	Cellcept	oral solid	78%	15%	6%	65%
Mycophenolate Mofetil	Cellcept	sol/susp/powder	78%	21%	0%	67%
Mycophenolate Sodium	Myfortic	oral solid	26%	50%	24%	69%
Tacrolimus	Prograf	oral solid	61%	37%	0%	67%
Tacrolimus	Prograf	sol/susp/powder	30%	46%	22%	70%
Prednisolone Anhydrous	Prednisolone	oral solid	96%	0%	2%	8%
Prednisone	Deltasone	oral solid	53%	4%	41%	7%
Prednisone	Prednisone	oral solid	98%	0%	0%	4%
Prednisone	Prednisone	sol/susp/powder	82%	2%	16%	5%
Prednisone	Prednisone Intensol	oral liquid	56%	13%	30%	6%
Prednisone	Sterapred	oral solid	11%	28%	61%	1%
Prednisone	Sterapred 12 Day	oral solid	12%	28%	60%	0%
Prednisone	Sterapred Ds	oral solid	10%	28%	62%	0%
Prednisone	Sterapred Ds 12 Day	oral solid	13%	28%	59%	0%

Table C2. Coverage of TNF Inhibitors (Covered by Part B when Injected in Doctor's Office)
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Adalimumab	Humira	other	14%	79%	5%	86%
Etanercept	Enbrel	other	17%	80%	1%	86%
Etanercept	Enbrel	sol/susp/powder	17%	80%	1%	86%
Infliximab	Remicade	sol/susp/powder	8%	86%	4%	87%

Table C3. Coverage of Parathyroid/Metabolic Bone Disease Agents
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Etidronate Disodium	Didronel Iv	sol/susp/powder	13%	40%	46%	18%
Calcitonin, Salmon	Miacalcin	sol/susp/powder	34%	41%	24%	23%
Doxercalciferol	Hectorol	sol/susp/powder	42%	37%	19%	10%
Paricalcitol	Zemlar	sol/susp/powder	24%	36%	38%	27%
Pamidronate Disodium	Pamidronate Disodium	sol/susp/powder	51%	31%	16%	20%
Zoledronic Acid Monohydrate	Zometa	oral liquid	12%	59%	28%	20%

Table C4. Coverage of Hormonal Suppressants
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Abarelix	Plenaxis	sol/susp/powder	10%	45%	44%	38%
Goserelin Acetate	Zoladex	other	27%	46%	26%	50%
Leuprolide Acetate	Eligard	other	11%	61%	27%	61%
Leuprolide Acetate	Leuprolide Acetate	other	52%	27%	19%	44%
Leuprolide Acetate	Leuprolide Acetate	sol/susp/powder	57%	29%	13%	44%
Leuprolide Acetate	Lupron 2 Week Supply	other	8%	46%	46%	71%
Leuprolide Acetate	Lupron 6-Pack	sol/susp/powder	9%	46%	44%	72%
Leuprolide Acetate	Lupron Depot	other	17%	72%	10%	57%
Leuprolide Acetate	Lupron Depot-Ped	other	13%	64%	23%	49%
Leuprolide Acetate	Viadur	other	13%	41%	45%	65%
Triptorelin Pamoate	Trelstar Depot	sol/susp/powder	9%	51%	39%	51%
Triptorelin Pamoate	Trelstar La	sol/susp/powder	9%	57%	34%	55%

Table C5. Coverage of Anti-Emetics

NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Dolasetron Mesylate	Anzemet	sol/susp/powder	7%	45%	47%	48%
Ondansetron	Zofran	sol/susp/powder	61%	29%	10%	47%
Palonosetron Hydrochloride	Aloxi	sol/susp/powder	4%	44%	51%	41%
Aprepitant	Emend	oral solid	78%	20%	0%	74%
Aprepitant	Emend	other	75%	20%	4%	75%
Chlorpromazine Hydrochloride	Chlorpromazine Hcl	sol/susp/powder	88%	10%	0%	7%
Diphenhydramine Hydrochloride	Benadryl	sol/susp/powder	14%	30%	55%	8%
Diphenhydramine Hydrochloride	Diphenhydramine Hcl	sol/susp/powder	71%	19%	9%	4%
Metoclopramide Hydrochloride	Metoclopramide Hcl	sol/susp/powder	73%	12%	14%	10%
Metoclopramide Hydrochloride	Reglan	sol/susp/powder	6%	33%	61%	20%
Prochlorperazine Edisylate	Prochlorperazine Edisylat	sol/susp/powder	81%	12%	6%	10%
Promethazine Hydrochloride	Phenergan	sol/susp/powder	6%	33%	60%	20%
Promethazine Hydrochloride	Promethazine Hcl	sol/susp/powder	77%	18%	3%	9%
Trimethobenzamide Hydrochloride	Trimethobenzamide Hcl	sol/susp/powder	45%	22%	32%	24%
Dexamethasone Sodium Phosphate	Dexamethasone Sodium Phos	sol/susp/powder	69%	12%	18%	10%
Methylprednisolone	Medrol	oral solid	27%	43%	30%	6%
Methylprednisolone	Medrol Dosepak	oral solid	19%	25%	55%	10%
Methylprednisolone	Methylprednisolone	oral solid	98%	0%	0%	8%
Methylprednisolone Acetate	Depo-Medrol	sol/susp/powder	20%	41%	38%	23%
Methylprednisolone Acetate	Methylprednisolone Acetat	sol/susp/powder	74%	14%	10%	16%
Methylprednisolone Sodium Succinate	A-Methapred	sol/susp/powder	65%	15%	20%	16%
Methylprednisolone Sodium Succinate	Methylprednisolone Sodium	sol/susp/powder	74%	14%	10%	14%
Methylprednisolone Sodium Succinate	Solu-Medrol	sol/susp/powder	35%	34%	30%	20%
Methylprednisolone Sodium Succinate	Solu-Medrol Act-O-Vial	sol/susp/powder	29%	30%	41%	21%

Table C6. Coverage of Other Drugs Used to Treat Cancer or Used With Cancer Treatments
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Fulvestrant	Faslodex	sol/susp/powder	27%	70%	3%	34%
Alemtuzumab	Campath	sol/susp/powder	16%	44%	40%	22%
Benzyl Alcohol And Cremophor El And Dimethylacetamide And Teniposide	Vumon	sol/susp/powder	18%	40%	41%	14%
Bevacizumab	Avastin	sol/susp/powder	16%	55%	28%	44%
Bleomycin Sulfate	Blenoxane	sol/susp/powder	10%	42%	48%	24%
Bleomycin Sulfate	Bleomycin Sulfate	sol/susp/powder	48%	21%	30%	20%
Cetuximab	Erbix	sol/susp/powder	9%	53%	38%	42%
Dactinomycin	Cosmegen	sol/susp/powder	18%	46%	36%	22%
Daunorubicin Citrate	Daunoxome	injectible	16%	46%	37%	20%
Daunorubicin Hydrochloride	Cerubidine	sol/susp/powder	6%	33%	61%	21%
Daunorubicin Hydrochloride	Daunorubicin Hcl	injectible	39%	29%	32%	18%
Daunorubicin Hydrochloride	Daunorubicin Hcl	sol/susp/powder	48%	21%	30%	18%
Docetaxel	Taxotere	oral liquid	16%	51%	33%	20%
Doxorubicin Hydrochloride	Adriamycin	sol/susp/powder	55%	13%	32%	21%
Doxorubicin Hydrochloride	Doxorubicin Hcl	sol/susp/powder	56%	13%	30%	21%
Gemtuzumab Ozogamicin	Mylotarg	sol/susp/powder	9%	48%	42%	23%
Mitomycin C	Mitomycin	sol/susp/powder	37%	34%	29%	20%
Mitomycin C	Mutamycin	sol/susp/powder	6%	41%	53%	27%
Mitoxantrone Hydrochloride	Mitoxantrone Hcl	oral liquid	32%	28%	40%	15%
Mitoxantrone Hydrochloride	Novantrone	oral liquid	7%	39%	54%	22%
Oprelvekin	Neumega	sol/susp/powder	9%	50%	41%	38%
Paclitaxel	Onxol	oral liquid	14%	47%	38%	21%
Paclitaxel	Paclitaxel	oral liquid	23%	47%	30%	18%
Paclitaxel	Taxol	oral liquid	10%	42%	47%	24%
Rituximab	Rituxan	oral liquid	9%	49%	42%	66%
Streptozocin	Zanosar	sol/susp/powder	10%	47%	43%	25%
Trastuzumab	Herceptin	sol/susp/powder	15%	56%	28%	26%
Vinblastine Sulfate	Vinblastine Sulfate	sol/susp/powder	45%	21%	34%	25%
Vincristine Sulfate	Vincasar Pfs	sol/susp/powder	49%	19%	32%	22%
Vincristine Sulfate	Vincristine Sulfate	sol/susp/powder	55%	14%	31%	23%
Vinorelbine Tartrate	Vinorelbine Tartrate	sol/susp/powder	37%	33%	30%	18%
Carmustine	Bicnu W/Diluent Absolute	sol/susp/powder	18%	46%	35%	22%
Cyclophosphamide	Cyclophosphamide	oral solid	88%	7%	5%	61%
Cyclophosphamide	Cyclophosphamide	sol/susp/powder	70%	13%	17%	49%
Cyclophosphamide	Cytoxan	oral solid	19%	33%	47%	65%
Cyclophosphamide	Cytoxan	sol/susp/powder	19%	44%	36%	49%
Dacarbazine	Dacarbazine	sol/susp/powder	57%	15%	27%	19%
Dacarbazine	Dtic-Dome	sol/susp/powder	6%	33%	61%	22%
Ifosfamide	Ifex	sol/susp/powder	14%	40%	45%	23%
Ifosfamide	Ifosfamide	sol/susp/powder	40%	37%	23%	18%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Mechlorethamine Hydrochloride	Mustargen	sol/susp/powder	18%	46%	36%	21%
Melphalan	Alkeran	sol/susp/powder	39%	34%	26%	40%
Thiotepa	Thiotepa	sol/susp/powder	44%	34%	22%	25%
Cytarabine	Cytarabine	sol/susp/powder	55%	18%	27%	26%
Floxuridine	Floxuridine	sol/susp/powder	48%	24%	28%	23%
Floxuridine	Fudr	sol/susp/powder	23%	25%	52%	34%
Fluorouracil	Adrucil	sol/susp/powder	50%	18%	31%	16%
Fluorouracil	Fluorouracil	sol/susp/powder	62%	14%	24%	18%
Pemetrexed Disodium	Alimta	sol/susp/powder	20%	49%	31%	28%
Pentostatin	Nipent	sol/susp/powder	17%	49%	34%	20%
Aldesleukin	Proleukin	sol/susp/powder	19%	55%	24%	34%
Bcg Vaccine	Tice Bcg	sol/susp/powder	39%	41%	19%	26%
Bortezomib	Velcade	sol/susp/powder	17%	54%	28%	25%
Cladribine	Cladribine	sol/susp/powder	42%	32%	25%	23%
Cladribine	Leustatin	sol/susp/powder	12%	36%	52%	31%
Fludarabine Phosphate	Fludara	sol/susp/powder	15%	37%	48%	25%
Fludarabine Phosphate	Fludarabine Phosphate	sol/susp/powder	29%	44%	27%	19%
Amifostine	Ethylol	sol/susp/powder	15%	47%	38%	17%
Dexrazoxane	Dexrazoxane	sol/susp/powder	46%	22%	31%	14%
Dexrazoxane	Zinecard	sol/susp/powder	7%	34%	58%	20%
Leucovorin Calcium	Leucovorin Calcium	sol/susp/powder	71%	19%	8%	24%
Mesna	Mesna	sol/susp/powder	57%	32%	10%	22%
Mesna	Mesnex	sol/susp/powder	11%	36%	53%	21%
Rasburicase	Elitek	sol/susp/powder	17%	40%	43%	19%
Etoposide	Etoposide	sol/susp/powder	31%	36%	32%	14%
Etoposide	Toposar	sol/susp/powder	36%	34%	29%	14%
Etoposide Phosphate	Etopophos	sol/susp/powder	6%	49%	45%	24%
Irinotecan Hydrochloride	Camptosar	sol/susp/powder	23%	46%	31%	24%
Topotecan Hydrochloride	Hycamtin	sol/susp/powder	18%	57%	24%	26%
Arsenic Trioxide	Trisenox	sol/susp/powder	22%	45%	33%	12%
Asparaginase	Elspar	sol/susp/powder	22%	46%	32%	20%
Carboplatin	Carboplatin	sol/susp/powder	42%	31%	26%	23%
Carboplatin	Paraplatin	sol/susp/powder	7%	41%	52%	17%
Cisplatin	Cisplatin	sol/susp/powder	55%	18%	27%	25%
Cisplatin	Cisplatin Aq	sol/susp/powder	50%	18%	31%	29%
Cisplatin	Platinol Aq	sol/susp/powder	5%	32%	63%	21%
Denileukin Diftitox	Ontak	sol/susp/powder	19%	49%	31%	26%
Oxaliplatin	Eloxatin	sol/susp/powder	19%	52%	28%	27%
Pegaspargase	Oncaspar	sol/susp/powder	16%	47%	36%	21%
Porfimer Sodium	Photofrin	sol/susp/powder	18%	47%	34%	22%
Aminolevulinic Acid Hydrochloride	Levulan Kerastick	sol/susp/powder	41%	33%	26%	8%
Octreotide Acetate	Octreotide Acetate	sol/susp/powder	35%	59%	4%	60%
Octreotide Acetate	Sandostatin	sol/susp/powder	8%	46%	45%	56%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Octreotide Acetate	Sandostatin Lar Depot	other	15%	62%	21%	58%
Pamidronate Disodium	Aredia	sol/susp/powder	2%	40%	57%	21%
Methotrexate	Methotrexate	oral solid	96%	0%	2%	18%
Methotrexate	Rheumatrex	oral solid	25%	29%	46%	21%
Methotrexate Sodium	Methotrexate	oral solid	80%	0%	19%	19%
Methotrexate Sodium	Methotrexate Sodium	sol/susp/powder	82%	13%	4%	27%
Methotrexate Sodium	Trexall	oral solid	36%	25%	39%	26%
Bcg Vaccine And Monosodium Glutamate (Sodium Glutamate)	Theracys	sol/susp/powder	28%	42%	30%	22%
Filgrastim	Neupogen	sol/susp/powder	12%	85%	1%	74%
Pegfilgrastim	Neulasta	sol/susp/powder	10%	72%	16%	60%
Sargramostim	Leukine	sol/susp/powder	6%	64%	29%	62%

Table C7. Coverage of Insulin (Covered by Part B when a pump is used)

NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Insulin Lispro	Humalog	sol/susp/powder	75%	11%	13%	6%
Insulin Lispro	Humalog Pen	sol/susp/powder	65%	16%	17%	12%
Insulin Aspart (Human Analog)	Novolog	sol/susp/powder	90%	4%	4%	1%
Insulin Aspart (Human Analog)	Novolog Flexpen	sol/susp/powder	65%	4%	31%	4%
Insulin Aspart (Human Analog)	Novolog Penfill	sol/susp/powder	87%	6%	5%	11%
Insulin Human (Regular)	Humulin R	sol/susp/powder	77%	11%	11%	7%
Insulin Human (Regular)	Novolin R	sol/susp/powder	88%	4%	6%	0%
Insulin Human (Regular)	Novolin R Innolet	sol/susp/powder	84%	6%	9%	10%
Insulin Human (Regular)	Novolin R U-100 Penfill	sol/susp/powder	85%	6%	8%	12%
Insulin Human (Regular)	Relion R	sol/susp/powder	42%	23%	33%	1%
Insulin Human, Isophane (Nph)	Humulin N	sol/susp/powder	76%	11%	12%	1%
Insulin Human, Isophane (Nph)	Humulin N U-100 Pen	sol/susp/powder	70%	12%	16%	8%
Insulin Human, Isophane (Nph)	Novolin N	sol/susp/powder	92%	3%	3%	0%
Insulin Human, Isophane (Nph)	Novolin N Innolet	sol/susp/powder	81%	6%	11%	10%
Insulin Human, Isophane (Nph)	Novolin N U-100	sol/susp/powder	74%	3%	21%	0%
Insulin Human, Isophane (Nph)	Novolin N U-100 Penfill	sol/susp/powder	84%	6%	8%	12%
Insulin Human, Isophane (Nph)	Relion N	sol/susp/powder	42%	23%	33%	0%
Insulin Human, Isophane (Nph)	Relion N Innolet	sol/susp/powder	38%	23%	38%	8%
Insulin Aspart (Human Analog) And Insulin Aspart Protamine	Novolog Mix 70/30	sol/susp/powder	87%	4%	8%	1%
Insulin Aspart (Human Analog) And Insulin Aspart Protamine	Novolog Mix 70/30 Penfill	sol/susp/powder	84%	6%	8%	12%
Insulin Aspart (Human Analog) And Insulin Aspart Protamine	Novolog Mix 70/30 Prefill	sol/susp/powder	84%	4%	10%	12%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Humulin 50/50	sol/susp/powder	78%	10%	11%	1%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Humulin 70/30	sol/susp/powder	77%	11%	10%	1%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Humulin 70/30 Pen	sol/susp/powder	68%	16%	15%	8%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Novolin 70/30	sol/susp/powder	93%	4%	2%	5%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Novolin 70/30 Innolet	sol/susp/powder	83%	6%	9%	12%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Novolin 70/30 Penfill	sol/susp/powder	85%	6%	7%	12%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Relion 70/30	sol/susp/powder	42%	24%	33%	0%
Insulin Human (Regular) And Insulin Human, Isophane (Nph)	Relion 70/30 Innolet	sol/susp/powder	38%	23%	38%	8%
Insulin Lispro And Insulin Lispro Protamine (Npl)	Humalog Mix 75/25	sol/susp/powder	75%	11%	12%	1%
Insulin Lispro And Insulin Lispro Protamine (Npl)	Humalog Mix 75/25 Pen	sol/susp/powder	70%	13%	16%	10%
Glucagon Rdna (Human Recombinant)	Glucagon Emergency Kit	other	89%	6%	3%	0%

Table C8. Coverage of Respiratory Tract Agents (Covered by Part B when a nebulizer is used)
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Albuterol sulfate	Accuneb	inhaled	40%	18%	41%	49%
Albuterol sulfate	Albuterol sulfate	inhaled	79%	0%	21%	54%
Albuterol sulfate	Proventil	inhaled	8%	23%	69%	45%
Albuterol sulfate	Ventolin	inhaled	5%	22%	72%	43%
Levalbuterol hydrochloride	Xopenex	inhaled	19%	30%	51%	40%
Levalbuterol hydrochloride	Xopenex concentrate	inhaled	19%	30%	51%	40%
Metaproterenol sulfate	Metaproterenol sulfate	inhaled	63%	0%	37%	50%
Hydroxyzine hydrochloride	Hydroxyzine hcl	sol/susp/powder	76%	19%	4%	10%
Aminophylline	Aminophylline	sol/susp/powder	67%	12%	20%	10%
Epinephrine hydrochloride	Adrenalin	sol/susp/powder	27%	20%	53%	16%
Epinephrine hydrochloride	Epinephrine hcl	sol/susp/powder	67%	12%	21%	6%
Terbutaline sulfate	Brethine	sol/susp/powder	12%	33%	54%	17%
Terbutaline sulfate	Terbutaline sulfate	sol/susp/powder	72%	13%	14%	11%
Dornase alfa	Pulmozyme	sol/susp/powder	11%	58%	30%	61%
Acetylcysteine	Acetylcysteine	sol/susp/powder	80%	4%	16%	45%
Acetylcysteine	Mucomyst-10	sol/susp/powder	11%	28%	61%	38%
Proteinase inhibitor (human)	Aralast	sol/susp/powder	8%	62%	29%	43%
Proteinase inhibitor (human)	Prolastin	sol/susp/powder	22%	61%	16%	55%
Proteinase inhibitor (human)	Zemaira	sol/susp/powder	7%	41%	51%	53%
Albuterol sulfate and ipratropium bromide	Duoneb	sol/susp/powder	38%	24%	38%	47%
Cromolyn Sodium	Cromolyn Sodium	inhaled	81%	0%	18%	42%
Cromolyn Sodium	Intal	inhaled	14%	21%	65%	27%

Table C9. Coverage of Antibiotics (Covered by Part B when Injected in Doctor's Office)

NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Gentamicin Sulfate	Gentamicin Sulfate	sol/susp/powder	74%	10%	14%	5%
Kanamycin Sulfate	Kanamycin Sulfate	sol/susp/powder	41%	14%	44%	8%
Streptomycin Sulfate	Streptomycin Sulfate	sol/susp/powder	31%	26%	43%	8%
Tobramycin	Tobi	inhaled	10%	51%	38%	67%
Tobramycin Sulfate	Tobramycin Sulfate	sol/susp/powder	71%	10%	18%	6%
Tobramycin Sulfate	Tobramycin Sulfate Add-Va	sol/susp/powder	39%	24%	36%	7%
Tobramycin Sulfate	Tobramycin Sulfate Flipto	sol/susp/powder	56%	14%	28%	6%
Gentamicin Sulfate And Sodium Chloride	Gentamicin Sulfate/Sodium	sol/susp/powder	52%	17%	30%	7%
Sodium Chloride And Tobramycin Sulfate	Tobramycin Sulfate/Sodium	sol/susp/powder	32%	25%	42%	8%
Cefazolin Sodium	Cefazolin Sodium	sol/susp/powder	82%	15%	1%	5%
Cefoxitin Sodium	Cefoxitin	sol/susp/powder	38%	22%	40%	9%
Cefoxitin Sodium	Cefoxitin Sodium	sol/susp/powder	59%	21%	19%	7%
Cefuroxime Sodium	Cefuroxime Sodium	sol/susp/powder	34%	19%	46%	8%
Cefuroxime Sodium	Zinacef	sol/susp/powder	28%	30%	42%	8%
Cefotaxime Sodium	Cefotaxime Sodium	sol/susp/powder	54%	21%	24%	8%
Cefotaxime Sodium	Claforan	sol/susp/powder	10%	41%	49%	9%
Ceftazidime	Ceftazidime	sol/susp/powder	35%	19%	45%	11%
Ceftazidime	Fortaz	sol/susp/powder	32%	37%	30%	7%
Ceftazidime	Fortaz Infusion Pack	sol/susp/powder	14%	34%	52%	10%
Ceftazidime	Tazicef	sol/susp/powder	45%	20%	34%	8%
Ceftizoxime Sodium	Cefizox	sol/susp/powder	12%	41%	46%	11%
Ceftriaxone Sodium	Ceftriaxone Sodium	sol/susp/powder	69%	20%	9%	5%
Ceftriaxone Sodium	Rocephin	sol/susp/powder	20%	37%	43%	9%
Cefepime Hydrochloride	Maxipime	sol/susp/powder	66%	32%	0%	7%
Cefazolin Sodium And Dextrose (Anhydrous)	Cefazolin Sodium	sol/susp/powder	57%	14%	27%	8%
Cefazolin Sodium And Dextrose Monohydrate	Cefazolin Sodium-Dextrose	sol/susp/powder	49%	17%	33%	7%
Cefotaxime Sodium And Dextrose (Anhydrous)	Claforan/D5w	sol/susp/powder	10%	40%	49%	10%
Cefoxitin Sodium And Dextrose (Anhydrous)	Mefoxin In Dextrose 2.2%	sol/susp/powder	21%	29%	50%	10%
Cefoxitin Sodium And Dextrose (Anhydrous)	Mefoxin In Dextrose 3.9%	sol/susp/powder	10%	40%	50%	9%
Ceftazidime Sodium And Dextrose (Anhydrous)	Fortaz	sol/susp/powder	20%	40%	40%	8%
Ceftazidime Sodium And Dextrose (Anhydrous)	Tazicef	sol/susp/powder	27%	23%	48%	9%
Ceftizoxime Sodium And Dextrose (Anhydrous)	Cefizox In Dextrose 5%	sol/susp/powder	8%	39%	52%	9%
Ceftriaxone Sodium And Dextrose (Anhydrous)	Ceftriaxone In Iso-Osmoti	sol/susp/powder	46%	19%	34%	7%
Ceftriaxone Sodium And Dextrose (Anhydrous)	Rocephin In Iso-Osmotic D	sol/susp/powder	7%	41%	51%	10%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Ceftriaxone Sodium And Dextrose Monohydrate	Ceftriaxone/Dextrose	sol/susp/powder	36%	20%	43%	7%
Cefuroxime Sodium And Dextrose (Anhydrous)	Zinacef	sol/susp/powder	10%	40%	50%	10%
Cefuroxime Sodium And Dextrose (Anhydrous)	Zinacef/D5w	sol/susp/powder	10%	40%	50%	10%
Cefuroxime Sodium And Dextrose Monohydrate	Cefuroxime/Dextrose	sol/susp/powder	36%	19%	44%	8%
Cefuroxime Sodium And Water, Sterile	Zinacef	sol/susp/powder	10%	40%	49%	9%
Ampicillin Sodium	Ampicillin Sodium	sol/susp/powder	76%	14%	8%	7%
Ampicillin Sodium And Sulbactam Sodium	Ampicillin-Sulbactam	sol/susp/powder	62%	17%	21%	8%
Ampicillin Sodium And Sulbactam Sodium	Unasyn	sol/susp/powder	11%	33%	55%	11%
Ampicillin Sodium And Sulbactam Sodium	Unasyn Add-Vantage	sol/susp/powder	12%	39%	48%	9%
Ampicillin Sodium And Sulbactam Sodium	Unasyn Bulk Pack	sol/susp/powder	11%	34%	55%	10%
Ampicillin Sodium And Sulbactam Sodium	Unasyn Piggyback Unit	sol/susp/powder	12%	41%	47%	9%
Piperacillin Sodium And Tazobactam Sodium	Zosyn	sol/susp/powder	32%	35%	31%	7%
Oxacillin Sodium	Oxacillin Sodium	sol/susp/powder	41%	28%	30%	9%
Penicillin G Benzathine	Bicillin L-A	sol/susp/powder	28%	39%	32%	7%
Penicillin G Potassium	Penicillin G Potassium	sol/susp/powder	73%	13%	14%	6%
Penicillin G Potassium	Pfizerpen-G	sol/susp/powder	41%	19%	40%	8%
Penicillin G Procaine	Penicillin G Procaine	sol/susp/powder	42%	25%	32%	7%
Dextrose (Anhydrous) And Oxacillin Sodium	Bactocill In Dextrose	sol/susp/powder	19%	29%	51%	10%
Dextrose (Anhydrous) And Penicillin G Potassium	Penicillin G Potassium In	sol/susp/powder	45%	16%	39%	8%
Dextrose (Anhydrous) And Piperacillin Sodium And Tazobactam Sodium	Zosyn	sol/susp/powder	37%	30%	31%	9%
Penicillin G Benzathine And Penicillin G Procaine	Bicillin C-R	sol/susp/powder	26%	37%	36%	8%
Ertapenem Sodium	Invanz	sol/susp/powder	31%	44%	24%	7%
Cilastatin Sodium And Imipenem	Primaxin I.M.	sol/susp/powder	21%	52%	26%	7%
Cilastatin Sodium And Imipenem	Primaxin Iv	sol/susp/powder	23%	57%	19%	8%
Cilastatin Sodium And Imipenem	Primaxin Iv Add-Vantage	sol/susp/powder	18%	52%	29%	7%
Meropenem	Merrem	sol/susp/powder	18%	46%	36%	8%
Erythromycin Lactobionate	Erythrocin	sol/susp/powder	42%	22%	35%	7%
Erythromycin Lactobionate	Erythrocin Lactobionate	sol/susp/powder	45%	18%	36%	7%
Erythromycin Lactobionate	Erythromycin Lactobionate	sol/susp/powder	48%	20%	31%	6%
Azithromycin	Azithromycin	sol/susp/powder	56%	7%	37%	1%
Azithromycin Dihydrate	Azithromycin	sol/susp/powder	72%	7%	20%	6%
Azithromycin Dihydrate	Zithromax	sol/susp/powder	13%	38%	49%	12%
Ciprofloxacin	Cipro I.V.	sol/susp/powder	34%	38%	27%	17%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Ciprofloxacin	Ciprofloxacin	sol/susp/powder	65%	7%	26%	17%
Levofloxacin Hemihydrate	Levaquin	sol/susp/powder	37%	51%	10%	6%
Ciprofloxacin And Dextrose (Anhydrous)	Cipro I.V.-In D5w	sol/susp/powder	35%	36%	29%	17%
Dextrose (Anhydrous) And Levofloxacin Hemihydrate	Levaquin	sol/susp/powder	24%	43%	31%	7%
Dextrose (Anhydrous) And Levofloxacin Hemihydrate	Levaquin Premix	sol/susp/powder	25%	44%	30%	13%
Moxifloxacin Hydrochloride And Sodium Chloride	Avelox	sol/susp/powder	46%	32%	21%	17%
Vancomycin Hydrochloride	Vancomycin Hcl	sol/susp/powder	85%	13%	0%	8%
Lincomycin Hydrochloride	Lincocin	sol/susp/powder	9%	33%	58%	11%
Linezolid	Zyvox	sol/susp/powder	33%	66%	0%	48%
Chloramphenicol Sodium Succinate	Chloramphenicol Sodium Su	sol/susp/powder	42%	13%	44%	10%
Chloramphenicol Sodium Succinate	Chloromycetin	sol/susp/powder	11%	33%	56%	10%
Daptomycin	Cubicin	sol/susp/powder	27%	66%	6%	9%
Dextrose (Anhydrous) And Vancomycin Hydrochloride	Vancocin Hcl	sol/susp/powder	21%	39%	38%	18%
Dextrose (Anhydrous) And Vancomycin Hydrochloride	Vancocin Hcl Iso-Osmotic	sol/susp/powder	16%	40%	43%	11%
Colistimethate Sodium	Colistimethate Sodium	sol/susp/powder	48%	41%	10%	18%
Colistimethate Sodium	Coly-Mycin-M	sol/susp/powder	5%	35%	59%	12%
Dalfopristin And Quinupristin	Synercid	sol/susp/powder	11%	39%	49%	10%
Triamcinolone Acetonide	Kenalog-10	sol/susp/powder	31%	35%	33%	12%
Triamcinolone Acetonide	Kenalog-10 Mdv	sol/susp/powder	22%	26%	52%	16%
Triamcinolone Acetonide	Kenalog-40	sol/susp/powder	31%	33%	36%	12%

Table C10. Coverage of Other Drugs (Covered by Part B when Injected in Doctor's Office)
NDC codes with Part B claims also on the 2007 Reference File

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Analgesics						
Ketorolac Tromethamine	Ketorolac Tromethamine	sol/susp/powder	51%	24%	25%	28%
Methadone Hydrochloride	Methadone Hcl	sol/susp/powder	56%	17%	26%	8%
Morphine Sulfate	Astramorph	sol/susp/powder	38%	13%	48%	19%
Morphine Sulfate	Duramorph	sol/susp/powder	52%	14%	33%	15%
Morphine Sulfate	Infumorph 200	sol/susp/powder	32%	26%	41%	17%
Morphine Sulfate	Morphine Sulfate	sol/susp/powder	88%	8%	3%	13%
Buprenorphine Hydrochloride	Buprenex	sol/susp/powder	9%	38%	52%	18%
Buprenorphine Hydrochloride	Buprenorphine Hcl	sol/susp/powder	35%	33%	30%	23%
Butorphanol Tartrate	Butorphanol Tartrate	sol/susp/powder	75%	6%	17%	18%
Fentanyl Citrate	Fentanyl Citrate	sol/susp/powder	61%	9%	29%	14%
Hydromorphone Hydrochloride	Dilaudid	sol/susp/powder	16%	32%	51%	13%
Hydromorphone Hydrochloride	Hydromorphone Hcl	sol/susp/powder	72%	16%	11%	13%
Hydromorphone Hydrochloride	Hydromorphone Hcl Dosette	sol/susp/powder	63%	20%	16%	14%
Meperidine Hydrochloride	Demerol	sol/susp/powder	6%	33%	60%	30%
Meperidine Hydrochloride	Meperidine Hcl	sol/susp/powder	61%	8%	31%	24%
Nalbuphine Hydrochloride	Nubain	sol/susp/powder	5%	32%	62%	21%
Oxymorphone Hydrochloride	Numorphan	sol/susp/powder	9%	36%	54%	9%
Pentazocine Lactate	Talwin	sol/susp/powder	9%	32%	58%	19%
Dextrose (Anhydrous) And Morphine Sulfate	Morphine Sulfate In Dextr	sol/susp/powder	25%	21%	53%	17%
Anticonvulsants						
Fosphenytoin Sodium	Cerebyx	sol/susp/powder	11%	39%	49%	9%
Phenytoin Sodium	Phenytoin Sodium	sol/susp/powder	76%	13%	10%	2%
Toxicologic Agents						
Naloxone Hydrochloride	Naloxone Hcl	sol/susp/powder	66%	12%	20%	14%
Naloxone Hydrochloride	Narcan	sol/susp/powder	17%	32%	51%	16%
Antifungals						
Itraconazole	Sporanox	other	15%	46%	38%	36%
Caspofungin Acetate	Cancidas	sol/susp/powder	8%	36%	56%	17%
Amphotericin B	Abelcet	sol/susp/powder	11%	48%	40%	29%
Amphotericin B	Ambisome	sol/susp/powder	12%	38%	49%	21%
Amphotericin B	Amphocin	sol/susp/powder	34%	25%	39%	15%
Amphotericin B	Amphotec	sol/susp/powder	9%	42%	48%	26%
Amphotericin B	Amphotericin B	sol/susp/powder	68%	15%	16%	23%
Amphotericin B	Fungizone	sol/susp/powder	25%	20%	54%	22%
Dextrose (Anhydrous) And Fluconazole	Diflucan In Iso-Osmotic D	sol/susp/powder	10%	33%	56%	26%
Fluconazole And Sodium Chloride	Diflucan In Nacl	sol/susp/powder	10%	33%	56%	26%
Fluconazole And Sodium Chloride	Fluconazole In Nacl	sol/susp/powder	66%	19%	14%	24%
Voriconazole	Vfend Iv	sol/susp/powder	16%	56%	27%	45%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Antigout						
Colchicine	Colchicine	sol/susp/powder	57%	17%	25%	7%
Antimigraine						
Dihydroergotamine Mesylate	D.H.E. 45	sol/susp/powder	5%	34%	61%	12%
Dihydroergotamine Mesylate	Dihydroergotamine Mesylat	sol/susp/powder	68%	26%	5%	12%
Sumatriptan Succinate	Imitrex	sol/susp/powder	84%	12%	3%	9%
Sumatriptan Succinate	Imitrex Statdose	other	66%	13%	20%	15%
Sumatriptan Succinate	Imitrex Statdose Pen	other	81%	14%	3%	12%
Sumatriptan Succinate	Imitrex Statdose Refill	other	78%	14%	6%	13%
Propranolol Hydrochloride	Inderal	sol/susp/powder	11%	33%	56%	17%
Propranolol Hydrochloride	Propranolol Hcl	sol/susp/powder	71%	12%	15%	11%
Antimyasthenic						
Neostigmine Methylsulfate	Neostigmine Methylsulfate	sol/susp/powder	58%	14%	27%	10%
Antiparasitics						
Pentamidine Isethionate	Nebupent	sol/susp/powder	43%	15%	42%	51%
Trimetrexate Glucuronate	Neutrexin	sol/susp/powder	8%	35%	57%	17%
Antiparkinson						
Benzotropine Mesylate	Cogentin	sol/susp/powder	36%	29%	34%	12%
Antipsychotics						
Risperidone	Risperdal Consta	sol/susp/powder	38%	60%	0%	11%
Ziprasidone Mesylate	Geodon	sol/susp/powder	44%	53%	1%	21%
Fluphenazine Decanoate	Fluphenazine Decanoate	sol/susp/powder	85%	13%	0%	2%
Haloperidol Lactate	Haldol	sol/susp/powder	6%	33%	60%	2%
Haloperidol Lactate	Haloperidol Lactate	sol/susp/powder	84%	13%	1%	2%
Haloperidol Decanoate	Haldol Decanoate 50	sol/susp/powder	10%	34%	56%	2%
Haloperidol Decanoate	Haldol Decanoate-100	sol/susp/powder	11%	34%	54%	2%
Haloperidol Decanoate	Haldol Decanoate-50	sol/susp/powder	11%	34%	55%	2%
Haloperidol Decanoate	Haloperidol Decanoate	sol/susp/powder	84%	14%	0%	2%
Antivirals						
Cidofovir Dihydrate	Vistide	sol/susp/powder	12%	40%	47%	19%
Foscarnet Sodium	Foscarnet Sodium	sol/susp/powder	41%	24%	35%	30%
Foscarnet Sodium	Foscavir	sol/susp/powder	11%	37%	51%	31%
Ganciclovir Sodium	Cytovene	sol/susp/powder	21%	48%	30%	33%
Zidovudine	Retrovir Iv Infusion	sol/susp/powder	54%	44%	0%	0%
Blood products/modifiers						
Fondaparinux Sodium	Arixtra	sol/susp/powder	31%	67%	0%	22%
Dalteparin Sodium	Fragmin	injectible	27%	42%	30%	20%
Enoxaparin Sodium	Lovenox	sol/susp/powder	41%	56%	1%	14%
Tinzaparin Sodium	Innohep	sol/susp/powder	13%	48%	38%	18%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Heparin Sodium (Porcine)	Heparin Sodium	sol/susp/powder	85%	13%	0%	8%
Heparin Sodium (Porcine)	Heparin Sodium Dcu	sol/susp/powder	71%	15%	13%	8%
Dextrose (Anhydrous) And Heparin Sodium (Porcine)	Heparin Sodium/D5w	sol/susp/powder	60%	13%	26%	10%
Heparin Sodium (Porcine) And Sodium Chloride	Heparin Sodium/Nacl 0.45%	sol/susp/powder	48%	14%	37%	11%
Heparin Sodium (Porcine) And Sodium Chloride	Heparin Sodium/Nacl 0.9%	sol/susp/powder	61%	13%	25%	8%
Heparin Sodium (Porcine) And Sodium Chloride	Heparin Sodium/Sodium Chl	sol/susp/powder	53%	14%	33%	10%
Cardiovascular Agents						
Clonidine Hydrochloride	Duraclon	sol/susp/powder	7%	37%	56%	9%
Methyldopate Hydrochloride	Methyldopate Hcl	sol/susp/powder	39%	13%	47%	14%
Phenylephrine Hydrochloride	Neo-Synephrine	sol/susp/powder	5%	34%	61%	18%
Phenylephrine Hydrochloride	Phenylephrine Hcl	sol/susp/powder	39%	11%	49%	14%
Procainamide Hydrochloride	Procainamide Hcl	sol/susp/powder	64%	9%	25%	12%
Digoxin	Digoxin	sol/susp/powder	69%	13%	17%	10%
Digoxin	Lanoxin	sol/susp/powder	31%	26%	42%	16%
Acetazolamide Sodium	Acetazolamide Sodium	sol/susp/powder	34%	21%	45%	15%
Torsemide	Demadex	sol/susp/powder	16%	41%	42%	16%
Chlorothiazide Sodium	Diuril Iv	sol/susp/powder	6%	41%	53%	17%
Hydralazine Hydrochloride	Hydralazine Hcl	sol/susp/powder	75%	13%	11%	10%
Papaverine Hydrochloride	Papaverine Hcl	sol/susp/powder	52%	13%	34%	24%
Enzyme Replacements/Modifiers						
Agalsidase Beta	Fabrazyme	sol/susp/powder	9%	89%	0%	36%
Alglucerase	Ceredase	sol/susp/powder	6%	47%	46%	24%
Imiglucerase	Cerezyme	sol/susp/powder	14%	84%	0%	44%
Gastrointestinal						
Atropine Sulfate	Atropine Sulfate	sol/susp/powder	53%	17%	30%	22%
Dicyclomine Hydrochloride	Bentyl	sol/susp/powder	10%	31%	58%	10%
Dicyclomine Hydrochloride	Dicyclomine Hcl	sol/susp/powder	57%	23%	19%	11%
Hyoscyamine Sulfate	Levsin	sol/susp/powder	20%	37%	42%	15%
Ranitidine Hydrochloride	Ranitidine Hcl	sol/susp/powder	67%	14%	17%	7%
Ranitidine Hydrochloride	Zantac	sol/susp/powder	10%	29%	61%	10%
Ranitidine Hydrochloride And Sodium Chloride	Zantac	sol/susp/powder	14%	36%	49%	8%
Glucocorticoids						
Betamethasone	Celestone	sol/susp/powder	14%	38%	47%	1%
Budesonide	Pulmicort	sol/susp/powder	33%	37%	30%	57%
Hydrocortisone Sodium Succinate	Solu-Cortef	sol/susp/powder	31%	34%	35%	12%
Triamcinolone Hexacetonide	Aristospan Intra-Articula	sol/susp/powder	7%	49%	44%	14%
Triamcinolone Hexacetonide	Aristospan Intralesional	sol/susp/powder	7%	49%	44%	14%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
Injectible Immune Globulin						
Globulin, Immune	Baygam	Injectible	21%	29%	50%	95%
Globulin, Immune	Gamastan S/D	Injectible	19%	33%	47%	93%
Globulin, Immune	Immune Globulin	injectible	29%	34%	37%	82%
Pituitary Stimulant/Replacement Agents						
Gonadotropin, Chorionic	Chorionic Gonadotropin	sol/susp/powder	19%	4%	76%	28%
Gonadotropin, Chorionic	Novarel	sol/susp/powder	12%	5%	82%	39%
Gonadotropin, Chorionic	Pregnyl W/Diluent Benzyl	sol/susp/powder	12%	5%	83%	39%
Desmopressin Acetate	Ddavn	sol/susp/powder	7%	33%	59%	19%
Desmopressin Acetate	Desmopressin Acetate	sol/susp/powder	79%	11%	9%	12%
Oxytocin	Oxytocin	sol/susp/powder	44%	14%	41%	12%
Oxytocin	Pitocin	sol/susp/powder	17%	22%	60%	19%
Somatropin	Genotropin	sol/susp/powder	7%	64%	28%	93%
Somatropin	Genotropin Miniquick	sol/susp/powder	6%	62%	31%	93%
Somatropin	Humatrope Combo Pack	sol/susp/powder	4%	64%	31%	93%
Somatropin	Norditropin Cartridge	sol/susp/powder	11%	76%	12%	92%
Somatropin	Norditropin Nordiflex	sol/susp/powder	11%	77%	11%	90%
Somatropin	Nutropin	sol/susp/powder	6%	68%	25%	97%
Somatropin	Nutropin Aq	sol/susp/powder	5%	65%	29%	93%
Somatropin	Nutropin Aq Pen	sol/susp/powder	3%	63%	33%	95%
Somatropin	Zorbtive	sol/susp/powder	5%	53%	41%	92%
Somatropin (Serono)	Saizen	sol/susp/powder	10%	65%	24%	91%
Somatropin (Serono)	Serostim	sol/susp/powder	10%	49%	40%	89%
Sex Hormones						
Nandrolone Decanoate	Nandrolone Decanoate	topical	38%	12%	49%	42%
Testosterone Cypionate	Depo-Testosterone	topical	40%	38%	21%	47%
Testosterone Cypionate	Testosterone Cypionate	topical	79%	14%	5%	39%
Testosterone Enanthate	Testosterone Enanthate	topical	71%	15%	12%	32%
Estradiol Cypionate	Depo-Estradiol	topical	20%	32%	47%	10%
Estradiol Valerate	Delestrogen	topical	9%	46%	44%	9%
Estrogens, Conjugated	Premarin	sol/susp/powder	48%	25%	26%	5%
Estrone	Estro-5	sol/susp/powder	18%	26%	55%	17%
Medroxyprogesterone Acetate	Depo-Provera	sol/susp/powder	27%	30%	42%	10%
Pituitary Suppressants						
Clostridium Botulinum Toxin Type A	Botox	sol/susp/powder	4%	36%	60%	80%
Clostridium Botulinum Toxin Type B	Myobloc	sol/susp/powder	4%	47%	48%	62%

Generic name	Trade name	Form	Preferred tier	Non-preferred tier	Not covered	Of plans that cover, % requiring prior authorization
<i>Immune Stimulants</i>						
Alefacept	Amevive	sol/susp/powder	5%	49%	46%	74%
Interferon Alfa-2a	Roferon-A	other	14%	75%	10%	78%
Interferon Alfa-2b	Intron-A	other	13%	85%	1%	77%
Interferon Alfa-2b	Intron-A	sol/susp/powder	13%	81%	4%	80%
Interferon Alfa-2b	Intron-A W/Diluent	sol/susp/powder	13%	81%	4%	79%
Interferon Alfacon-1	Infergen	injectible	5%	69%	24%	82%
Interferon Beta-1a	Avonex	other	10%	86%	2%	66%
Interferon Beta-1b	Betaseron	sol/susp/powder	11%	87%	0%	64%
Interferon Gamma-1b	Actimmune	sol/susp/powder	11%	86%	2%	73%
Glatiramer Acetate	Copaxone	other	17%	81%	0%	63%
Omalizumab	Xolair	sol/susp/powder	3%	67%	29%	87%
Azathioprine Sodium	Azathioprine Sodium	sol/susp/powder	43%	20%	36%	51%
Gold Sodium Thiomalate	Gold Sodium Thiomalate	sol/susp/powder	50%	10%	40%	13%
Gold Sodium Thiomalate	Myochrysine	sol/susp/powder	23%	18%	58%	22%
Muromonab Cd3	Orthoclone Okt3	injectible	10%	34%	56%	58%
<i>Skeletal Muscle Relaxants</i>						
Methocarbamol	Robaxin	sol/susp/powder	17%	42%	41%	15%
Orphenadrine Citrate	Norflex	sol/susp/powder	6%	38%	55%	18%
Orphenadrine Citrate	Orphenadrine Citrate	sol/susp/powder	39%	28%	33%	24%

Appendix D. Coverage of IV Immune Globulin

Because of changes in HCPCS codes for IV immune globulin, it was not included in our overall analysis. In this appendix we provide data on coverage of IV immune globulin products included in the CMS Formulary Reference File.

In general, Part D coverage of IV immune globulin is much more restrictive than coverage of the other drugs in this study. These products are covered, on average, by about half of Part D plans, lower than the 69% average coverage for the drugs in our study. Coverage varies slightly by brand and by dosage, ranging from 47% of plans to 57% of plans.

Plans that do cover IV immune globulin are very likely to place the drug on a specialty tier, and rarely are on a preferred tier. Other drugs in this study are four times more likely to be on a preferred tier.

Almost all plans require prior authorization when they do cover an IV immune globulin product. By contrast, other drugs in this study have a prior authorization requirement only about a quarter of the time.

Trade Name	Unit	Preferred tier	Non-preferred brand tier	Specialty Tier	Not covered	Of plans that cover, % requiring prior authorization
Carimune	12 GM	8%	1%	40%	50%	97%
Carimune Nanofiltered	1 GM	8%	1%	45%	46%	97%
Carimune Nanofiltered	3 GM	9%	2%	45%	44%	97%
Carimune Nanofiltered	6 GM	9%	2%	45%	44%	96%
Carimune Nanofiltered	12 GM	8%	2%	40%	49%	95%
Gammagard Liquid	10 %	8%	1%	44%	46%	96%
Gammagard Liquid	2.5 GM/25ML	7%	1%	44%	48%	97%
Gammagard Liquid	5 GM/50ML	7%	1%	44%	48%	97%
Gammagard Liquid	10 GM/100ML	7%	1%	44%	48%	97%
Gammagard Liquid	20 GM/200ML	10%	1%	44%	45%	92%
Gammagard S/D	0.5 GM	6%	2%	45%	47%	96%
Gammagard S/D	2.5 GM	8%	1%	45%	46%	97%
Gammagard S/D	5 GM	9%	1%	45%	45%	95%
Gammagard S/D	10 GM	10%	1%	45%	44%	93%
Gammar-P I.V.	5 GM	14%	1%	37%	47%	97%
Gammar-P I.V.	10 GM	15%	1%	38%	46%	97%
Gamunex	10 %	5%	2%	40%	51%	95%
Iveegam EN	5 GM	18%	1%	38%	43%	92%
Octagam	1 GM/20ML	10%	1%	36%	51%	96%
Octagam	2.5 GM/50ML	10%	1%	36%	53%	97%
Octagam	5 GM/100ML	7%	1%	39%	52%	98%
Octagam	10 GM/200ML	7%	1%	40%	51%	97%
Panglobulin NF	6 GM	14%	1%	33%	51%	97%
Panglobulin NF	12 GM	14%	1%	33%	51%	97%
Polygam S/D	5 GM	9%	5%	37%	47%	94%
Polygam S/D	10 GM	10%	5%	37%	47%	93%
Average, IV Immune Globulin		9%	1%	41%	48%	96%
Average, 460 Studied Drug Products		36%	12%	19%	31%	26%

Appendix E. Cost Data for Selected Drugs That May Be Covered By Part B or Part D

This appendix provides detail for each of the 50 drugs for which we collected price data for the measures we include in the report: the difference between Part D and Part B costs, absolute and relative beneficiary costs, and government costs.

Part B costs are based on ASP+6% in January 2007. Part D negotiated prices are the median negotiated price for the 47 PDPs that offer plans nationally or almost nationally. Beneficiary costs in Part D are calculated based on a plan with a \$265 deductible and cost sharing in the initial coverage period equal to the median cost sharing in the 47 plans.

Table E1. Total Annual Costs, Sorted by the Ratio of Part D Price to Part B Price

HCPCS label	Brand Name	form	annual costs		
			Part B (ASP+6%)	Part D (negotiated price)	Ratio of D to B
Trimethobenzamide	(generic)	inj	\$387	\$53	0.14
Dexamethasone	(generic)	oral	\$296	\$77	0.26
Prednisone	(generic)	oral	\$69	\$33	0.47
Sirolimus	Rapamune	oral	\$5,201	\$2,808	0.54
Daclizumab	Zenapax	inf	\$4,719	\$3,934	0.83
Abarelix	Plenaxis	inj	\$8,234	\$8,278	1.01
Ondansetron	Zofran	oral	\$1,768	\$1,796	1.02
Aprepitant+Dexamethasone+Ondansetron		oral	\$8,952	\$9,171	1.02
Etanercept	Enbrel	inj	\$15,589	\$16,068	1.03
Tacrolimus	Prograf	inj	\$57,277	\$59,249	1.03
Aprepitant	Emend	oral	\$6,888	\$7,191	1.04
Gentamicin	Garamycin		\$386	\$403	1.05
Adalimumab	Humira	inj	\$15,277	\$16,068	1.05
Zoledronic acid	Zometa	inf	\$9,840	\$10,477	1.06
Dronabinol	Marinol	oral	\$1,809	\$1,935	1.07
Ondansetron	Zofran	oral	\$1,768	\$1,902	1.08
Tacrolimus	Prograf	oral	\$7,179	\$7,843	1.09
Infliximab	Remicade	inf	\$12,895	\$14,279	1.11
Cyclosporine	(generic)	inf	\$22,286	\$24,965	1.12
Lymphocyte immune globulin	Atgam	inj	\$30,129	\$33,904	1.13
Prednisolone	Oprapred	oral	\$64	\$72	1.13
Mycophenolate mofetil	Cellcept	oral	\$7,335	\$8,340	1.14
Calcitonin salmon	Miacalcin	inj	\$3,916	\$4,490	1.15
Dronabinol	Marinol	oral	\$1,673	\$2,025	1.21
Leuprolide acetate	Lupron Depot	inj	\$5,183	\$6,361	1.23
Antithymocyte globulin rabbit	Thymoglobulin	inj	\$10,594	\$13,262	1.25
Granisetron	Kytril	oral	\$2,120	\$2,696	1.27
Dolasetron mesylate	Anzemet	oral	\$1,169	\$1,579	1.35
Cyclosporine	(generic)	oral	\$9,561	\$13,985	1.46
Magnesium sulfate	(generic)		\$106	\$174	1.65
Methotrexate sodium	(generic)	inj	\$30	\$51	1.73
Promethazine	Phenergan	inj	\$44	\$84	1.90
Goserelin acetate	Zoladex	implant	\$2,405	\$4,817	2.00
Azathioprine	(generic)	oral	\$444	\$916	2.06
Palonosetron	Aloxi	inj	\$419	\$1,000	2.39
Metoclopramide	Reglan	inj	\$476	\$1,247	2.62
Cromolyn sodium	Nasalcrom	neb	\$149	\$401	2.69
Leuprolide acetate	Lupron Depot	inj	\$2,765	\$7,648	2.77
Leuprolide acetate	Viadur	implant	\$1,717	\$4,833	2.81
Pamidronate disodium	(generic)	inf	\$1,222	\$3,450	2.82
Triptorelin pamoate	Trelstar Depot	inj	\$2,138	\$6,184	2.89
Prochlorperazine edisylate	(generic)	inj	\$196	\$604	3.08
Leuprolide acetate	(generic)	inj	\$2,428	\$7,792	3.21
Methylprednisolone	Medrol	oral	\$26	\$90	3.49
Fluphenazine decanoate	Prolixin	inj	\$18	\$69	3.85
Metaproterenol	(generic)	neb	\$257	\$1,140	4.43
Methotrexate	(generic)	oral	\$31	\$234	7.45
Prochlorperazine maleate	(generic)	oral	\$2	\$39	18.17
Prochlorperazine maleate	(generic)	oral	\$3	\$55	19.91
Diphenhydramine	(generic)	oral	\$1	\$24	30.00

Table E2. Beneficiary Cost Sharing as a Share of Total Part D Costs

If Drug is Only Drug Beneficiary Uses in Part D

HCPCS label	Brand Name	form	annual costs		
			Part D Total	Part D Beneficiary Cost	% Paid by Beneficiary
Tacrolimus	Prograf	inj	\$59,249	\$6,566	11%
Lymphocyte immune globulin	Atgam	inj	\$33,904	\$5,670	17%
Cyclosporine	(generic)	inf	\$24,965	\$4,800	19%
Metoclopramide	Reglan	inj	\$1,247	\$325	26%
Adalimumab	Humira	inj	\$16,068	\$4,391	27%
Etanercept	Enbrel	inj	\$16,068	\$4,391	27%
Metaproterenol	(generic)	neb	\$1,140	\$315	28%
Infliximab	Remicade	inf	\$14,279	\$4,295	30%
Cyclosporine	(generic)	oral	\$13,985	\$4,251	30%
Ondansetron	Zofran	oral	\$1,902	\$595	31%
Antithymocyte globulin rabbit	Thymoglobulin	inj	\$13,262	\$4,380	33%
Ondansetron	Zofran	oral	\$1,796	\$595	33%
Azathioprine	(generic)	oral	\$916	\$310	34%
Dronabinol	Marinol	oral	\$2,025	\$730	36%
Dronabinol	Marinol	oral	\$1,935	\$709	37%
Zoledronic acid	Zometa	inf	\$10,477	\$4,117	39%
Granisetron	Kytril	oral	\$2,696	\$1,122	42%
Aprepitant+Dexamethasone +Ondansetron		oral	\$9,171	\$4,024	44%
Sirolimus	Rapamune	oral	\$2,808	\$1,235	44%
Dolasetron mesylate	Anzemet	oral	\$1,579	\$714	45%
Mycophenolate mofetil	Cellcept	oral	\$8,340	\$3,975	48%
Abarelix	Plenaxis	inj	\$8,278	\$4,010	48%
Tacrolimus	Prograf	oral	\$7,843	\$3,955	50%
Prochlorperazine edisylate	(generic)	inj	\$604	\$306	51%
Leuprolide acetate	(generic)	inj	\$7,792	\$3,955	51%
Leuprolide acetate	Lupron Depot	inj	\$7,648	\$3,966	52%
Palonosetron	Aloxi	inj	\$1,000	\$533	53%
Aprepitant	Emend	oral	\$7,191	\$3,918	54%
Pamidronate disodium	(generic)	inf	\$3,450	\$1,913	55%
Leuprolide acetate	Lupron Depot	inj	\$6,361	\$3,907	61%
Daclizumab	Zenapax	inf	\$3,934	\$2,455	62%
Triptorelin pamoate	Trelstar Depot	inj	\$6,184	\$3,907	63%
Calcitonin salmon	Miacalcin	inj	\$4,490	\$2,838	63%
Methotrexate	(generic)	oral	\$234	\$162	69%
Goserelin acetate	Zoladex	implant	\$4,817	\$3,405	71%
Cromolyn sodium	Nasal crom	neb	\$401	\$287	72%
Gentamicin	Garamycin		\$403	\$293	73%
Leuprolide acetate	Viadur	implant	\$4,833	\$3,853	80%
Prochlorperazine maleate	(generic)	oral	\$55	\$55	100%
Prochlorperazine maleate	(generic)	oral	\$39	\$39	100%
Promethazine	Phenergan	inj	\$84	\$84	100%
Trimethobenzamide	(generic)	inj	\$53	\$53	100%
Dexamethasone	(generic)	oral	\$77	\$77	100%
Diphenhydramine	(generic)	oral	\$24	\$24	100%
Prednisone	(generic)	oral	\$33	\$33	100%
Methotrexate sodium	(generic)	inj	\$51	\$51	100%
Fluphenazine decanoate	Prolixin	inj	\$69	\$69	100%
Methylprednisolone	Medrol	oral	\$90	\$90	100%
Prednisolone	Oprapred	oral	\$72	\$72	100%
Magnesium sulfate	(generic)		\$174	\$174	100%

Table E3. Difference Between Annual Beneficiary Costs in Part B and Part D

If Drug is Only Drug Beneficiary Uses in Part D

HCPCS label	Brand Name	form	Annual Total Costs		Annual Beneficiary Costs		Annual beneficiary cost difference
			Part B	Part D	Part B	Part D	
Tacrolimus	Prograf	inj	\$57,277	\$59,249	\$11,455	\$6,566	-\$4,890
Lymphocyte immune globulin	Atgam	inj	\$30,129	\$33,904	\$6,026	\$5,670	-\$356
Trimethobenzamide	(generic)	inj	\$387	\$53	\$77	\$53	-\$25
Dexamethasone	(generic)	oral	\$296	\$77	\$59	\$77	\$18
Prednisone	(generic)	oral	\$69	\$33	\$14	\$33	\$19
Diphenhydramine	(generic)	oral	\$1	\$24	\$0	\$24	\$24
Prochlorperazine maleate	(generic)	oral	\$2	\$39	\$0	\$39	\$39
Methotrexate sodium	(generic)	inj	\$30	\$51	\$6	\$51	\$45
Prochlorperazine maleate	(generic)	oral	\$3	\$55	\$1	\$55	\$55
Prednisolone	Oprapred	oral	\$64	\$72	\$13	\$72	\$60
Fluphenazine decanoate	Prolixin	inj	\$18	\$69	\$4	\$69	\$65
Promethazine	Phenergan	inj	\$44	\$84	\$9	\$84	\$76
Methylprednisolone	Medrol	oral	\$26	\$90	\$5	\$90	\$85
Magnesium sulfate	(generic)		\$106	\$174	\$21	\$174	\$153
Methotrexate	(generic)	oral	\$31	\$234	\$6	\$162	\$155
Sirolimus	Rapamune	oral	\$5,201	\$2,808	\$1,040	\$1,235	\$195
Gentamicin	Garamycin		\$386	\$403	\$77	\$293	\$216
Azathioprine	(generic)	oral	\$444	\$916	\$89	\$310	\$221
Metoclopramide	Reglan	inj	\$476	\$1,247	\$95	\$325	\$230
Ondansetron	Zofran	oral	\$1,768	\$1,902	\$354	\$595	\$241
Ondansetron	Zofran	oral	\$1,768	\$1,796	\$354	\$595	\$241
Cromolyn sodium	Nasalcrom	neb	\$149	\$401	\$30	\$287	\$257
Metaproterenol	(generic)	neb	\$257	\$1,140	\$51	\$315	\$264
Prochlorperazine edisylate	(generic)	inj	\$196	\$604	\$39	\$306	\$267
Cyclosporine	(generic)	inf	\$22,286	\$24,965	\$4,457	\$4,800	\$342
Dronabinol	Marinol	oral	\$1,809	\$1,935	\$362	\$709	\$347
Dronabinol	Marinol	oral	\$1,673	\$2,025	\$335	\$730	\$395
Palonosetron	Aloxi	inj	\$419	\$1,000	\$84	\$533	\$449
Dolasetron mesylate	Anzemet	oral	\$1,169	\$1,579	\$234	\$714	\$480
Granisetron	Kytril	oral	\$2,120	\$2,696	\$424	\$1,122	\$698
Etanercept	Enbrel	inj	\$15,589	\$16,068	\$3,118	\$4,391	\$1,273
Adalimumab	Humira	inj	\$15,277	\$16,068	\$3,055	\$4,391	\$1,335
Daclizumab	Zenapax	inf	\$4,719	\$3,934	\$944	\$2,455	\$1,511
Pamidronate disodium	(generic)	inf	\$1,222	\$3,450	\$244	\$1,913	\$1,668
Infliximab	Remicade	inf	\$12,895	\$14,279	\$2,579	\$4,295	\$1,716
Calcitonin salmon	Miacalcin	inj	\$3,916	\$4,490	\$783	\$2,838	\$2,055
Zoledronic acid	Zometa	inf	\$9,840	\$10,477	\$1,968	\$4,117	\$2,149
Aprepitant+Dexamethasone +Ondansetron		oral	\$8,952	\$9,171	\$1,790	\$4,024	\$2,233
Antithymocyte globulin rabbit	Thymoglobulin	inj	\$10,594	\$13,262	\$2,119	\$4,380	\$2,261
Cyclosporine	(generic)	oral	\$9,561	\$13,985	\$1,912	\$4,251	\$2,339
Abarelix	Plenaxis	inj	\$8,234	\$8,278	\$1,647	\$4,010	\$2,363
Goserelin acetate	Zoladex	implant	\$2,405	\$4,817	\$1,032*	\$3,405	\$2,373
Mycophenolate mofetil	Cellcept	oral	\$7,335	\$8,340	\$1,467	\$3,975	\$2,508
Tacrolimus	Prograf	oral	\$7,179	\$7,843	\$1,436	\$3,955	\$2,519
Aprepitant	Emend	oral	\$6,888	\$7,191	\$1,378	\$3,918	\$2,540
Leuprolide acetate	Lupron Depot	inj	\$2,765	\$7,648	\$1,391*	\$3,966	\$2,575
Leuprolide acetate	Lupron Depot	inj	\$5,183	\$6,361	\$1,037	\$3,907	\$2,870
Triptorelin pamoate	Trelstar Depot	inj	\$2,138	\$6,184	\$764*	\$3,907	\$3,163
Leuprolide acetate	(generic)	inj	\$2,428	\$7,792	\$486	\$3,955	\$3,470
Leuprolide acetate	Viadur	implant	\$1,717	\$4,833	\$343*	\$3,853	\$3,509

* Includes the effect of the Least Costly Alternative policy

Table E4. Difference Between Annual Government Costs in Part B and Plan Costs in Part D
If Drug is Only Drug Beneficiary Uses in Part D

HCPCS label	Brand Name	form	annual costs					Beneficiary Share, Part D	\$ diff, plan - Medicare
			Part B Total	Part D Total	Part B Medicare	Part D Plan			
Sirolimus	Rapamune	oral	\$5,201	\$2,808	\$4,161	\$1,573	44%	-\$2,588	
Abarelix	Plenaxis	inj	\$8,234	\$8,278	\$6,588	\$4,268	48%	-\$2,320	
Daclizumab	Zenapax	inf	\$4,719	\$3,934	\$3,775	\$1,479	62%	-\$2,296	
Aprepitant	Emend	oral	\$6,888	\$7,191	\$5,510	\$3,273	54%	-\$2,237	
Aprepitant+Dexamethasone +Ondansetron		oral	\$8,952	\$9,171	\$7,161	\$5,147	44%	-\$2,014	
Tacrolimus	Prograf	oral	\$7,179	\$7,843	\$5,743	\$3,888	50%	-\$1,855	
Leuprolide acetate	Lupron Depot	inj	\$5,183	\$6,361	\$4,147	\$2,455	61%	-\$1,692	
Zoledronic acid	Zometa	inf	\$9,840	\$10,477	\$7,872	\$6,360	39%	-\$1,512	
Mycophenolate mofetil	Celcept	oral	\$7,335	\$8,340	\$5,868	\$4,365	48%	-\$1,503	
Calcitonin salmon	Miacalcin	inj	\$3,916	\$4,490	\$3,133	\$1,651	63%	-\$1,481	
Etanercept	Enbrel	inj	\$15,589	\$16,068	\$12,471	\$11,677	27%	-\$795	
Adalimumab	Humira	inj	\$15,277	\$16,068	\$12,222	\$11,677	27%	-\$545	
Leuprolide acetate	Viadur	implant	\$1,717	\$4,833	\$1,374*	\$980	80%	-\$393	
Infliximab	Remicade	inf	\$12,895	\$14,279	\$10,316	\$9,983	30%	-\$333	
Trimethobenzamide	(generic)	inj	\$387	\$53	\$309	\$0	100%	-\$309	
Dexamethasone	(generic)	oral	\$296	\$77	\$237	\$0	100%	-\$237	
Dronabinol	Marinol	oral	\$1,809	\$1,935	\$1,447	\$1,226	37%	-\$222	
Ondansetron	Zofran	oral	\$1,768	\$1,796	\$1,414	\$1,201	33%	-\$213	
Gentamicin	Garamycin		\$386	\$403	\$309	\$110	73%	-\$198	
Granisetron	Kytril	oral	\$2,120	\$2,696	\$1,696	\$1,574	42%	-\$122	
Ondansetron	Zofran	oral	\$1,768	\$1,902	\$1,414	\$1,307	31%	-\$107	
Magnesium sulfate	(generic)		\$106	\$174	\$85	\$0	100%	-\$85	
Dolasetron mesylate	Anzemet	oral	\$1,169	\$1,579	\$935	\$865	45%	-\$70	
Prednisone	(generic)	oral	\$69	\$33	\$55	\$0	100%	-\$55	
Prednisolone	Oprapred	oral	\$64	\$72	\$51	\$0	100%	-\$51	
Dronabinol	Marinol	oral	\$1,673	\$2,025	\$1,338	\$1,296	36%	-\$42	
Promethazine	Phenergan	inj	\$44	\$84	\$36	\$0	100%	-\$36	
Methotrexate sodium	(generic)	inj	\$30	\$51	\$24	\$0	100%	-\$24	
Methylprednisolone	Medrol	oral	\$26	\$90	\$21	\$0	100%	-\$21	
Fluphenazine decanoate	Prolixin	inj	\$18	\$69	\$14	\$0	100%	-\$14	
Cromolyn sodium	Nasal crom	neb	\$149	\$401	\$119	\$114	72%	-\$6	
Prochlorperazine maleate	(generic)	oral	\$3	\$55	\$2	\$0	100%	-\$2	
Prochlorperazine maleate	(generic)	oral	\$2	\$39	\$2	\$0	100%	-\$2	
Diphenhydramine	(generic)	oral	\$1	\$24	\$1	\$0	100%	-\$1	
Goserelin acetate	Zoladex	implant	\$2,405	\$4,817	\$1,374*	\$1,412	71%	\$39	
Methotrexate	(generic)	oral	\$31	\$234	\$25	\$73	69%	\$47	
Palonosetron	Aloxi	inj	\$419	\$1,000	\$335	\$467	53%	\$132	
Prochlorperazine edisylate	(generic)	inj	\$196	\$604	\$157	\$298	51%	\$141	
Azathioprine	(generic)	oral	\$444	\$916	\$355	\$606	34%	\$251	
Antithymocyte globulin rabbit	Thymoglobulin	inj	\$10,594	\$13,262	\$8,475	\$8,882	33%	\$407	
Metoclopramide	Reglan	inj	\$476	\$1,247	\$381	\$922	26%	\$541	
Pamidronate disodium	(generic)	inf	\$1,222	\$3,450	\$978	\$1,537	55%	\$559	
Metaproterenol	(generic)	neb	\$257	\$1,140	\$206	\$825	28%	\$619	
Triptorelin pamoate	Trelstar Depot	inj	\$2,138	\$6,184	\$1,374*	\$2,277	63%	\$903	
Leuprolide acetate	(generic)	inj	\$2,428	\$7,792	\$1,942	\$3,837	51%	\$1,895	
Cyclosporine	(generic)	oral	\$9,561	\$13,985	\$7,649	\$9,734	30%	\$2,085	
Leuprolide acetate	Lupron Depot	inj	\$2,765	\$7,648	\$1,374*	\$3,682	52%	\$2,308	
Cyclosporine	(generic)	inf	\$22,286	\$24,965	\$17,829	\$20,166	19%	\$2,337	
Lymphocyte immune globulin	Atgam	inj	\$30,129	\$33,904	\$24,103	\$28,234	17%	\$4,131	
Tacrolimus	Prograf	inj	\$57,277	\$59,249	\$45,822	\$52,683	11%	\$6,861	

* Includes the effect of the Least Costly Alternative policy

Appendix F. Methodology

Key Informant Interviews

In this project, we conducted interviews in early 2007 with individuals at health plans, pharmacies, and trade organizations to discuss the issues they have encountered in dispensing and adjudicating claims for drugs that could be covered either by Part B or by Part D.

Type of Stakeholder	Number of Interviews
Health plan	4
Pharmacies	5
Pharmacists	2
Beneficiary advocates	1
Total interviews	12

Formulary Coverage

We used plan formulary files provided by CMS to determine coverage, tier status, and whether there is a prior authorization requirement. To select a list of drugs for study, we compared two lists: the drugs that had Part B claims in 2004, and the list of drugs for which Part D plans must report coverage status (the 2007 Reference File).

We selected a list of 276 chemical entities that are on both of these lists. For these chemical entities, there are 460 different products with different trade names (e.g., Claritin, loratadine). We have included the full drug product list in our analysis because plans tend to differentiate along the characteristics of trade name when setting coverage, tier status, and prior authorization requirements. To analyze whether at least one version of each chemical entity is covered, we have also subset the list to chemical entities.

Because many plans have a policy of not covering a brand name version of a drug when the generic is available, when considering coverage of chemical entities, we looked at the most commonly covered trade name for the product (usually the generic version of a drug). Our list of chemical entities includes 120 generics and 156 brand name drugs. Our list of drug products includes an additional 35 generic versions of those chemical entities (typically branded generics) and an additional 147 brand name versions.

In this analysis, we do not consider different strengths of the same drug to be different products, except where that distinction is included in the trade name of the drug.

Plans submitted tiering information in a non-standardized format, so that tier numbers in the formulary files can have completely different meanings. For example:

Tier Listed in Formulary File	Plan A's Meaning	Plan B's Meaning	Plan C's Meaning
1	25% Coinsurance	Preferred Generics	Generics
2	25% Coinsurance	Non-Preferred Generics	Brands
3	25% Coinsurance	Preferred Brands	Specialty Drugs
4		Non-Preferred Brands	
5		Injectible Drugs	
6		Specialty Drugs	

As much as possible, we have standardized tier information. First, we have consolidated tiers that are consecutive in the tier listing and have the same cost sharing. For example, some plans in the formulary files list a preferred generic tier and a non-preferred generic tier (like Plan B in the example above). However, most do not assign different cost sharing to the two tiers. In our standardization, we treat both as the same generic tier when they have the same cost sharing.

Similarly, some plans label separate tiers for injectible and specialty drugs. If these tiers have the same cost sharing, we treat them as the same specialty tier. We have not been able to determine whether plans intend all of the restrictions of a specialty tier (e.g., lack of appeals rights over tier placement) to apply to their tiers labeled as “injectibles.”

Based on whether plans appear to have a standard, two-tier, or three-tier structure, we have assigned the following names to tiers:

Standard Benefit	Two Tier Plans	Three Tier Plans
25% Coinsurance Tier (C25)	Generic (G)	Generic (G)
	Brand (B)	Preferred Brand (PB)
	Specialty, if used (S)	Non-preferred Brand (NPB)
		Specialty, if used (S)

A few plans with very unusual tier structures do not fit into this format, and we have labeled all of their tiers as “other.”

Price Comparisons

We selected a range of HCPCS codes that represent drugs for which ASP+6% has been determined in Part B, focusing on particular therapeutic classes of interest as well as drugs that would represent a wide range of prices. Each HCPCS code is associated with a particular form and strength of a drug. Using a crosswalk, we determined the NDC codes associated with each HCPCS code and then searched for the NDC codes in the Part D Formulary Reference File to determine which drugs plans are required to report coverage status under Part D.

For each drug, we used publicly available resources to determine a recommended monthly dose. For dosing guidelines that use weight, we used a weight of 75 kg. For dosing guidelines that use height, we used a height of 167 cm. For anti-emetics, we assumed a chemotherapy schedule of two times per month. We then rounded some doses to the nearest available unit of the drug, because the Medicare Plan Finder requires the use of whole numbers.

For most drugs, we were able to find an exact match by strength between the unit given for the HCPCS code and one of the dosages available on the Medicare Plan Finder. When this was not possible, we used the same total dosage per month but a different strength pill or a different size vial.

For most drugs in our dataset, we calculated Part B cost sharing at 20% of ASP+6%, using CMS' January 2007 ASP calculations. However, we identified four of the HCPCS codes in our dataset as being frequently subject to the Least Costly Alternative policy⁸:

HCPCS	Generic Name	Trade Name	Form	Unit
J9217	Leuprolide acetate	Lupron Depot	injection	7.5 MG
J9219	Leuprolide acetate	Viadur	implant	65 MG
J9202	Goserelin acetate	Zoladex	implant	3.6 MG
J3315	Triptorelin pamoate	Trelstar Depot	injection	3.75 MG

For these four drugs, we applied the policy, calculating cost sharing as 20% of the least costly alternative (Viadur) plus the difference in cost between the drug and the least costly alternative.

For Part D cost sharing, we collected price data from the Medicare Plan Finder for the 47 PDPs that are available in at least 30 regions. For each drug, we then calculated the median negotiated price and the median beneficiary cost sharing during the initial coverage period.

Using these typical amounts, we calculated beneficiary cost sharing based on a standardized version of the Part D benefit. We assumed the following:

- a \$265 deductible
- cost sharing in the initial coverage period equal to the median plan's cost sharing
- a coverage limit for all drugs starting at \$2400 in total spending (calculated from the median plan's negotiated price)
- a catastrophic cap starting at \$3850 in beneficiary spending
- beneficiary spending in the catastrophic benefit equal to the greater of \$5.35 or 5% of the median negotiated price of the drug

For simplicity, we considered each drug individually, as though a beneficiary has no other Part D spending.

⁸ American Urological Association. "Drugs Covered in State LCA Policy." Available at <http://www.auanet.org/coding/reimburse/lcadrugs.pdf>; accessed July 20, 2007.