

FACT SHEET

PART D RECONSIDERATION APPEALS DATA - 2016

Part D Appeals Process

An appeal is the process by which an individual enrolled in a Medicare prescription drug plan (enrollee) may challenge a plan's coverage determination. Appeals begin with a request by an enrollee (or his or her representative) for a redetermination by the plan. If the enrollee is dissatisfied with the plan's redetermination, the enrollee may request a reconsideration by the Part D Independent Review Entity (also called the Part D Qualified Independent Contractor or "Part D QIC"). An enrollee who is dissatisfied with the Independent Review Entity's decision may appeal to an Administrative Law Judge, if their appeal meets the Amount in Controversy threshold. If the enrollee continues to be dissatisfied with the decision, additional appeal levels include the Medicare Appeals Council and federal judicial review.

The following data summarizes and highlights some of the key data on reconsiderations during the 11th year of the Medicare prescription drug benefit program, January 1, 2016 – December 31, 2016.

Reconsideration Volume

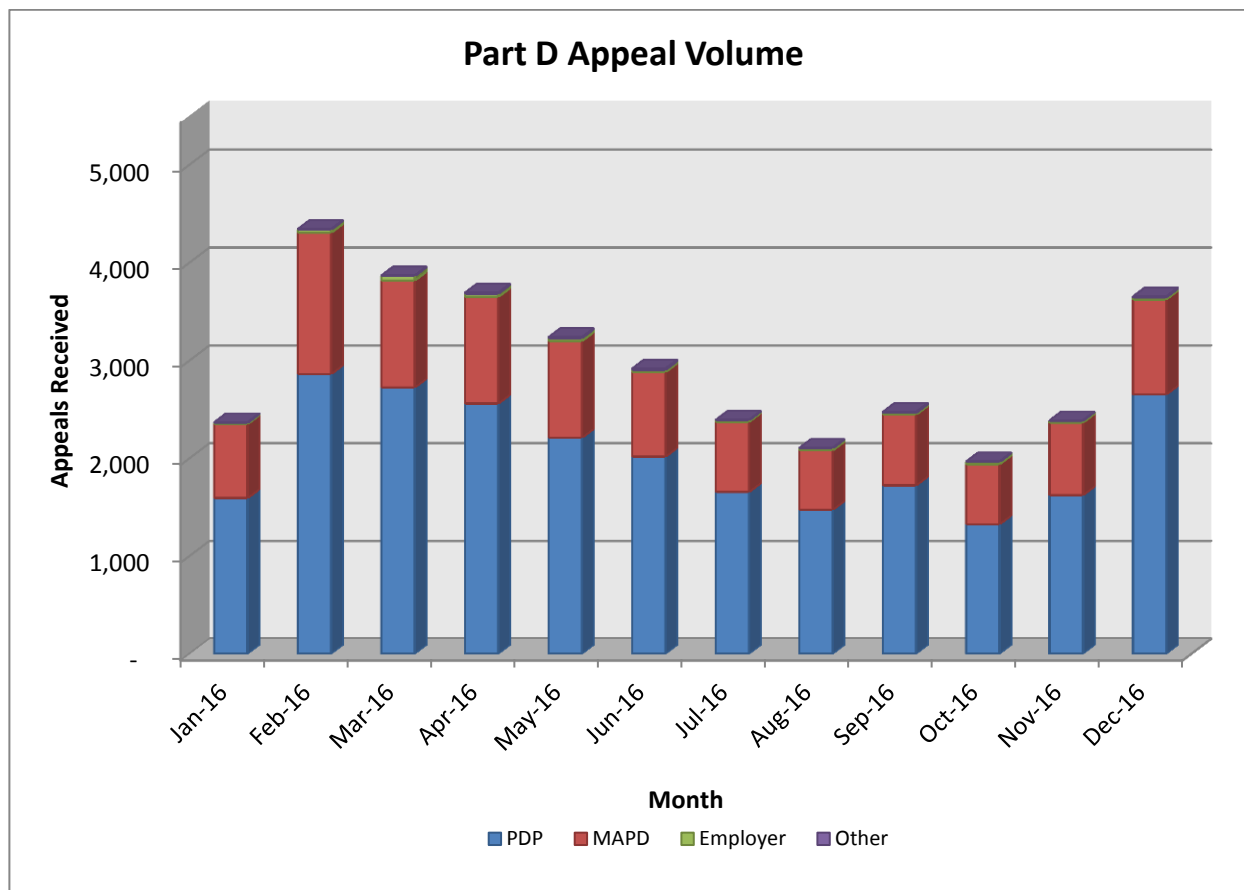
The Part D QIC received 35,414 reconsideration requests during calendar year 2016. This represents a rate of 0.86 reconsiderations for each 1,000 Medicare beneficiaries enrolled.¹ It also reflects a 6.0% increase in the aggregate number of appeals received in 2015.

Standard cases represented 66% of all appeals received and resulted in a rate of 0.57 standard cases for each 1,000 beneficiaries enrolled.

Expedited cases represented 34% of all appeals received and resulted in a rate of 0.29 expedited cases for each 1,000 beneficiaries enrolled.

¹ Annual volume, divided by mid-year enrollment (times 1,000) is used to calculate the annual rate of appeals per 1,000 enrollees.

Number of Appeals Received by the Part D QIC by Month²:



Part D Appeal Volume by Contract Type

Month	PDP	MAPD	Employer	Other	Total
Jan-16	1,595	757	10	7	2,369
Feb-16	2,864	1,443	32	4	4,343
Mar-16	2,727	1,092	46	4	3,869
Apr-16	2,563	1,089	33	8	3,693
May-16	2,213	988	31	7	3,239
Jun-16	2,019	865	22	12	2,918
Jul-16	1,658	717	15	3	2,393
Aug-16	1,475	608	22	1	2,106
Sep-16	1,725	724	16	10	2,475
Oct-16	1,327	614	24	3	1,968
Nov-16	1,624	743	17	4	2,388
Dec-16	2,654	971	21	7	3,654
Summary	24,444	10,611	289	70	35,414

² Chart cannot show Employer or Other volumes due to limited volumes

Types of Appeals and Rates of Reversal of Plan Denials³

Appeal Type	Cases	Substantive Cases ¹	% of Cases	Reversals	% Reversed	% of all Reversals
Cost Sharing	594	535	90.1%	206	38.50%	34.68%
Not covered under Part D	19,147	14,374	75.1%	1,025	7.13%	5.35%
Not a Med Accepted Indication	16,370	12,295	75.1%	870	7.08%	5.31%
Statutory Exclusion	2,777	2,079	74.9%	155	7.46%	5.58%
Out of Network	562	536	95.4%	279	52.05%	49.64%
Plan Cost Utilization Tool Disputed	7,052	6,734	95.5%	2,286	33.95%	32.42%
Request for Tiering Exception	2,579	2,462	95.5%	203	8.08%	7.87%
Request for Drug not on Formulary	5,480	5,249	95.8%	1,353	25.78%	24.69%
Summary	35,414	29,890	84.4%	5,352	17.91%	15.11%

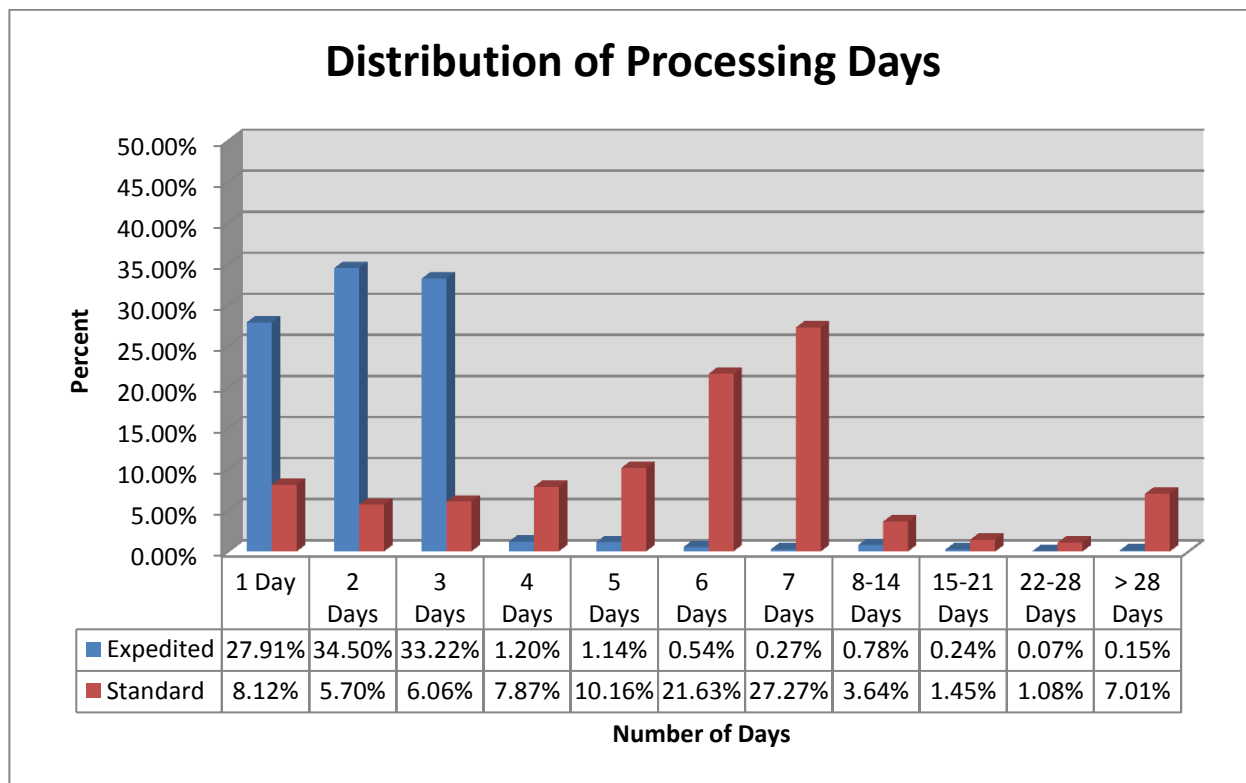
¹ Substantive Cases includes Upheld, Reversed, and Partially Reversed decisions, only. Dismissals and Withdrawals are not included in Substantive Cases count

Overall Reversal Rate

Excluding cases that were dismissed, withdrawn, or remanded (the Part D QIC did not have jurisdiction to make a substantive decision on the case) and cases involving non-Part D drugs, the Part D QIC reversed plan decisions in 29.81% of cases. Inclusion of the non-Part D drugs reduces the overall reversal rate to 17.91%.

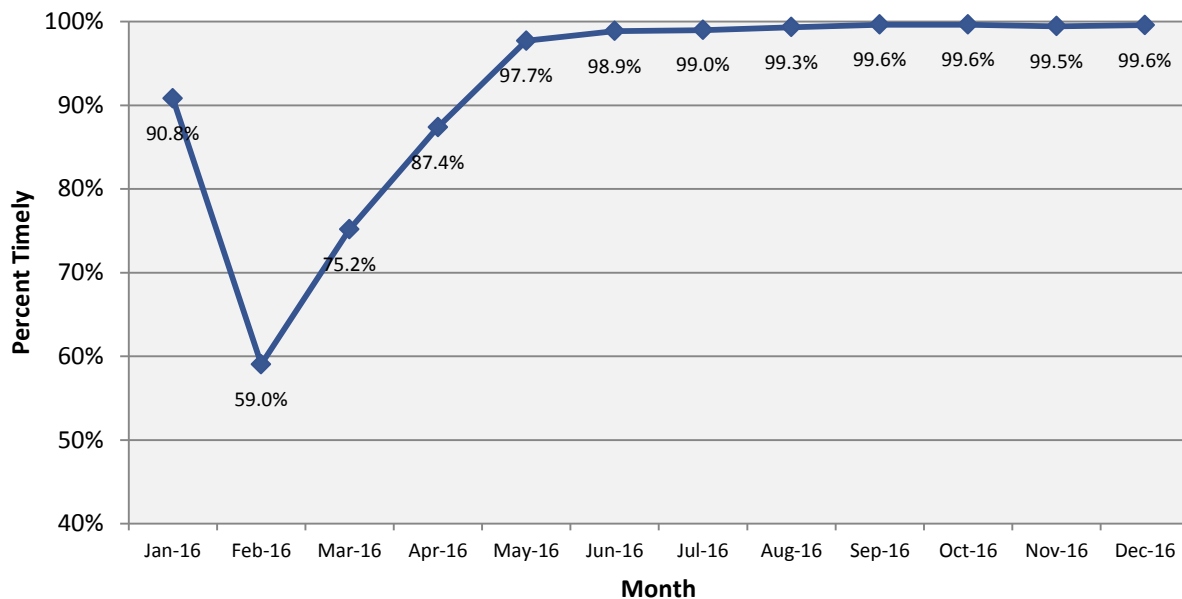
³ Calculation of the reversal rate by appeal type excludes cases that were dismissed, withdrawn or remanded.

Timeliness of Reconsideration Cases, Calendar Year 2016



Note: Tolling is removed from the calculation of processing days.

Processing of Part D Reconsiderations During 2016
Percent Processed In Time, by Month Appeal Received



Month Received	Cases	Timely	Pct. Timely
Jan-16	2,369	2,151	90.80%
Feb-16	4,343	2,564	59.04%
Mar-16	3,869	2,909	75.19%
Apr-16	3,693	3,227	87.38%
May-16	3,239	3,165	97.72%
Jun-16	2,918	2,885	98.87%
Jul-16	2,393	2,369	99.00%
Aug-16	2,106	2,092	99.34%
Sep-16	2,475	2,466	99.64%
Oct-16	1,968	1,961	99.64%
Nov-16	2,388	2,375	99.46%
Dec-16	3,653	3,638	99.59%
Total	35,414	31,802	89.80%

Variable time standards apply to the completion of appeals of different appeal priorities. Expedited appeals are to be completed in 72 hours and Standard appeals are to be completed in 7 days, unless tolling is warranted. Tolling of up to 14 days may be taken if needed to obtain additional information.