2010 Part D Symposium

Landscape of Plans and Beneficiary Enrollment Decisions

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

DEPARTMENT OF HEALTH & HUMAN SERVICES · USA

Discussion Topics

- Annual Part D Standard Benefit Adjustments.
- Patterns in Plan Offerings.
- Part D Enrollment Trending.
- Factors of Prescription Drug Plans' (PDPs') Market Share.

Overview

- Part D plans offer a broad range of options for Medicare beneficiaries with continued efforts by CMS to reduce duplicative plan offerings.
- PDPs’ market share are largely driven by a beneficiary’s previous year’s plan decisions.
- Plan benefit and beneficiary enrollment analyses offer additional insight on beneficiary choices since 2006.

Annual Standard Benefit Adjustments

Benefit Parameters	2006	2007	2008	2009	2010
Deductible	$250	$265	$275	$295	$310
Initial Coverage Limit	$2,250	$2,400	$2,510	$2,700	$2,830
Out-of-Pocket (OOP) Threshold	$3,600	$3,850	$4,050	$4,350	$4,550
Total Covered Drug Spend at OOP Threshold	$5,100	$5,451.25	$5,726.25	$6,153.75	$6,440

Patterns in Plan Offering

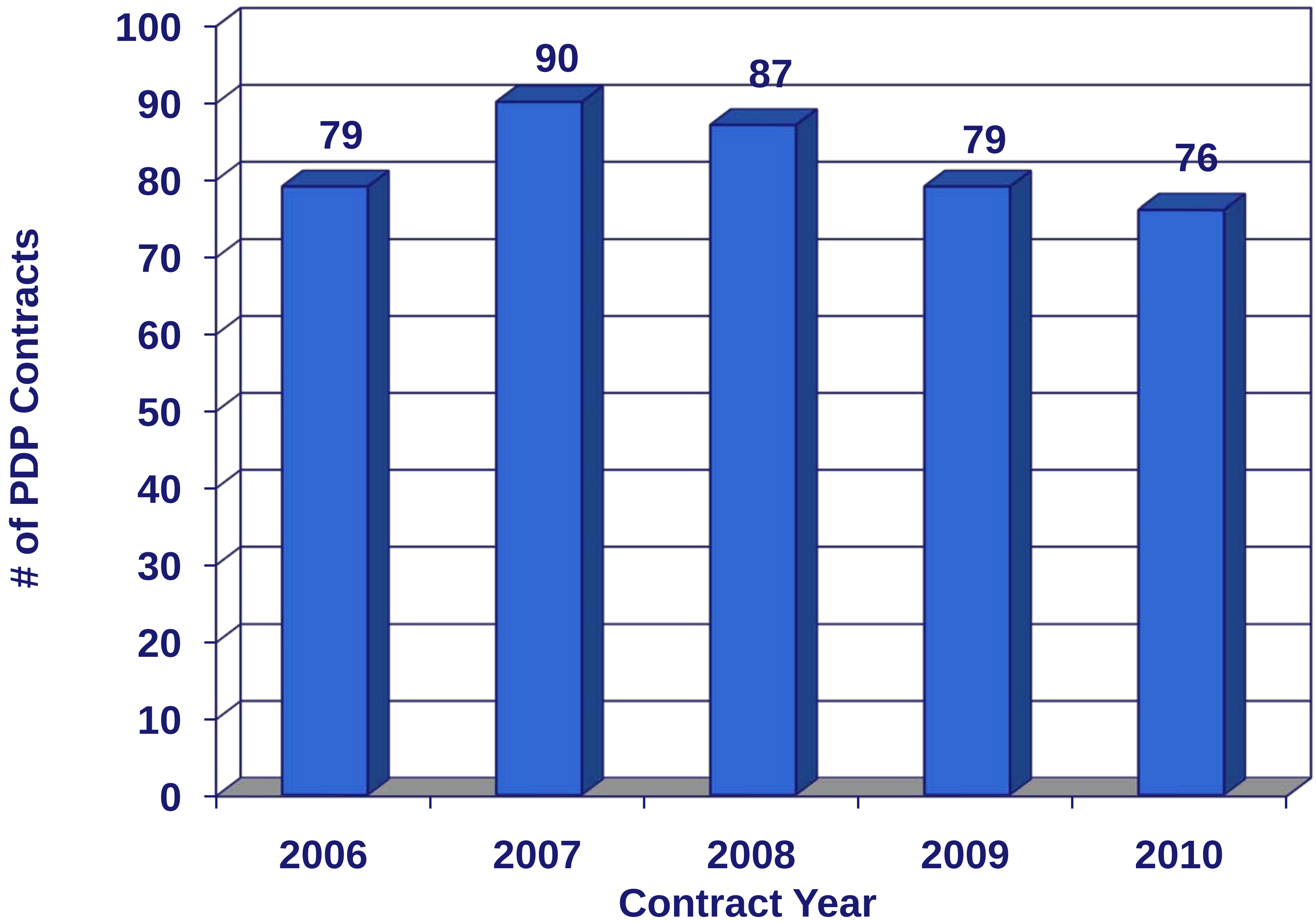
Methodology

Data sources:

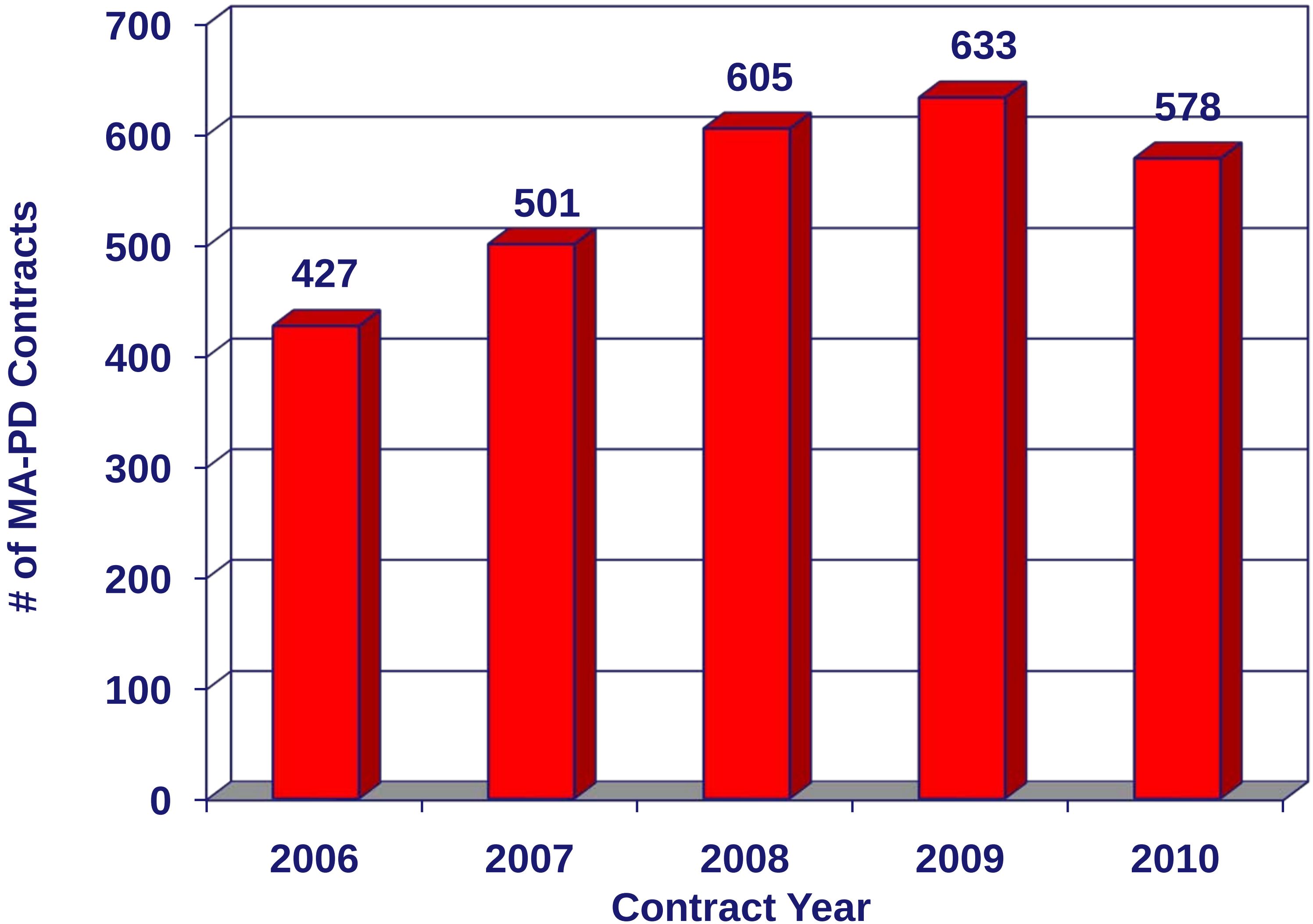
- 2006-2010 Part D Plan Benefit Information from Health Plan Management Systems (HPMS).

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

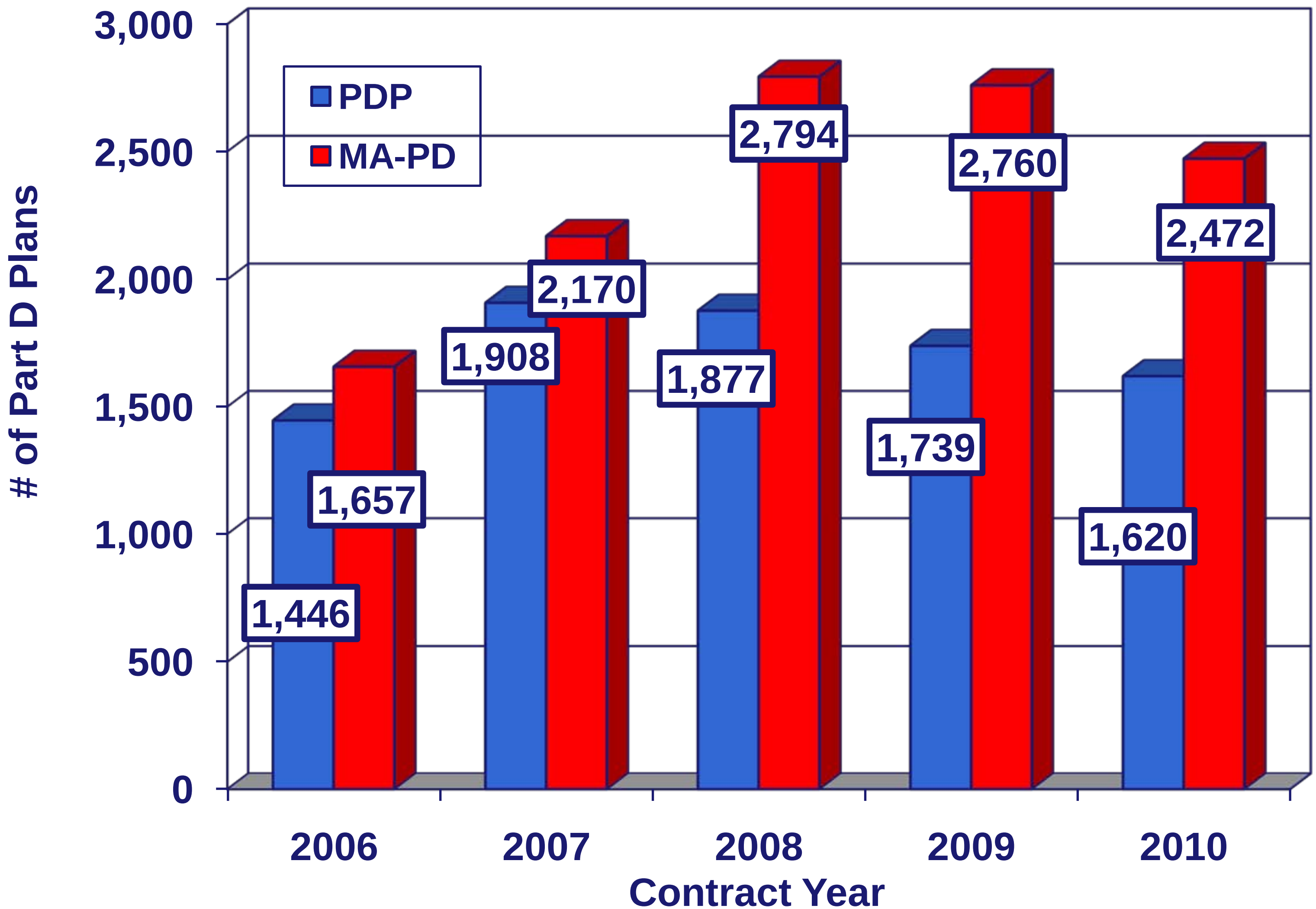
Number of PDP Contracts Per Year



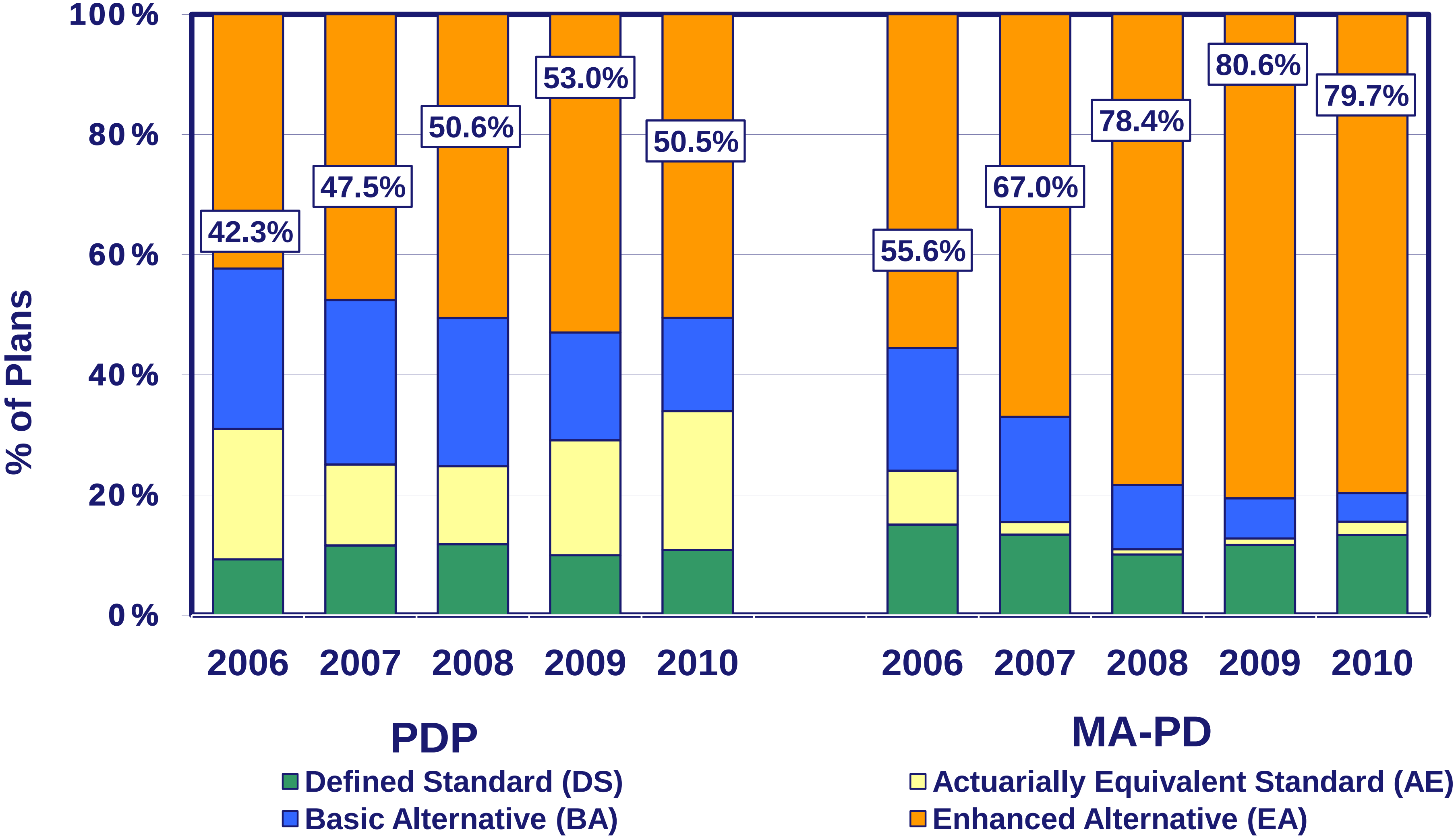
Number of MA-PD Contracts Per Year



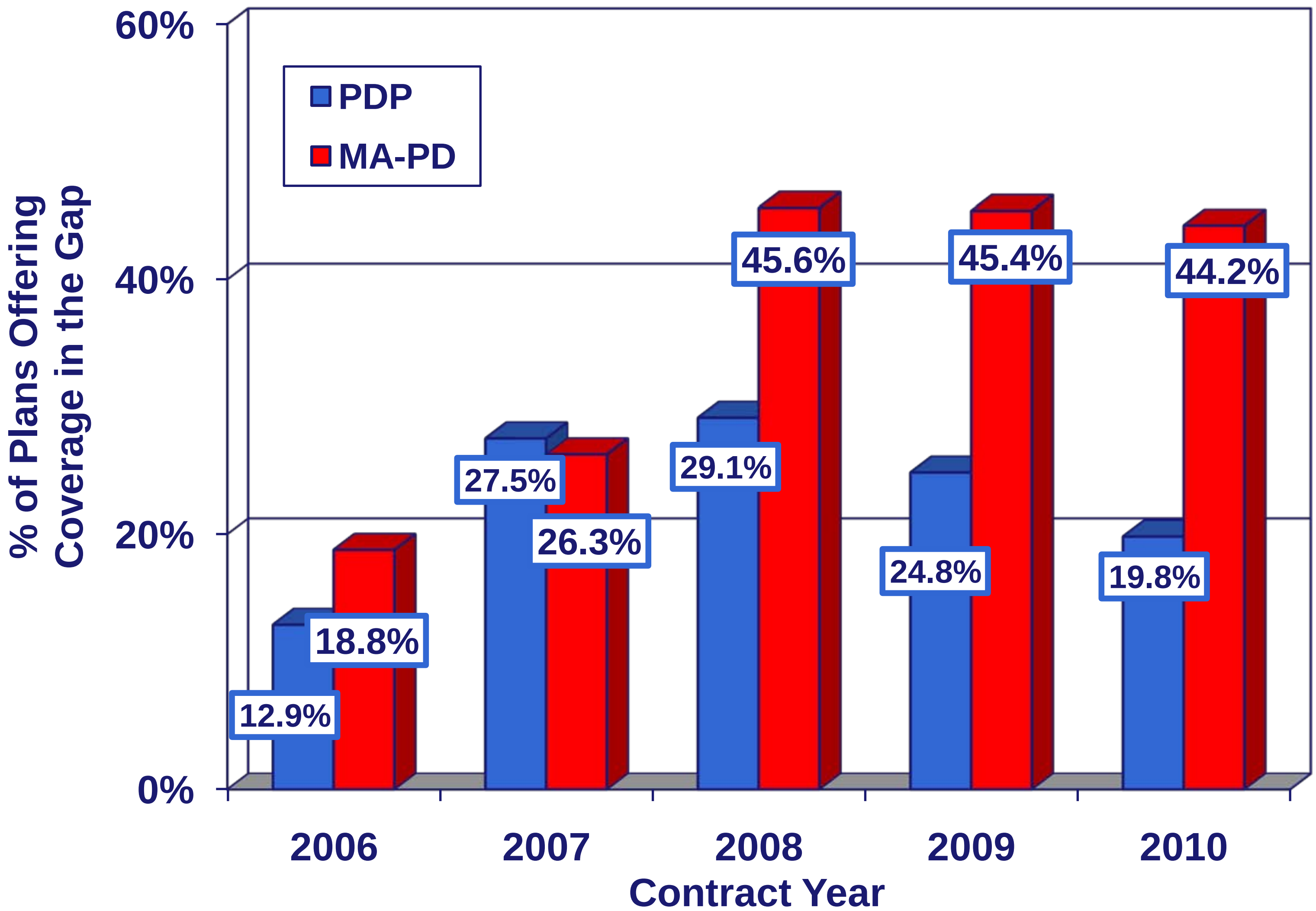
Number of Part D Plans



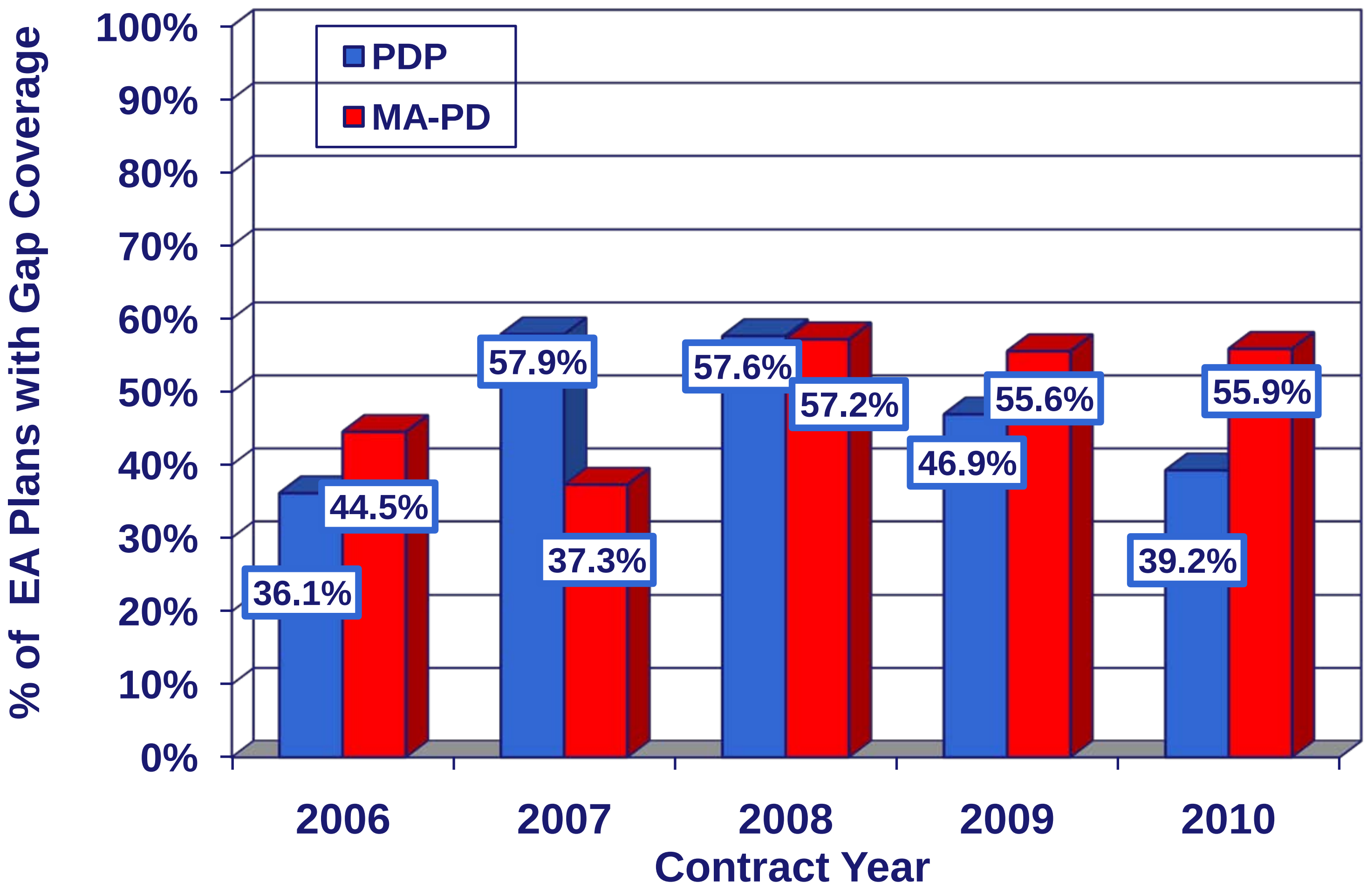
Trends in Part D Benefit Types



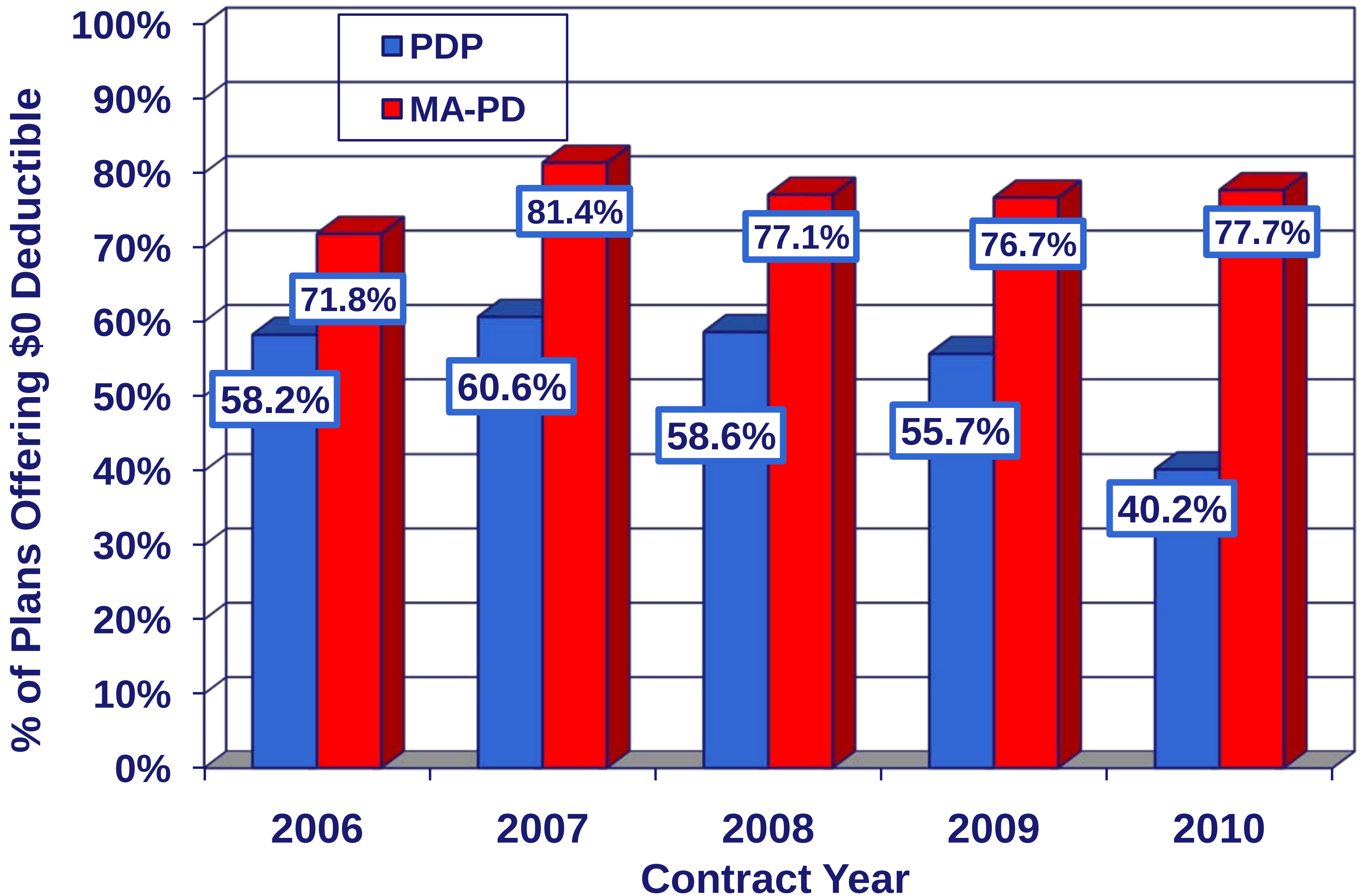
Plans Offering Coverage in the Gap



EA Plans with Gap Coverage



Plans Offering $0 Deductible



Part D Enrollment Patterns

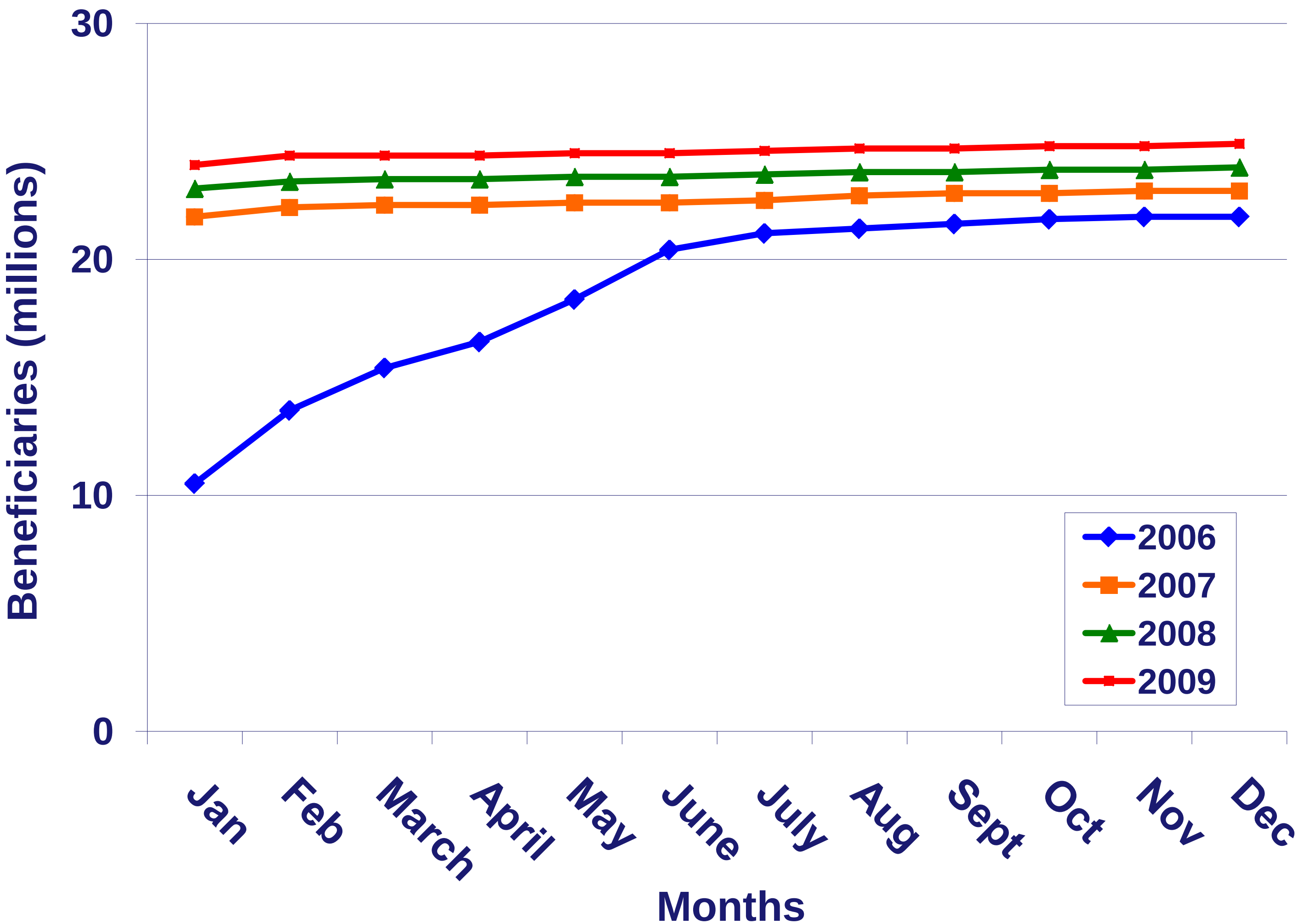
Methodology

Data sources:

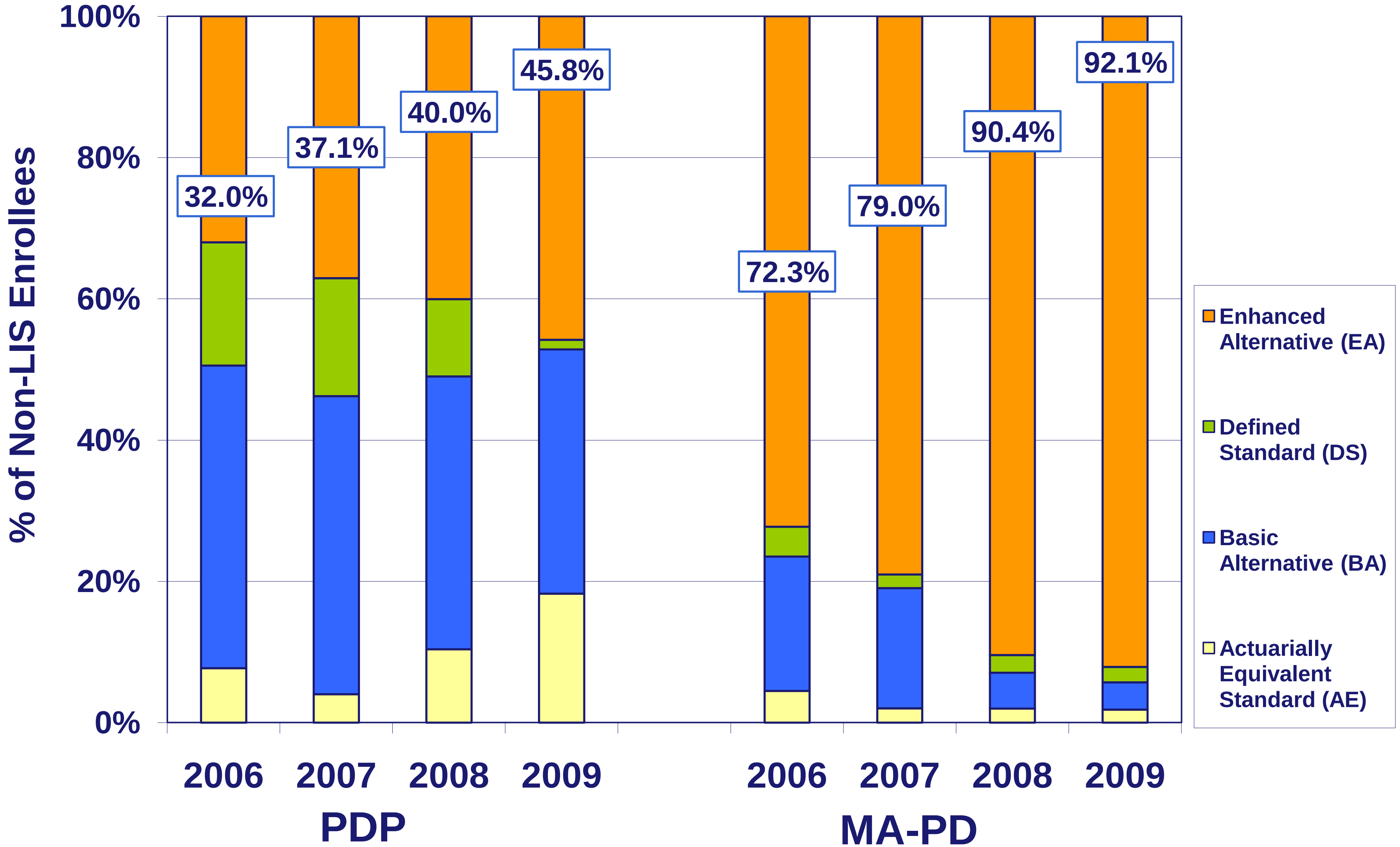
- 2006-2009 Part D Plan Benefit Information from Health Plan Management Systems (HPMS).
- Enrollment information from the Integrated Data Repository (IDR).

Exclusions: PACE, Employer and Part B only plans

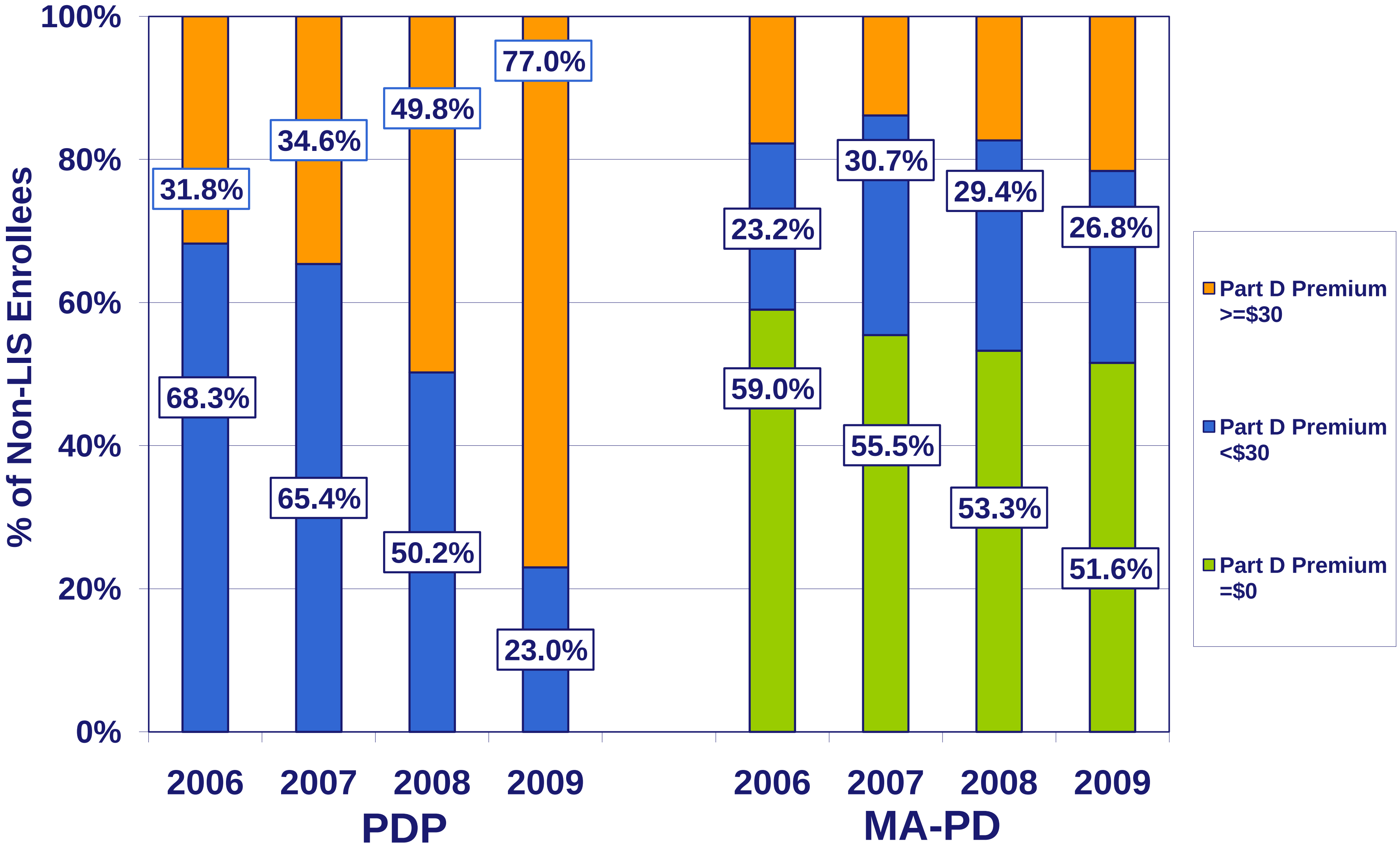
Enrollment of Part D



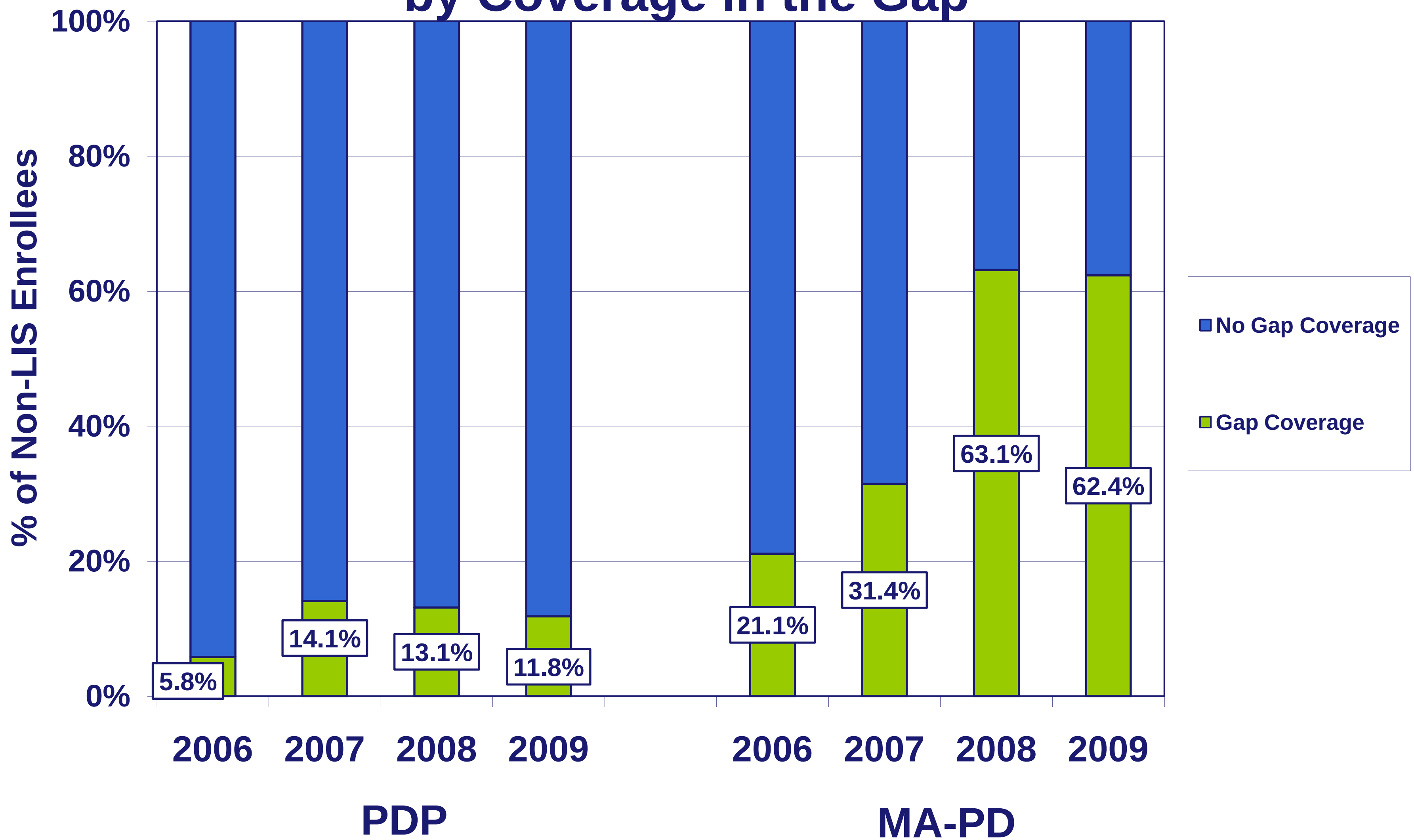
Non-LIS Enrollment by Benefit Type



Non-LIS Enrollment by Part D Premium



Non-LIS Enrollment by Coverage in the Gap



Factors Driving PDP Market Share

Methodology

Data sources:

- 2006-2009 Part D Plan Benefit Information from HPMS.

Steps:

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

Methodology (continued)

- Model 1: Static model estimating 2008/2009 market shares as a function of characteristics and lagged market share.
- Model 2: Static models estimating market share for 2006-2009 as a function of characteristics.
- Model 3: Difference model estimating changes in market shares as a function of percent changes in characteristics between 2008 and 2009.
- Model 4: Difference model estimating changes in market share as a function of absolute changes in characteristics.

Results of 2008 and 2009 Regression Models

- Some variables were found to be significant for market share.
  - Lagged market share
  - Coverage in the gap
  - Premium
  - Estimated out-of-pocket costs (OOPC)
  - Deductible
- The impact of some variables may be inconsistent each year.
  - While increases in premiums were consistently associated with a negative effect to market share, there was less impact over time.
  - The risk score variable’s negative effect also continues to decline over time in these analyses.
- Some variables had inconsistent results.
  - Plan count
  - Benefit type

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

Independent Factors	2007-2008		2008-2009	
	Coefficient	P-Value	Coefficient	P-Value
Intercept	0.08130	.8261	0.55511	.5860
Drug Count	-0.00008	0.5700	0.00009	.5267
Plan Total Part D Premium	-0.02031	<.0001	-0.01873	<.0001
Deductible	-0.00152	<.0001	-0.00185	<.0001
Initial Coverage Limit	0.00055	<.0001	0.00050	0.1880
Average Monthly Out of Pocket Cost	-0.00398	0.0037	-0.00357	0.0013
Gap Coverage Indicator	0.12410	.0399	0.22321	0.0017
Risk Score	0.06968	0.7171	-0.29402	0.2154
Lagged Market Share	0.93399	<.0001	0.92813	<.0001

Summary

- CMS continues its efforts to ensure that beneficiaries have unique, meaningful plan choices.
- The majority of benefit plan types offered by Part D Sponsors are enhanced alternative plans.
- In 2009, the vast majority of Non-LIS beneficiaries for both PDP and MA-PD plans chose to enroll in enhanced alternative plans.
- Beneficiary plan choices are driven by their previous year's choices.