

## **CENTER FOR DRUG and HEALTH PLAN CHOICE**

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### **MEMORANDUM**

**Date:** January 26, 2010

**To:** All Part D Sponsors (excluding PACE Organizations)

**From:** Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

**Subject:** Adequate Access to Home Infusion Pharmacies

The purpose of this memorandum is to provide updated information to help Part D sponsors actively monitor and meet CMS' expectations regarding their home infusion (HI) pharmacy networks. During the first few years of the Part D program, CMS gained valuable experience reviewing and assessing pharmacy networks. At the same time, many sponsors' networks have not been re-assessed since their initial Part D applications. As a result, CMS is providing this memorandum to better articulate how adequate access to home infusion pharmacies is determined for organizations entering the Part D market and for existing Part D sponsors.

The regulations at 42 CFR § 423.120(a)(4) provide that Part D sponsors must ensure adequate access to home infusion pharmacies. At a minimum, Part D sponsors must deliver home infusion drugs to enrollees within 24 hours of discharge from an acute setting, unless the next required dose, as prescribed, is required to be administered later than 24 hours after discharge.

Existing Part D sponsors, as part of their annual reporting requirements, provide CMS a list of all contracted home infusion pharmacies licensed to serve all states and/or territories in the service area under each contract. By contract type (e.g., PDP, MA-PD), CMS uses these home infusion pharmacy network submissions to measure the robustness of home infusion pharmacy networks of all active Part D sponsors across the program as a whole. Specifically, we determine the minimum number of home infusion pharmacies necessary to serve the population in a given county or state by ranking contracts by the robustness of their networks in that service area and identifying the access level at the 25<sup>th</sup> percentile point. Stated differently, seventy-five percent of all similarly-situated Part D sponsors have a more robust home infusion pharmacy network than the "outlier" levels offered by the lowest 25<sup>th</sup> percentile.

As part of the Part D application, applicants to the Part D drug benefit program must demonstrate access through submission of their home infusion pharmacy networks, which must be no less robust than these outlier levels for their pending service area(s) as identified in Attachment A. CMS evaluates access for existing sponsors through a modified outlier approach which looks at both the number of pharmacies relative to the established outlier level combined with evidence that the existing sponsor is meeting the 24 hour delivery standard for its enrollees.

For organizations whose service area comprises an entire state, Attachment A provides the minimum number of home infusion pharmacies required to surpass the outlier level for existing 2010 sponsors and 2011 Part D Applicants. Organizations operating in a service area smaller than an entire state may use the provided ratios of the number of home infusion pharmacies to the number of beneficiaries in the state and apply it to the number of beneficiaries in the organization's service area to calculate the minimum required number of home infusion pharmacies for that particular service area.

The beneficiary count files used to calculate the ratios provided in Attachment A are based on October 2009 data and provided on the CMS website as part of the reference files for the annual Solicitations for Applications for Prescription Drug Plans (PDPs) and the Medicare Advantage Prescription Drug Plan (MA-PDs). Using the methodology below, new applicants can use these reference files in combination with the information in Appendix A to proactively ensure the adequacy of their home infusion networks prior to the submission of their Part D applications in February 2010. Similarly, existing sponsors should use this information to assess and ensure the adequacy of their home infusion networks at least annually.

Of note, results differed between the MA-PD networks and the Regional PPO and PDP networks due to the nature of the service area (full state service areas are required for PDPs and RPPOs but are optional for other Medicare Advantage Organizations (MAOs)). Therefore the number of HI pharmacies needed per state and territory may be different for MA-PDs when compared to the PDP/RPPO number.

We hope this information is helpful to sponsors as they submit Part D applications and monitor the adequacy of their home infusion pharmacy networks on an ongoing basis. If you have any questions about this memo, please contact Linda Anders at [linda.anders@cms.hhs.gov](mailto:linda.anders@cms.hhs.gov). Thank you.

### METHODOLOGY

To review the adequacy of a home infusion network follow the procedures below:

1. Determine the number of Medicare beneficiaries residing in the Sponsor's service area, broken out by state, and to the ZIP code level for Sponsors with partial state service areas.
2. Apply the numerator of the ratio of beneficiaries per home infusion pharmacy, as listed in Attachment A, to the total number of beneficiaries living in the Sponsor's service area as of October 2009 (per the reference file posted on January 5, 2010). Two examples are provided to demonstrate how the service area impacts the calculations.

Ex. 1 S0000 is a PDP with a service area of Florida (FL).

- The number of Medicare beneficiaries residing in Florida in 2009 is 3,279,223.
- From the attachment, the Florida PDP/RPPO ratio of beneficiaries per home infusion pharmacy is 133,500:1.
- Divide the total beneficiaries residing in Florida (3,279,223) by the numerator of the ratio of beneficiaries to home infusion pharmacy (133,500) and the result is that the PDP needs to contract with 25 (rounded up to nearest whole number)

home infusion pharmacies licensed to operate in the state to adequately serve beneficiaries residing in Florida.

Ex. 2 H0000 is an MA-PD with a service area limited to the following 10 ZIP codes in Florida: 32162, 33437, 33012, 32159, 34748, 33573, 33165, 33321, 32174, and 33484.

- The number of Medicare beneficiaries residing in those ZIP codes in 2009 is 152,516.
- From the attachment, the Florida MA-PD ratio of beneficiaries per home infusion pharmacy is 139,000:1.
- Divide the total number of beneficiaries residing in the service area (152,516) by the numerator of the ratio of beneficiaries to home infusion pharmacy (139,000) and the result is that the MA-PD needs to contract with 2 (rounded up to the nearest whole number) home infusion pharmacies licensed to operate in the state to adequately serve the beneficiaries residing in its Florida service area.

**Attachment A**

**Adequate Access to Network Home Infusion Pharmacies by State/Territory and Contract Type**

State	MA-PD		PDP & RPPO	
	Number of HI Pharmacies Needed to Meet Adequate Access for Full-State Service Areas*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)	Number of HI Pharmacies Needed to Meet Adequate Access*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)
AK	2	59,500:1	2	59,500:1
AL	13	67,500:1	13	67,500:1
AR	7	84,500:1	7	84,500:1
AZ	9	96,000:1	8	108,000:1
CA	58	80,000:1	48	97,500:1
CO	9	72,000:1	9	72,000:1
CT	7	91,500:1	7	91,500:1
DC	2	75,000:1	2	75,000:1
DE	2	140,000:1	2	140,000:1
FL	24	139,000:1	25	133,500:1
GA	14	88,500:1	13	95,500:1
HI	2	193,500:1	2	193,500:1
IA	8	72,500:1	6	101,000:1
ID	3	106,500:1	3	106,500:1
IL	17	111,000:1	15	126,500:1
IN	12	87,500:1	12	87,500:1
KS	8	59,500:1	8	59,500:1
KY	18	43,000:1	18	43,000:1
LA	5	163,500:1	6	131,000:1
MA	12	92,500:1	11	102,000:1
MD	9	93,000:1	9	93,000:1
ME	3	126,500:1	3	126,500:1
MI	26	63,000:1	26	63,000:1
MN	10	83,000:1	9	93,500:1
MO	11	96,500:1	11	96,500:1
MS	4	159,000:1	4	159,000:1
MT	6	32,000:1	6	32,000:1
NC	20	73,500:1	19	80,000:1
ND	2	106,500:1	2	106,500:1
NE	9	34,000:1	8	39,000:1
NH	2	204,500:1	2	204,500:1
NJ	8	183,000:1	8	183,000:1
NM	5	73,500:1	5	73,500:1
NV	10	36,500:1	10	36,500:1
NY	25	120,500:1	25	120,500:1
OH	18	108,000:1	18	108,000:1
OK	7	96,000:1	7	96,000:1
OR	5	145,500:1	5	145,500:1
PA	27	85,500:1	27	85,500:1
RI	4	59,500:1	4	59,500:1

State	MA-PD		PDP & RPPO	
	Number of HI Pharmacies Needed to Meet Adequate Access for Full-State Service Areas*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)	Number of HI Pharmacies Needed to Meet Adequate Access*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)
SC	9	89,500:1	7	119,500:1
SD	2	131,500:1	2	131,500:1
TN	20	52,500:1	19	57,000:1
TX	39	75,500:1	33	90,000:1
UT	3	131,500:1	3	131,500:1
VA	14	83,000:1	13	89,500:1
VT	2	104,500:1	2	104,500:1
WA	12	82,000:1	12	82,000:1
WI	7	145,500:1	7	145,500:1
WV	6	74,500:1	4	124,500:1
WY	3	38,000:1	2	76,000:1

Territory	MA-PD		PDP & RPPO	
	Number of HI Pharmacies Needed to Meet Adequate Access for Full-Territory Service Areas*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)	Number of HI Pharmacies Needed to Meet Adequate Access*	Eligible Beneficiaries to HI Pharmacy (Beneficiaries: HI Pharmacy)
AS	1	3,500:1	1	3500:1
GU	2	11,500:1	2	11,500:1
MP	No defined minimum		No defined minimum	
PR	3	315,500:1	2	630,500:1
VI	2	15,000:1	2	15,000:1

\* Number of pharmacies listed above is based on the Beneficiary Data Count File (release date January 5, 2010) used for the CY2010 Reporting Requirements & CY2011 Part D Applications. The number of pharmacies needed to meet adequate access may change annually based on beneficiary counts.