



State of Part D: 2006-2012

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Disclosure

- “I, Cynthia Tudor, declare no conflicts of interest or financial interests in any product or service mentioned in this presentation, including grants, employment, gifts, stock holdings, or honoraria.”

Then...



...The jokes kept coming...



1/5



- Strongest formulary review process in US.
- Proactive efforts in benefit negotiations and consolidations:
 - More meaningful differences between plan offerings.
 - Simplification of offerings to minimize beneficiary confusion.
 - Plenty of choices by region, including low-income subsidy (LIS) plans.
- Five-Star Plan Ratings – Quality Rewarded.
- Improved Plan Finder Tools – Encourage enrollment in high quality plans.

Learning Objectives

- Identify annual trends in drug utilization for Medicare Part D beneficiaries.
- Identify how CMS addressed early growing pains in the Medicare Prescription Drug Benefit and made significant program improvements.

Presentation Overview

- Program Successes
 - Formulary Review
 - Medication Therapy Management (MTM)
 - Complaint Tracking
 - Plan Ratings
 - Coverage Gap Discount Program
- Overall Trends
- Future Challenges

Presentation Overview

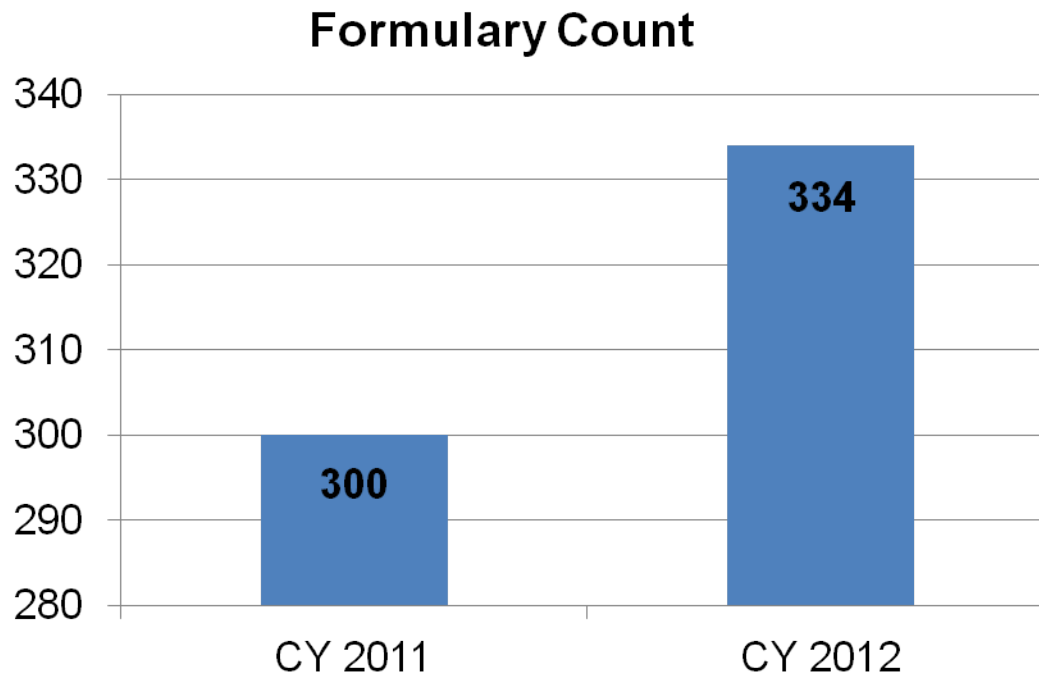
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CMS Part D Formulary Review

- CMS' review of drug plan formularies represents a unique and unprecedented process.
- CMS performs an extremely rigorous formulary review to ensure appropriate access to drugs and to avoid discrimination against beneficiaries with certain conditions.
- There has been widespread adoption of CMS formulary review standards by commercial insurers.

Formulary Information (MAPD and PDP)

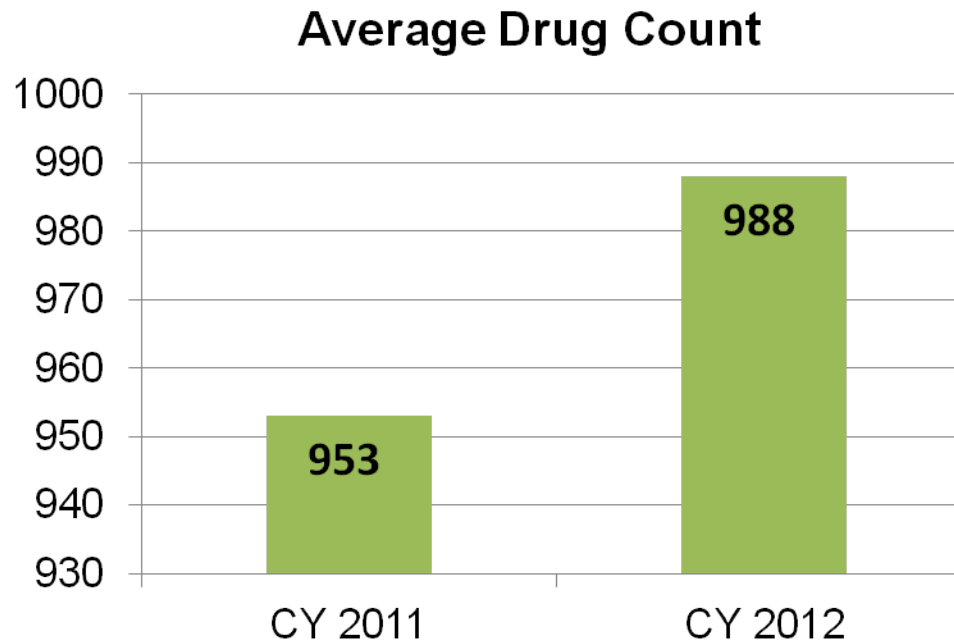
- The number of formularies decreased each year between 2006 and 2011, but the number attached to bids increased in 2012.
 - CMS modified the submission process for supplemental formulary files (e.g. excluded drugs) that resulted in additional formulary submissions.



2011-2012 HPMS Formulary Submission Files, effective 1/1/2012

Formulary Drug Counts

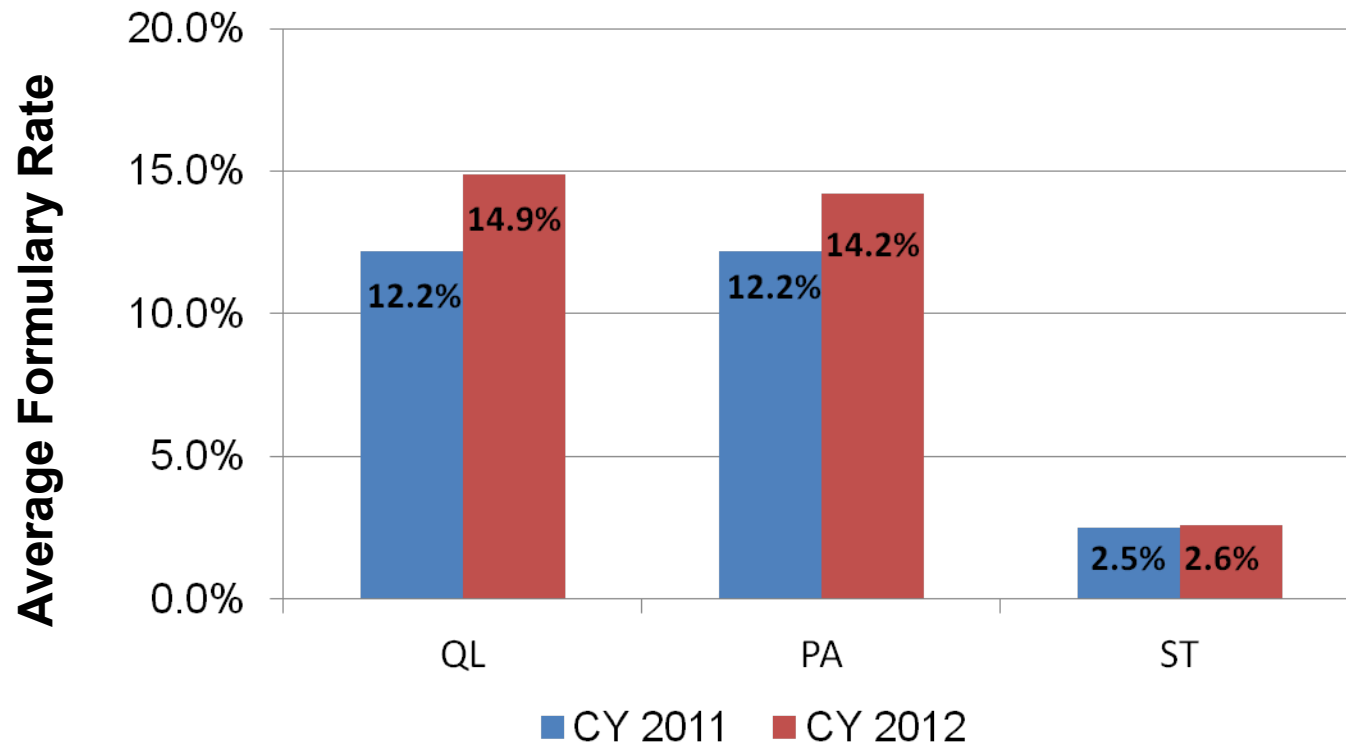
- Formularies are robust, with broad coverage of Part D drugs.
- The average number of distinct drug entities covered on formularies continues to increase.
- On average, formularies contain 988 distinct drugs.



2011-2012 HPMS Formulary Submission Files, effective 1/1/2012

Utilization Management (UM) Rates

- The rate of prior authorization (PA) and quantity limit (QL) restrictions increased for CY 2012, while step therapy (ST) requirements are essentially unchanged.

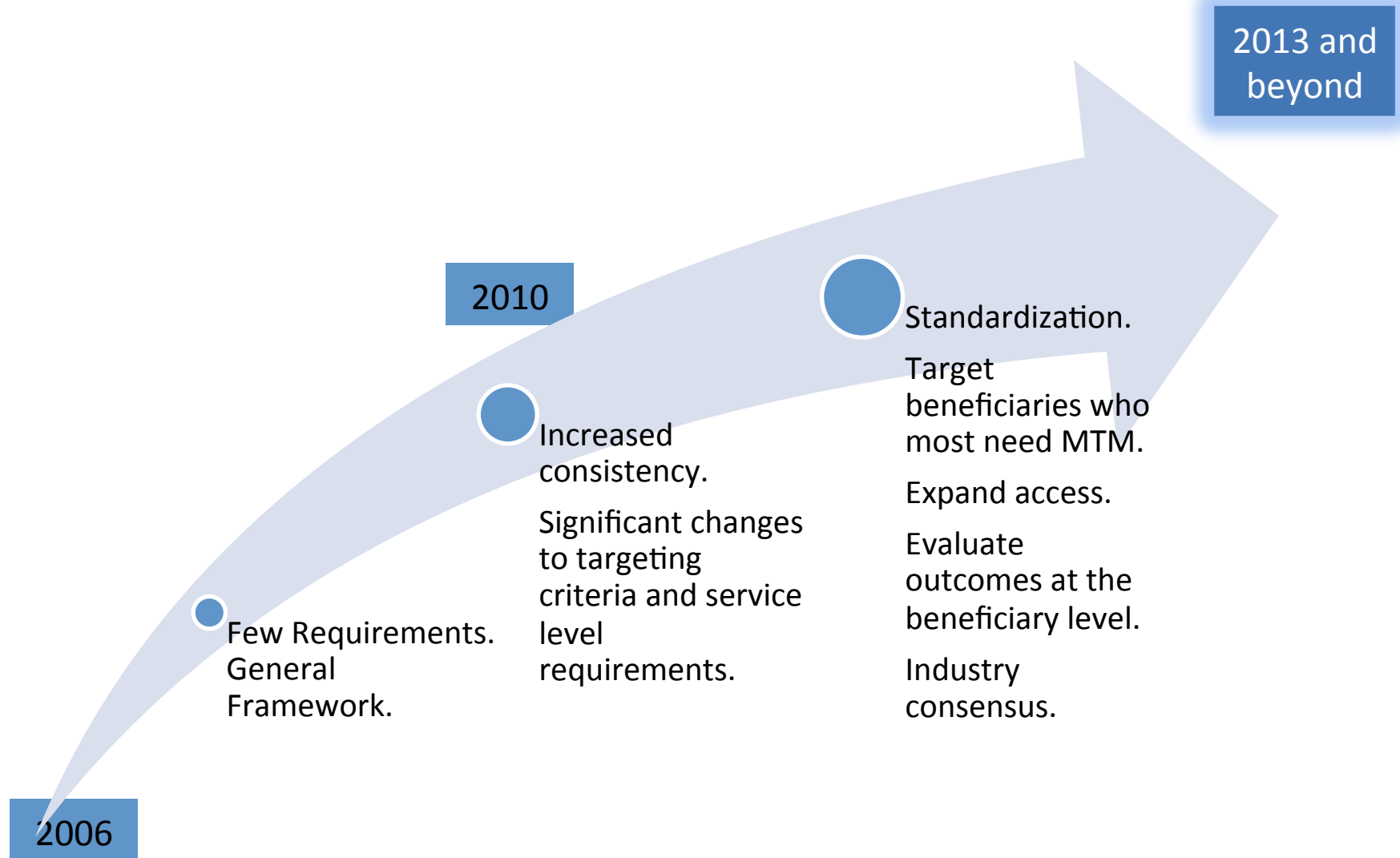


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Progress in Medication Therapy Management Programs



MTM Program Enrollment Trends

- Beneficiaries are targeted based on eligibility requirements (have multiple chronic conditions, take multiple Part D drugs, and likely to incur certain annual Part D drug costs).

	Percent Eligible			Percent Opting Out		
	2008	2009	2010	2008	2009	2010
All Part D	11.0%	9.1%	9.1%	19.9%	24.2%	13.1%
MAPD	7.6%	7.3%	8.5%	24.4%	25.7%	13.8%
PDP	12.7%	10.1%	9.3%	18.3%	23.2%	12.8%

- Over 8% of non-LTC beneficiaries in MTM program received a CMR in 2010 (MAPD: 9.6%; PDP: 6.6%).

2008-2010 Part D Reporting Requirements, plan-reported beneficiary –level files;

- Excludes contracts with <70% data validation score (2010).
- Restricted to beneficiaries appearing in one contract in the beneficiary-level file, Part D enrolled only.

MTM Enrollee Demographic and Utilization Trends

Category	2010	
	All Part D Enrollees	MTM-Eligible Enrollees
Part D Utilization		
Average Annual Drug Cost	\$2,605.81	\$6,450.74
Average # RxHCCs	4.8	7.8
Average Annual # Fills	37.1	83.2
Gap/Catastrophic Entry		
% Entering Gap	28.2%	81.9%
% Entering Catastrophic	8.0%	29.0%
LIS status		
% LIS	38.1%	51.3%

Part D Reporting Requirements, plan-reported beneficiary –level files; PDE, CME.

- Excludes contracts with <70% data validation score (2010).
- Restricted to beneficiaries appearing in one contract in the beneficiary-level file, Part D enrolled only.

Standardized Format for CMR Summary

- Developed with extensive industry and beneficiary feedback.

Medication Action Plan

What we talked about:	
What I need to do:	What I did and when I did it:
My follow-up plan (add notes about next steps):	
Questions I want to ask (include topics about medications or therapy):	

Personal Medication List

Medication:	
How I use it:	
Why I use it:	Prescriber:
Notes:	
Date I started using it:	Date I stopped using it:
Why I stopped using it:	

Effective January 1, 2013, Form CMS-10396 (1/12), Form Approved OMB No. 0938-1154

Beneficiary Awareness and Program Evaluation

- CMS is focused on identifying potential opportunities to increase awareness of MTM programs among beneficiaries.
 - Medicare & You handbook.
 - Plan MTM eligibility criteria through Medicare Plan Finder.
- Proposed CMR completion rate measure for Plan Ratings.
- CMS began two year study in August 2011 to evaluate the impact of MTM on high risk, chronically ill populations.
- Industry encouraged to publish data on the value of MTM.

Presentation Overview

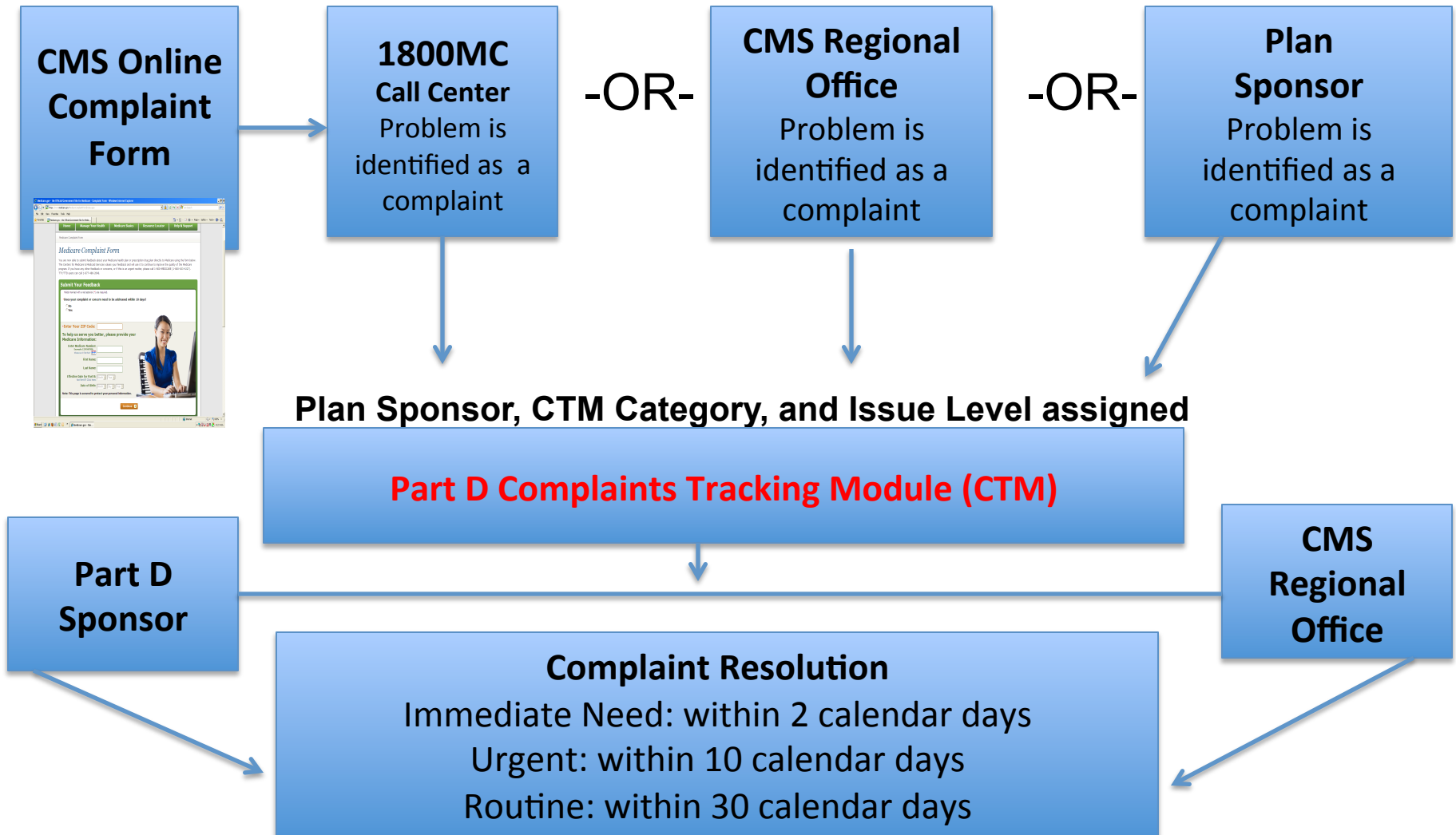
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Complaints Tracking Module (CTM)

- Implemented in 2006.
- Instrumental to assist CMS and Plans with tracking and resolving beneficiary Part D complaints.
- Controls workflow of cases and ensures compliance and consistency in how cases are resolved.
- CMS Account Managers monitor the status of plans resolution of complaints.

Part D Complaint Process

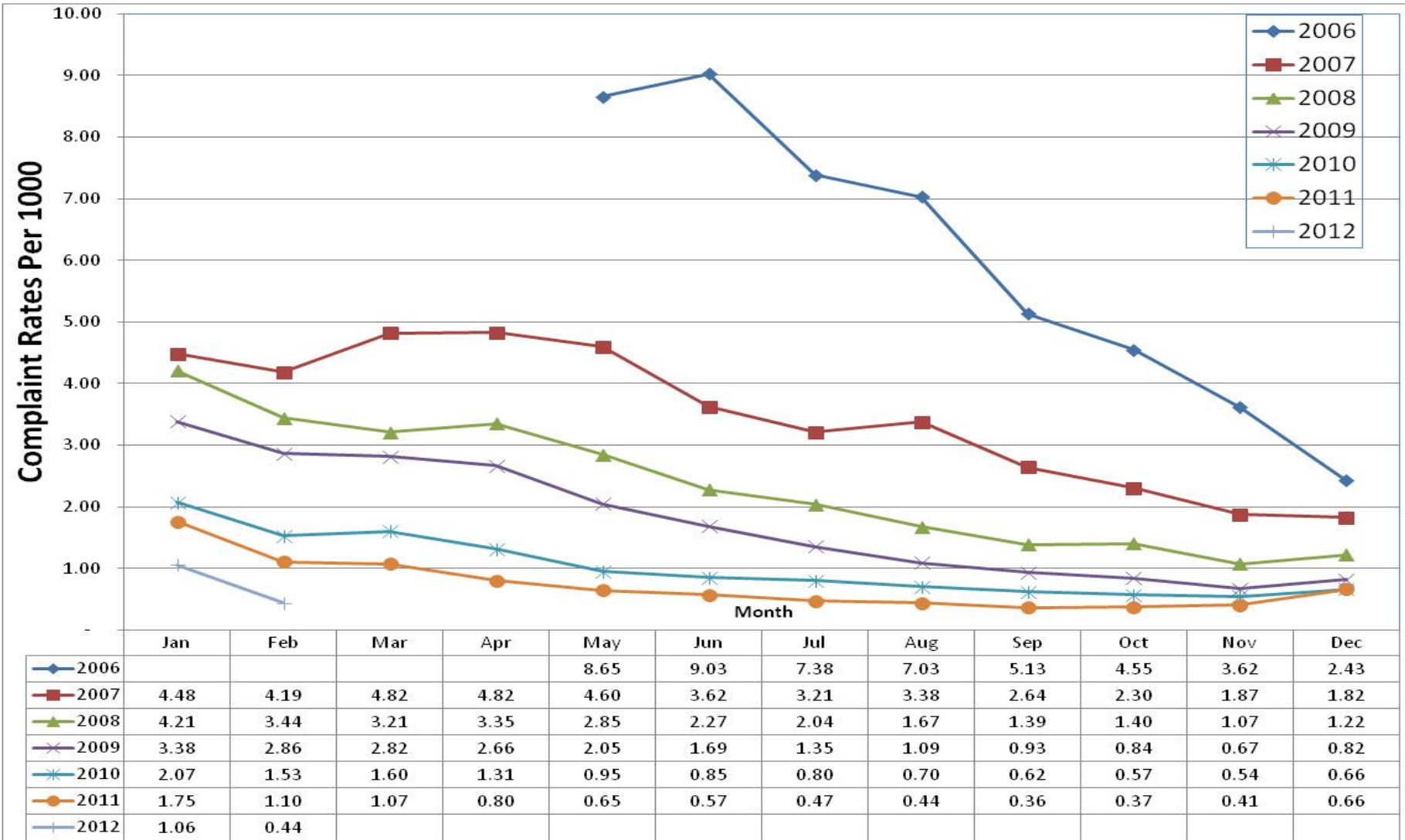
Beneficiary files a complaint via:



Valuable CTM Information

- Provides early warning of potential operational problems.
- Used in performance measures, which reflects plan compliance.
- The number of complaints filed with CMS and the time needed to resolve them has diminished as the Part D program has matured.
- In December 2010, CMS implemented the Online Complaint Form at www.medicare.gov.

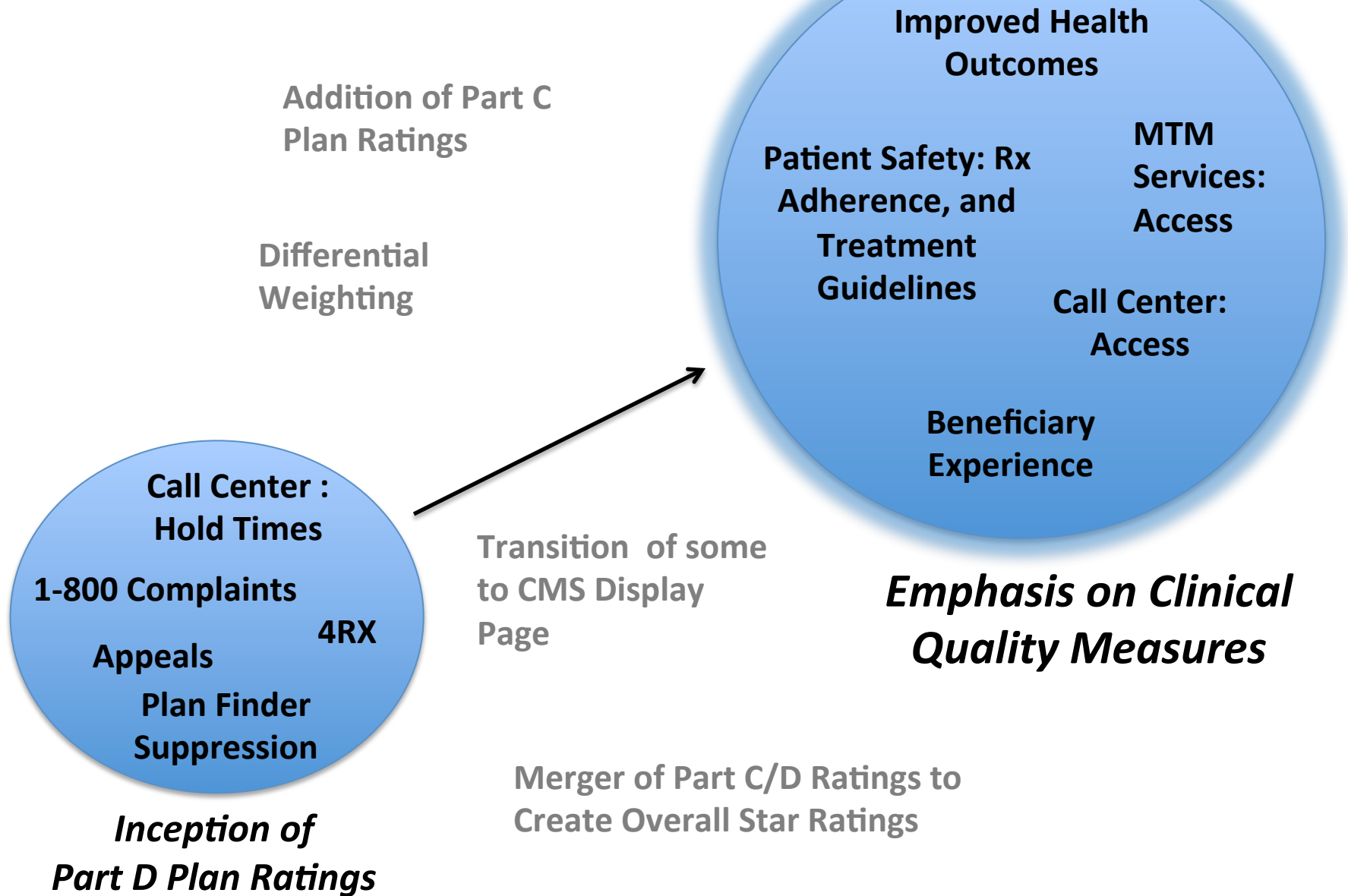
Overall Complaint Rates Per 1,000 By Month: 2006 - 2012



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Progress in Star Ratings



Stability in Plan Ratings

- While many improvements have been made to the Plan Ratings program, the numbers of measures used, and the areas we measure have been consistent:

Year	Part C	Part D
2012	36	17
2011	37	19
2010	33	19

- 30 of the Part C measures and 13 of the Part D measures have been consistent for the past 3 years.

Plans Respond to Public Reporting

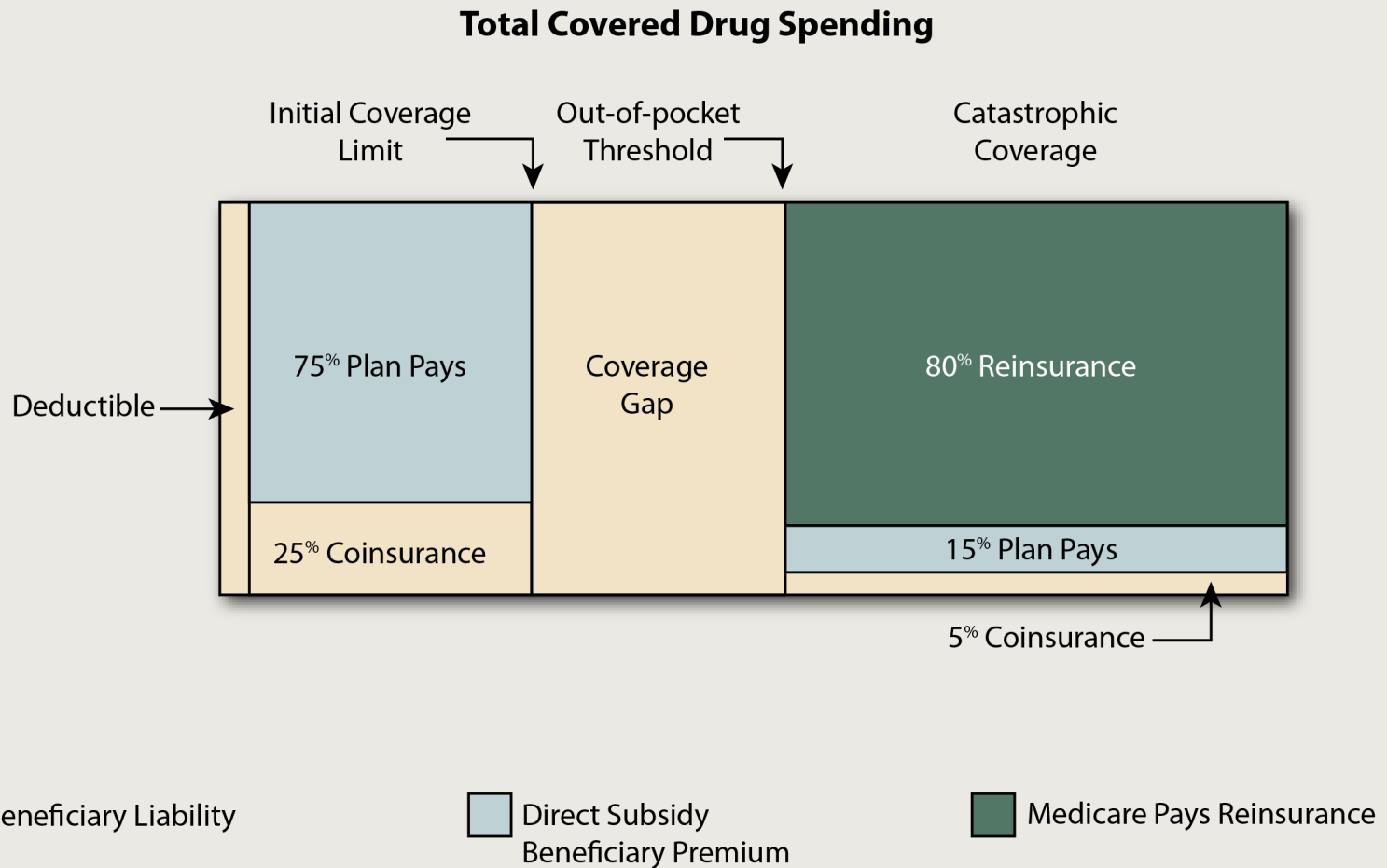
- New marketing and bonus payment incentives in MA may further drive improvements in plan performance in Part D.

Measure	Mean of Raw Measure Score		
	Year 1	Year 2	Year 3
Availability of TTY/TDD Services & Foreign Language Interpretation	MAPD 54% PDP 56%	MAPD 68% PDP 67%	MAPD 78% PDP 76%
Beneficiary Hold Time - Call center (secs)	MAPD 62.0 PDP 34.0	MAPD 45.7 PDP 47.7	MAPD 37.0 PDP 38.5
Enrollment complaints (per 10,000 enrollees)	MAPD 1.39 PDP 0.65	MAPD 0.57 PDP 0.31	MAPD 0.34 PDP 0.17

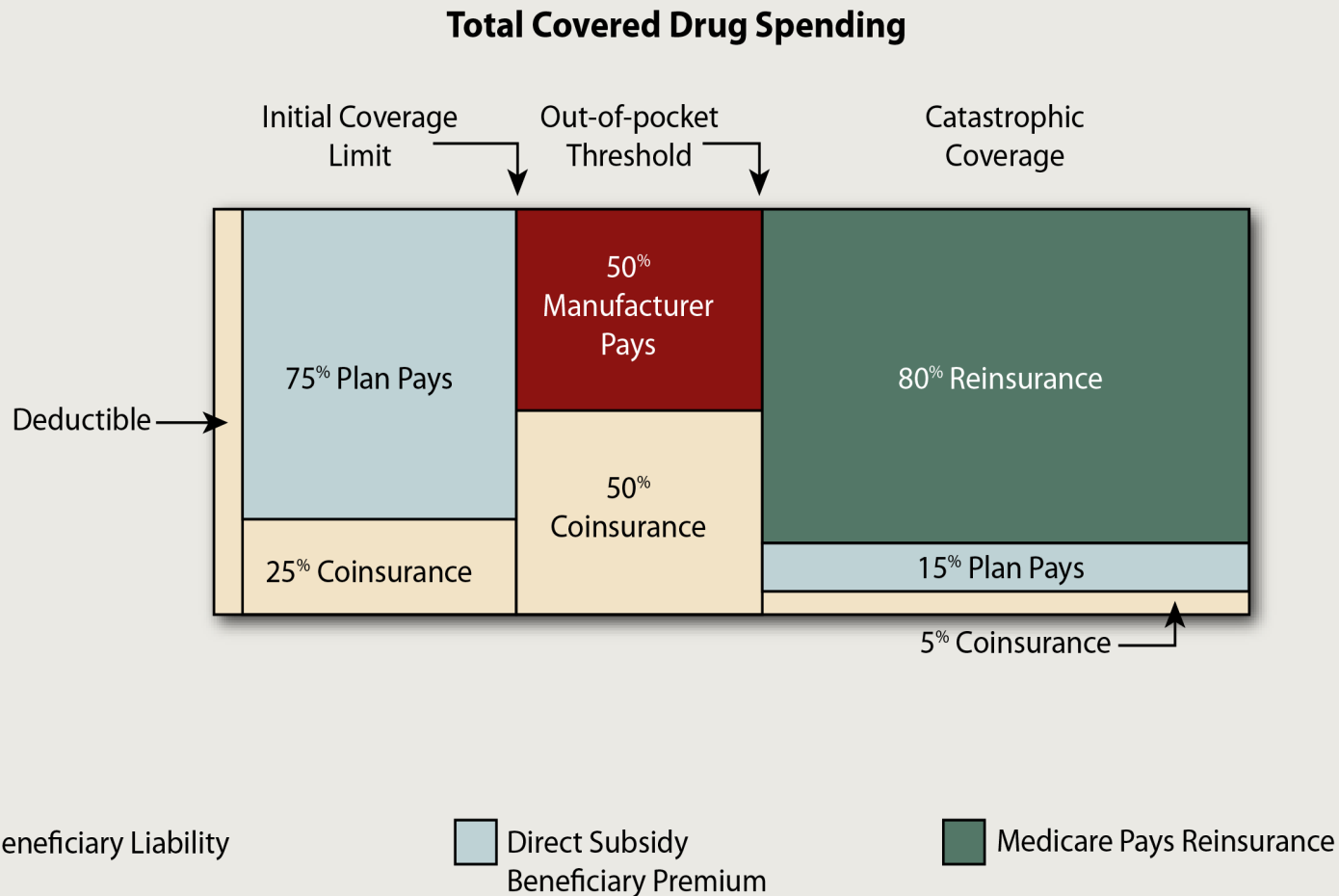
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Example, Standard Benefit Prior to 2011

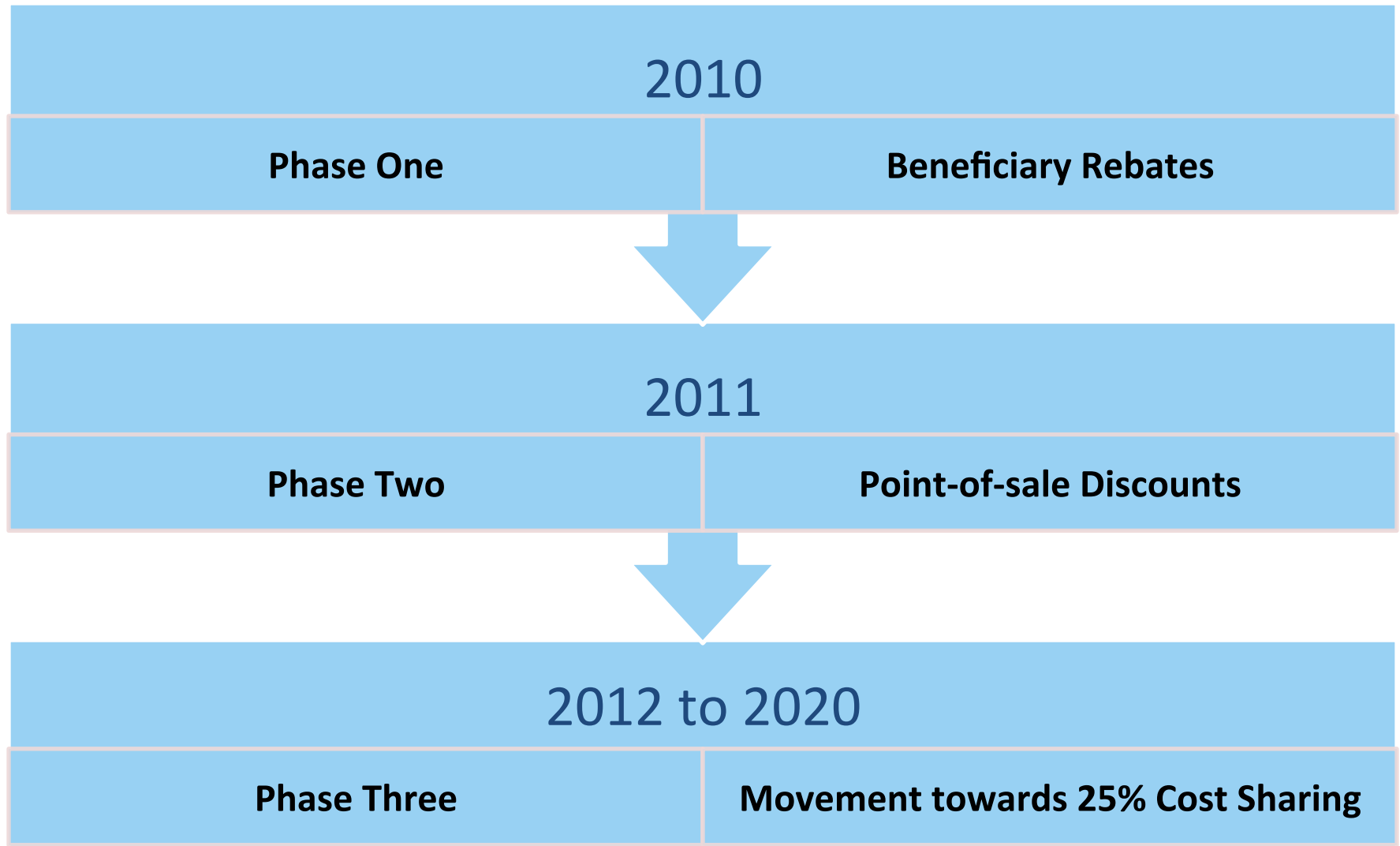


Standard Benefit, 2011 and 2012, Brand Name Drugs



Note: Beneficiaries pay 86% Coinsurance for generic drugs

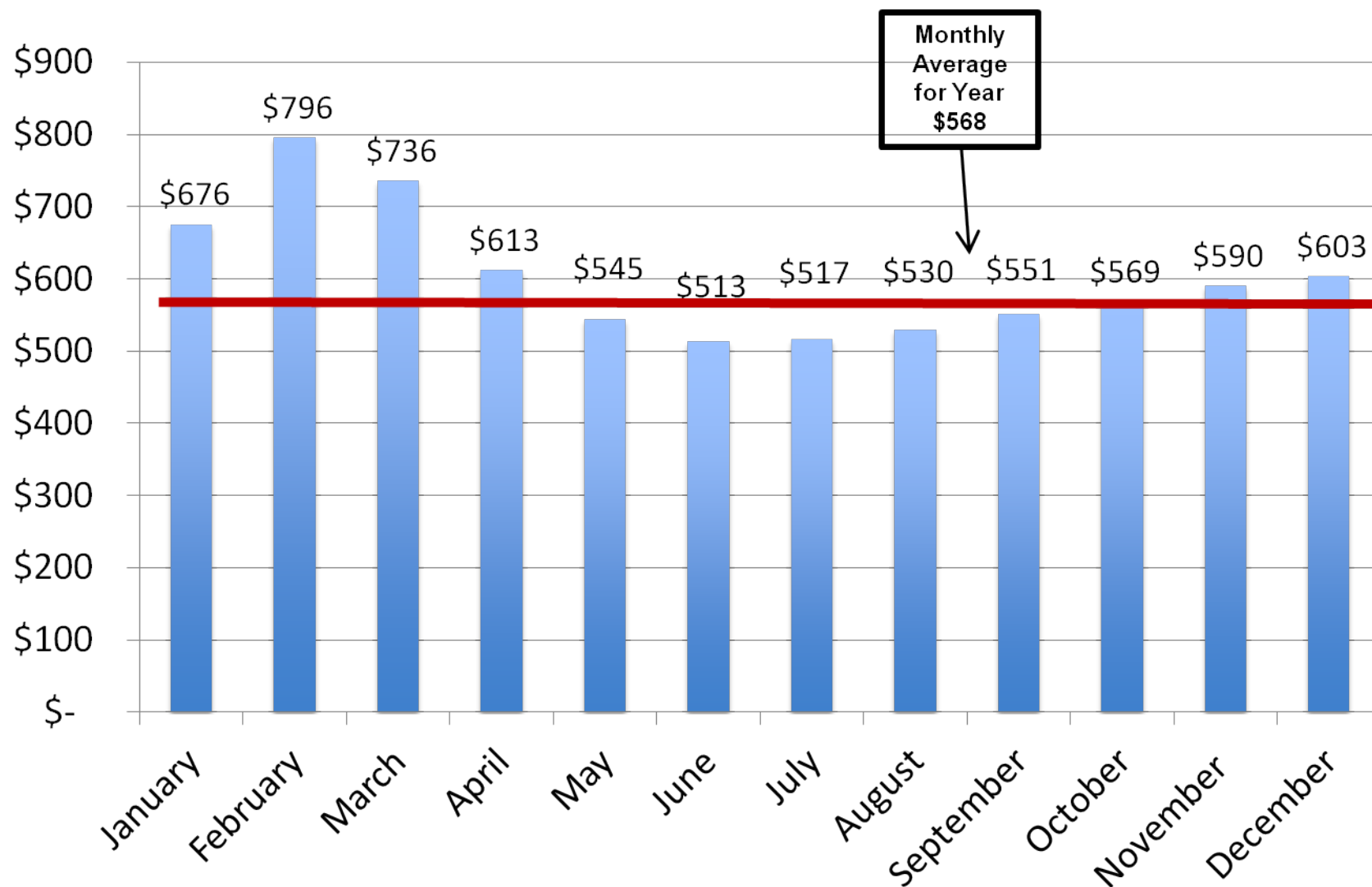
Approach to Closing the Coverage Gap



Movement to 25% Cost Sharing

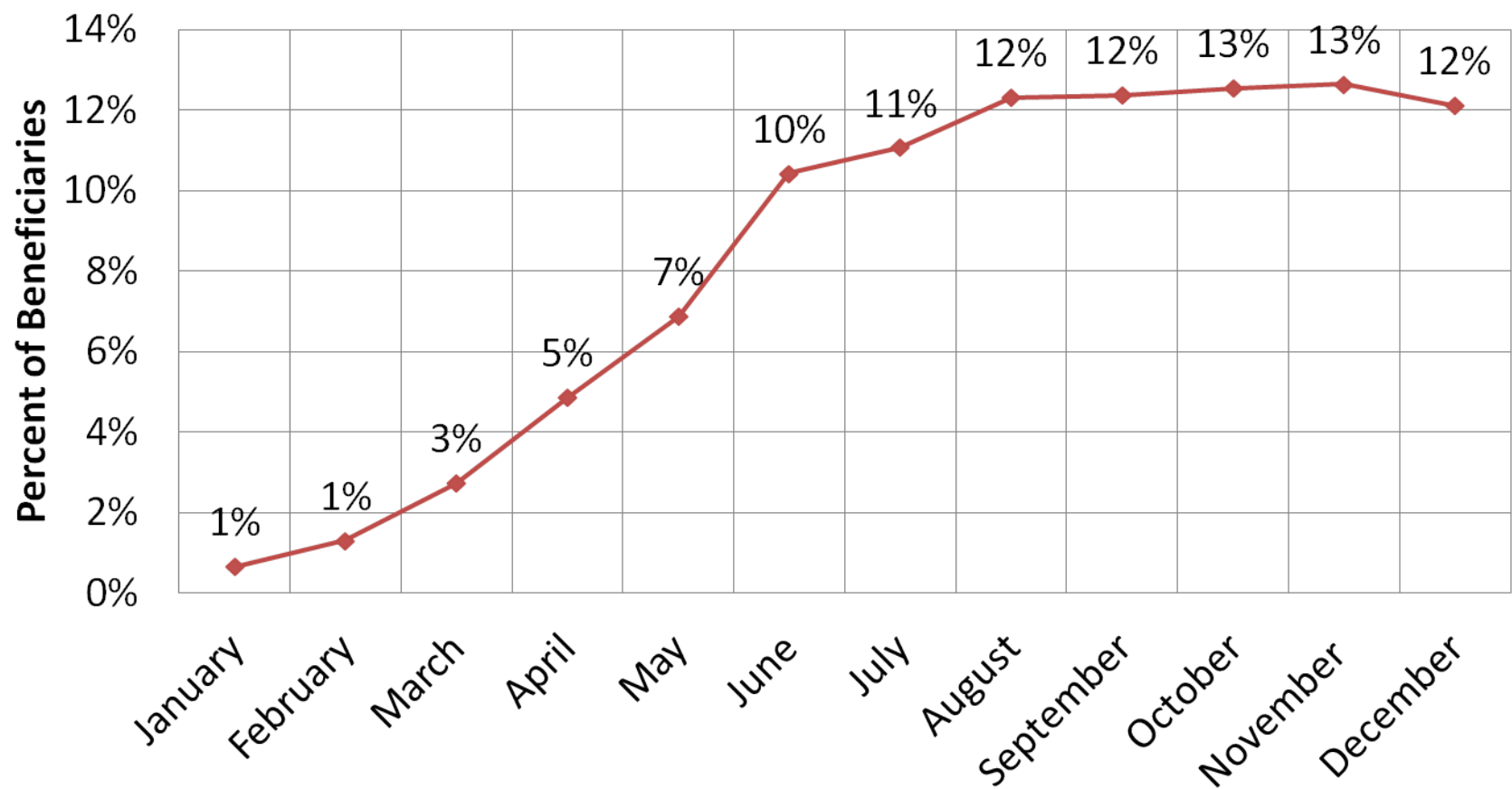
Year	Brand-name Drugs	Generic Drugs
2011	50%	93%
2012	50%	86%
2013	47.5%	79%
2014	47.5%	72%
2015	45%	65%
2016	45%	58%
2017	40%	51%
2018	35%	44%
2019	30%	37%
2020	25%	25%

Average Beneficiary Discount by Month, 2011

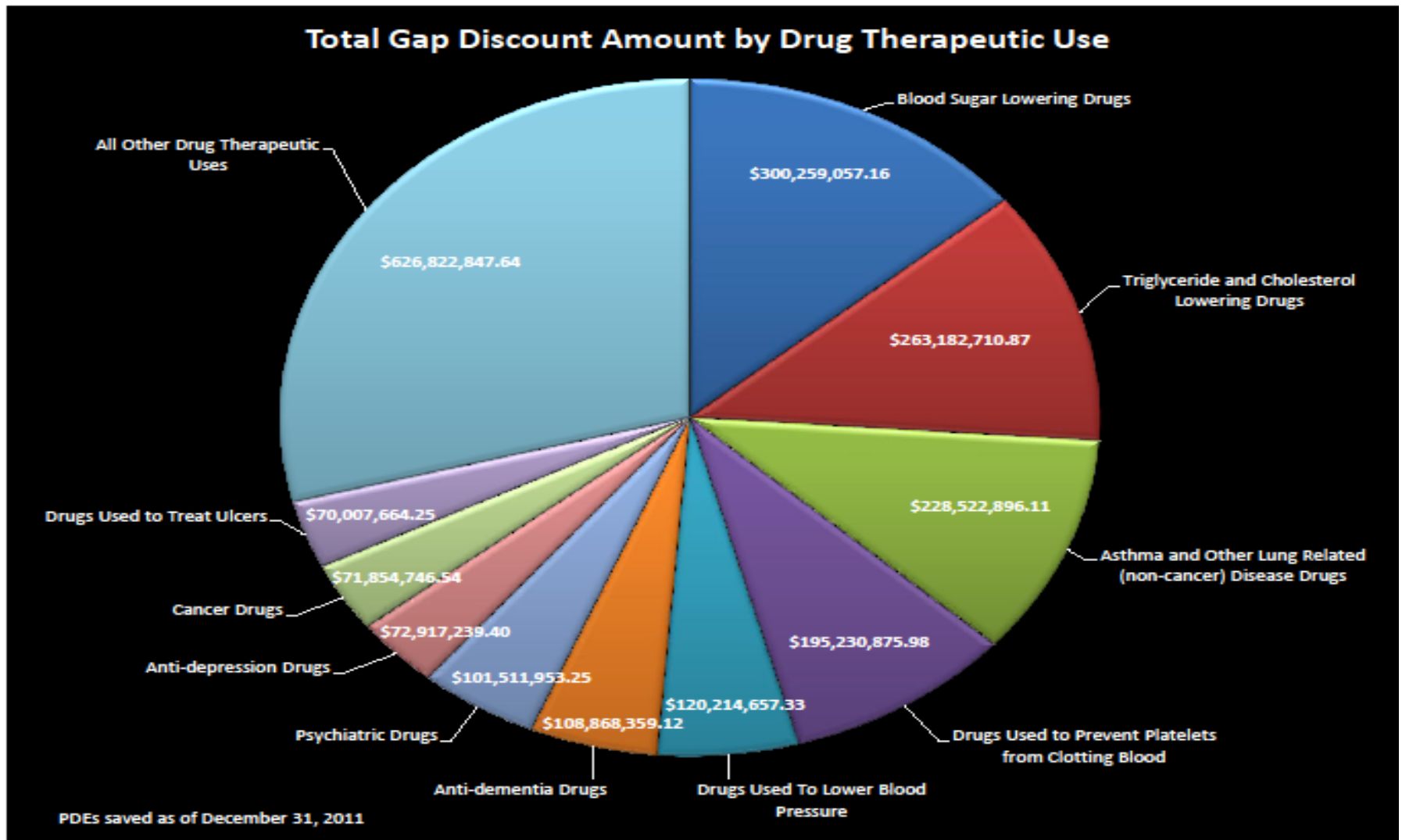


Average Percent of Beneficiaries Reaching Coverage Gap By Month

Monthly Average
2009-2011



Discounts by Therapeutic Class, 2011



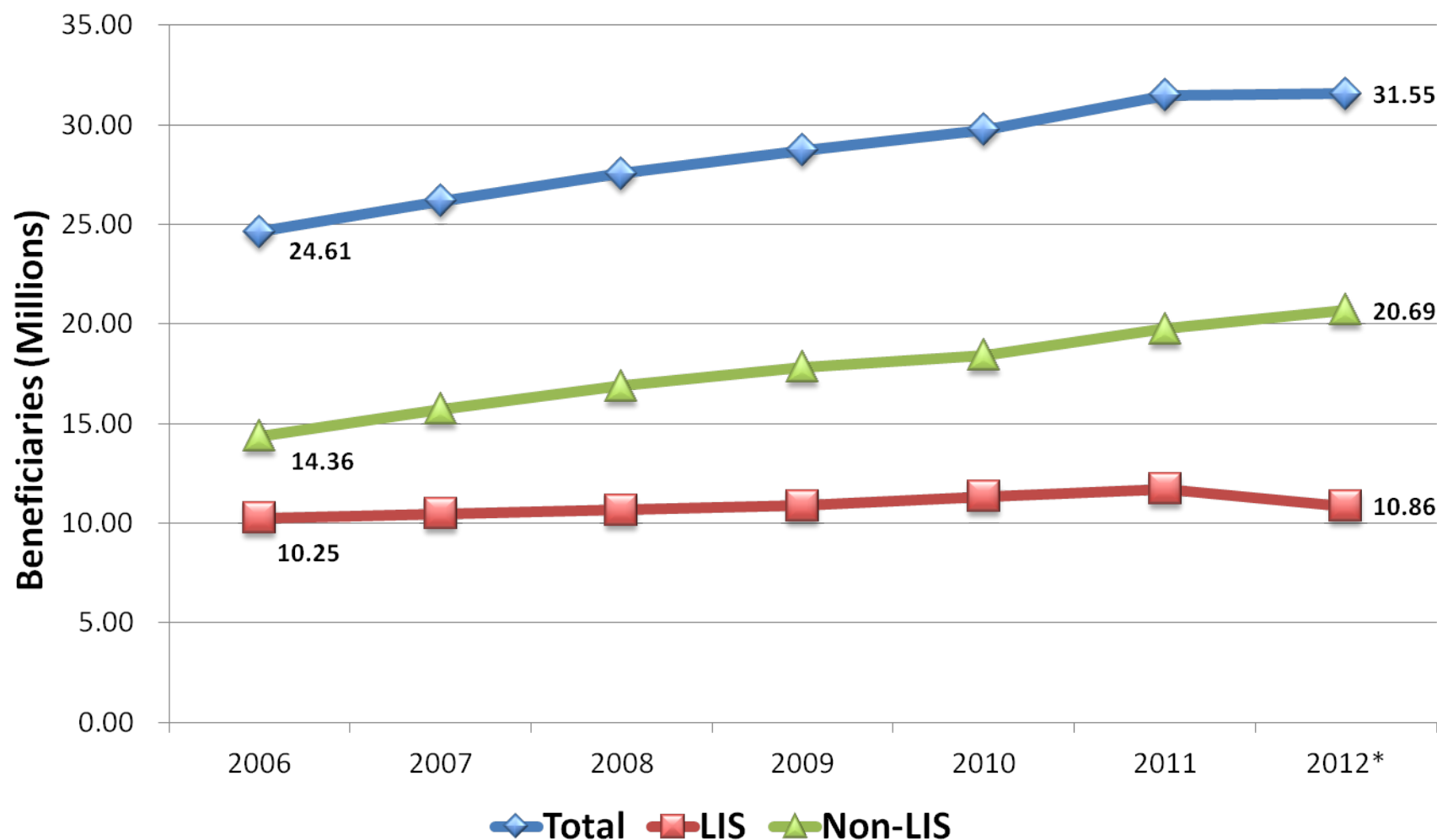
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Annual Standard Benefit Adjustments

Benefit Parameters	2006	2007	2008	2009	2010	2011	2012
Deductible	\$250	\$265	\$275	\$295	\$310	\$310	\$320
Initial Coverage Limit	\$2,250	\$2,400	\$2,510	\$2,700	\$2,830	\$2,840	\$2,930
Out-of-Pocket (OOP) Threshold	\$3,600	\$3,850	\$4,050	\$4,350	\$4,550	\$4,550	\$4,700
Total Covered Drug Spend at OOP Threshold	\$5,100	\$5,451.25	\$5,726.25	\$6,153.75	\$6,440	\$6,447.50	\$6,657.50

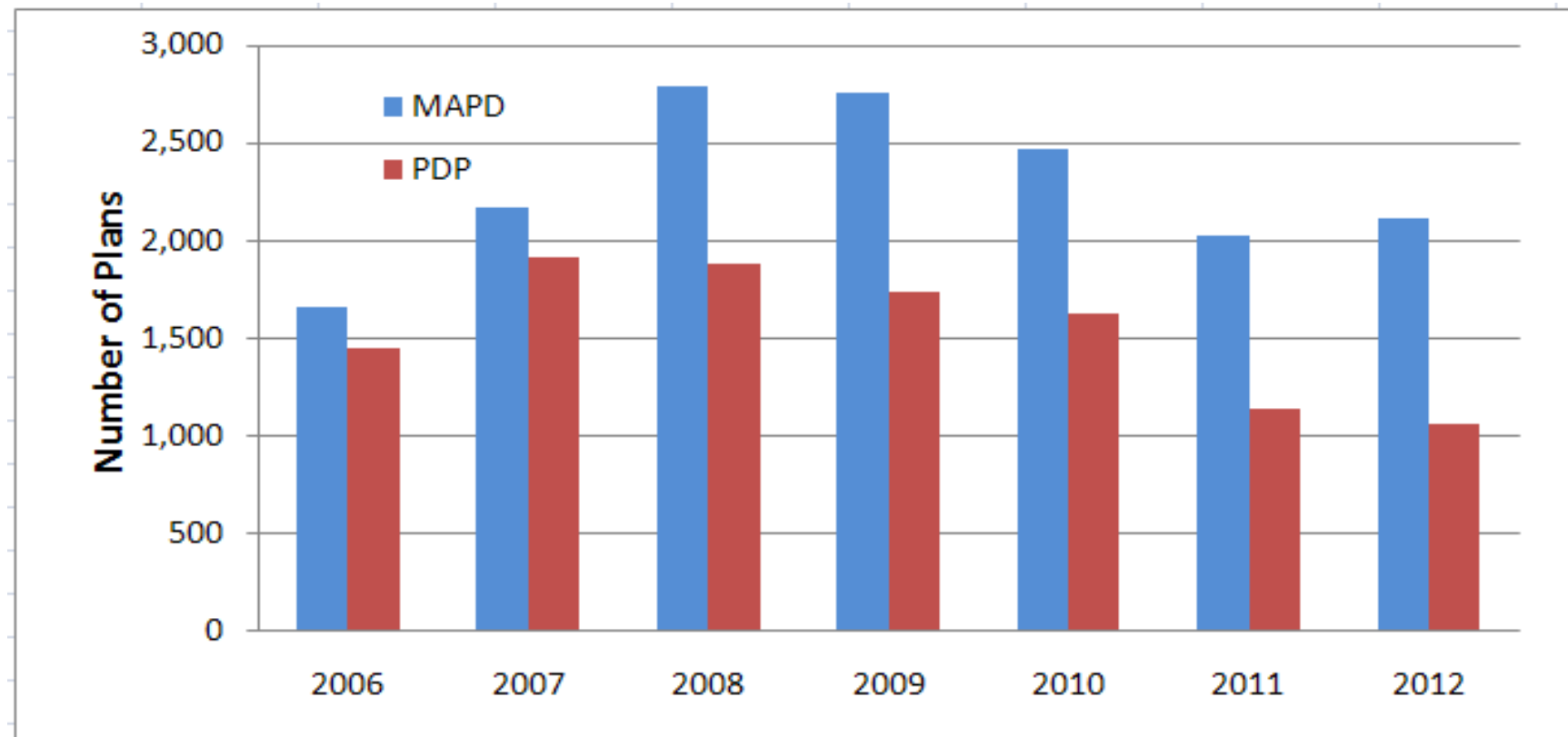
Total Part D Enrollment



* 2006-2012 Common Medicare Environment (CME); 2012 data incomplete, through January 2012

Part D Plans by Year

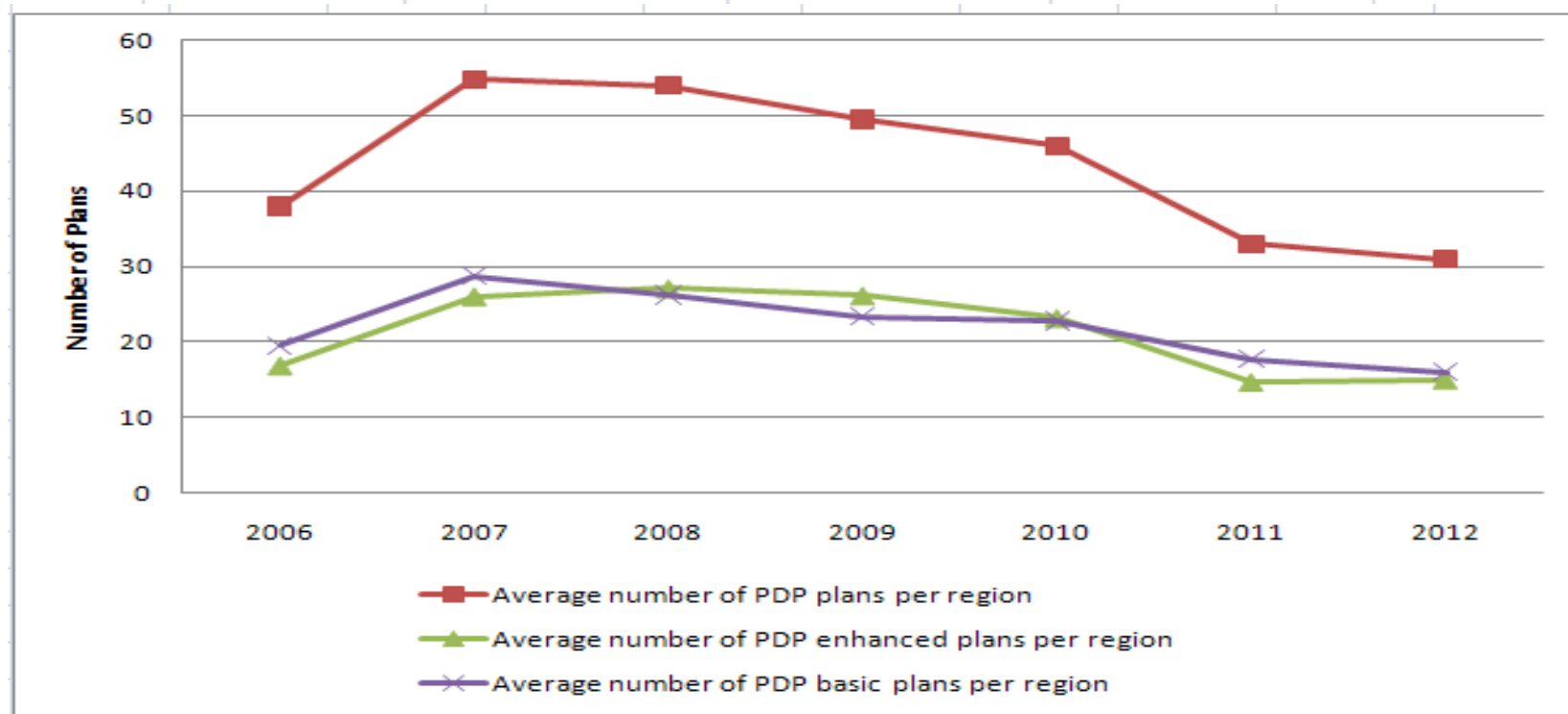
Contract Type	Contract Year						
	2006	2007	2008	2009	2010	2011	
MAPD	1,657	2,170	2,794	2,760	2,472	2,025	2,116
PDP	1,446	1,908	1,877	1,739	1,620	1,136	1,063



Part D Landscape Source Files, <http://www.cms.gov/PrescriptionDrugCovGenIn/>, As of October 5, 2011, Accessed March 12, 2012.

Average PDP Plans per Region

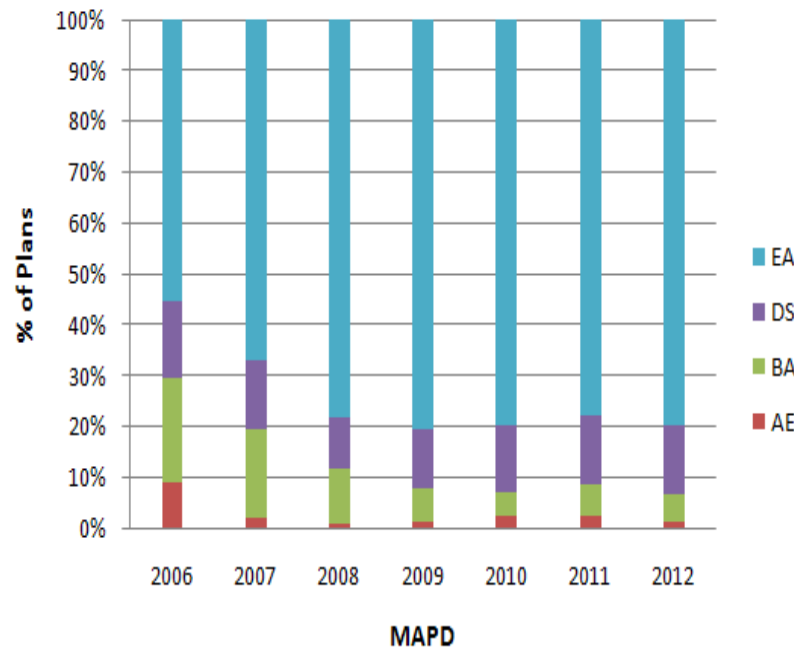
Year	Average number of PDP plans per region	Average number of PDP basic plans per region	Average number of PDP enhanced plans per region
2006	38	20	17
2007	55	29	26
2008	54	26	27
2009	50	23	26
2010	46	23	23
2011	33	18	15
2012	31	16	15



Part D Landscape Source Files, <http://www.cms.gov/PrescriptionDrugCovGenIn/>, As of October 5, 2011, Excluding US territories, Accessed March 12, 2012.

Trends in Part D Benefit Types

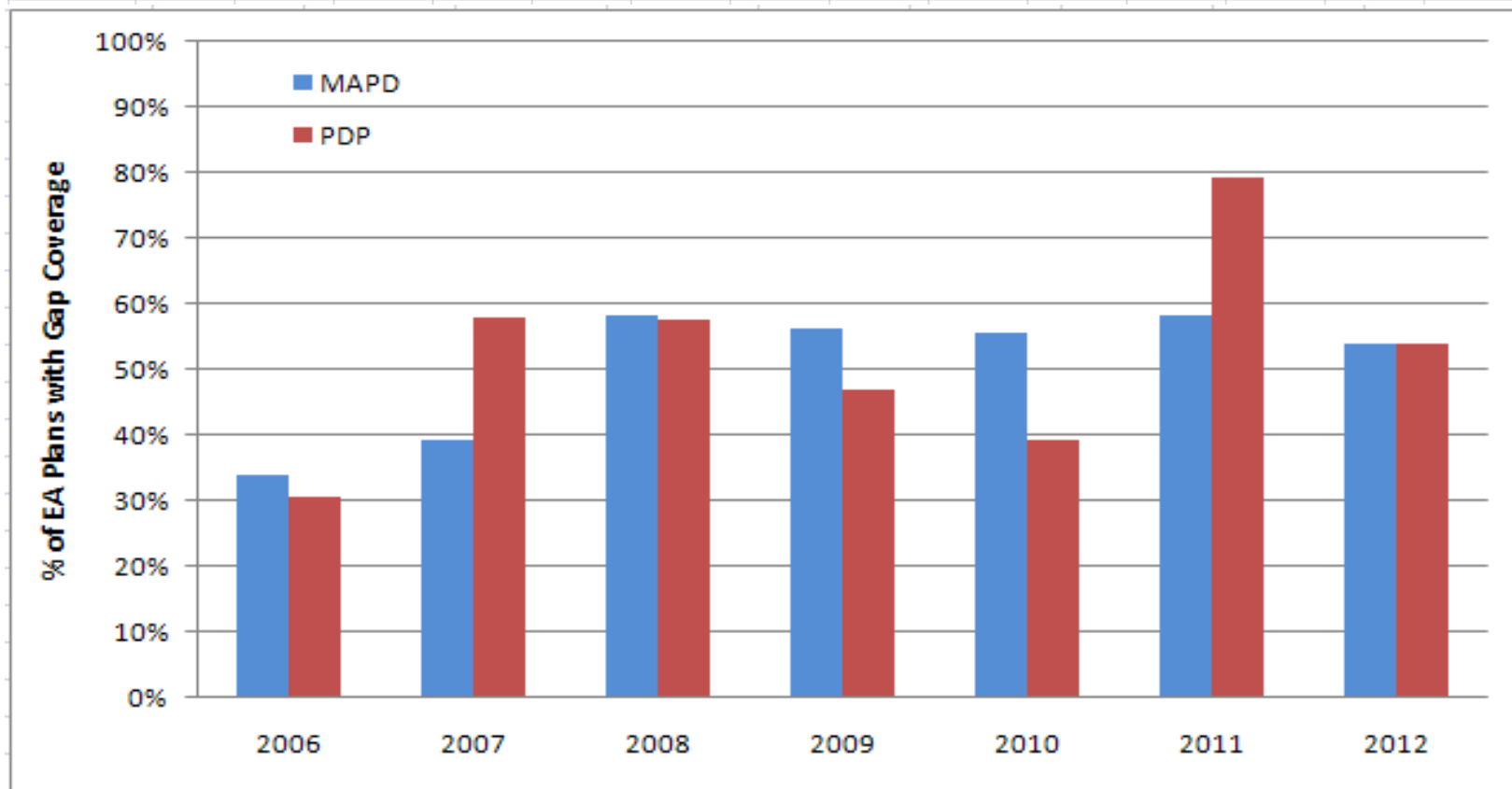
Contract Type	Benefit Type	2006		2007		2008		2009		2010		2011		2012	
		plans	%	plans	%	plans	%	plans	%	plans	%	plans	%	plans	%
PDP	DS	134	9.3%	221	11.6%	222	11.8%	173	9.9%	176	10.9%	136	12.0%	97	9.1%
	AE	314	21.7%	257	13.5%	243	12.9%	333	19.1%	374	23.1%	283	24.9%	284	26.7%
	BA	386	26.7%	523	27.4%	463	24.7%	312	17.9%	252	15.6%	201	17.7%	173	16.3%
	EA	612	42.3%	907	47.5%	949	50.6%	921	53.0%	818	50.5%	516	45.4%	509	47.9%
MAPD	DS	250	15.1%	291	13.4%	282	10.1%	322	11.7%	329	13.3%	276	13.6%	288	13.6%
	AE	148	8.9%	45	2.1%	24	0.9%	30	1.1%	55	2.2%	53	2.6%	24	1.1%
	BA	338	20.4%	380	17.5%	298	10.7%	184	6.7%	118	4.8%	107	5.3%	117	5.5%
	EA	921	55.6%	1,454	67.0%	2,190	78.4%	2,224	80.6%	1,970	79.7%	1,589	78.5%	1,687	79.7%



Part D Landscape Source Files, <http://www.cms.gov/PrescriptionDrugCovGenIn/>, As of October 5, 2011, Accessed March 12, 2012.

Enhanced Alternative Plans with Gap Coverage by Year

Contract Type	2006		2007		2008		2009		2010		2011		2012	
	plans	%	plans	%	plans	%	plans	%	plans	%	plans	%	plans	%
MAPD	311	33.8%	570	39.2%	1,274	58.2%	1,252	56.3%	1,093	55.5%	923	58.1%	911	54.0%
PDP	187	30.6%	525	57.9%	547	57.6%	432	46.9%	321	39.2%	409	79.3%	274	53.8%



Part D Landscape Source Files, <http://www.cms.gov/PrescriptionDrugCovGenIn/>, As of October 5, 2011, Accessed March 12, 2012.

Utilization Trends

- Beneficiaries filled 3.3 prescriptions per member per month, on average, since 2007 (3.2 in 2006).
- The average monthly gross drug expenditures increased slightly each year, but year-over-year (YOY) change is decreasing.

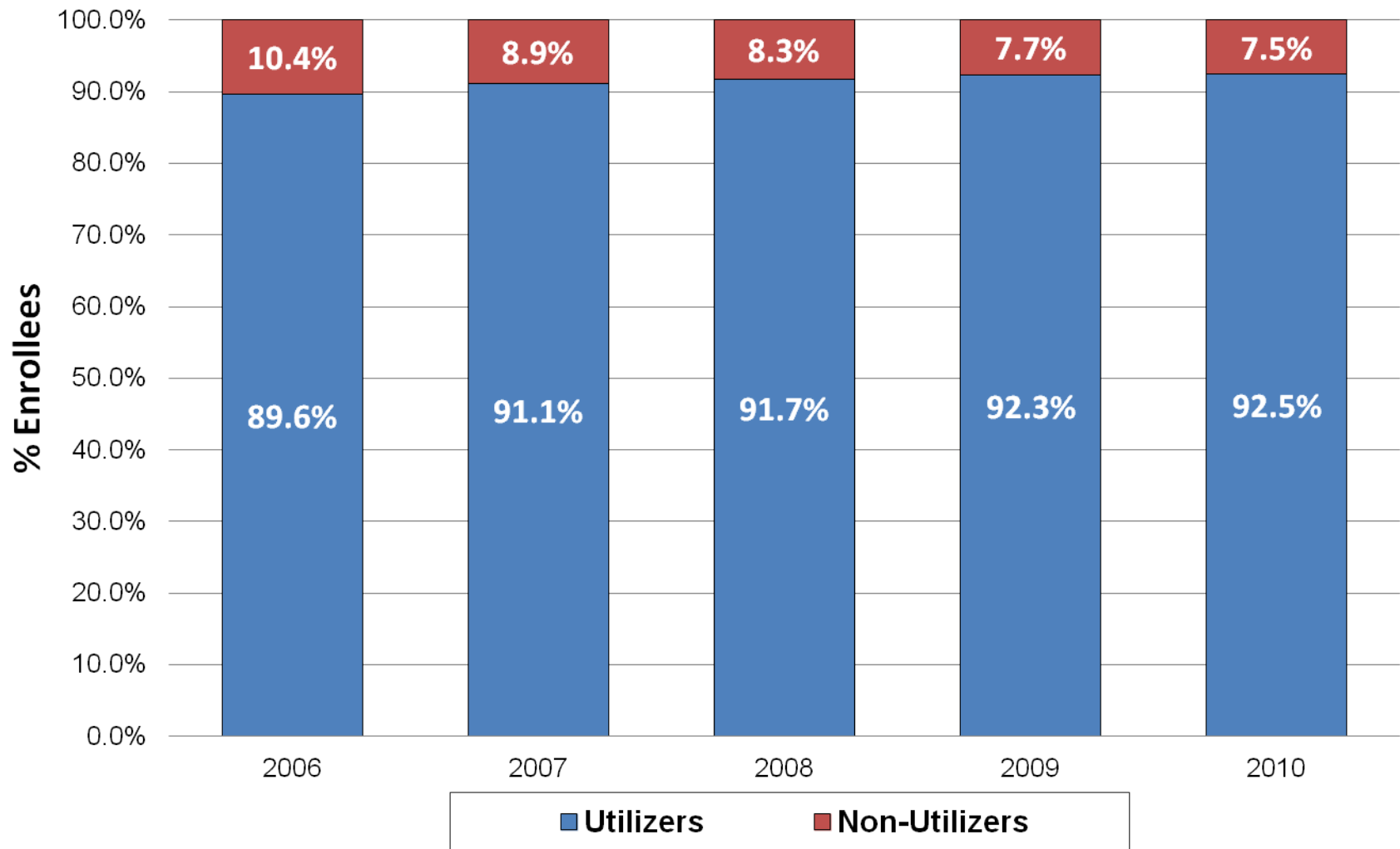
	2006	2007	2008	2009	2010
Average Monthly Drug Costs	\$202	\$212	\$221	\$227	\$231
% YOY Change		5%	4%	3%	2%

Average Monthly Cost and Utilization, 2006-2010

Category	2006		2010	
	Average Monthly Expenditure	Average Number of Fills Per Month	Average Monthly Expenditure	Average Number of Fills Per Month
ALL	\$202	3.2	\$231	3.3
GENDER				
MALE	\$192	2.8	\$224	2.9
FEMALE	\$208	3.5	\$236	3.5
CONTRACT TYPE				
EMPLOYER	\$177	2.3	\$215	2.5
MAPD	\$128	2.5	\$168	2.8
PDP	\$233	3.6	\$267	3.6
LIS STATUS				
LIS	\$276	4.1	\$345	4.5
Non-LIS	\$146	2.5	\$162	2.6

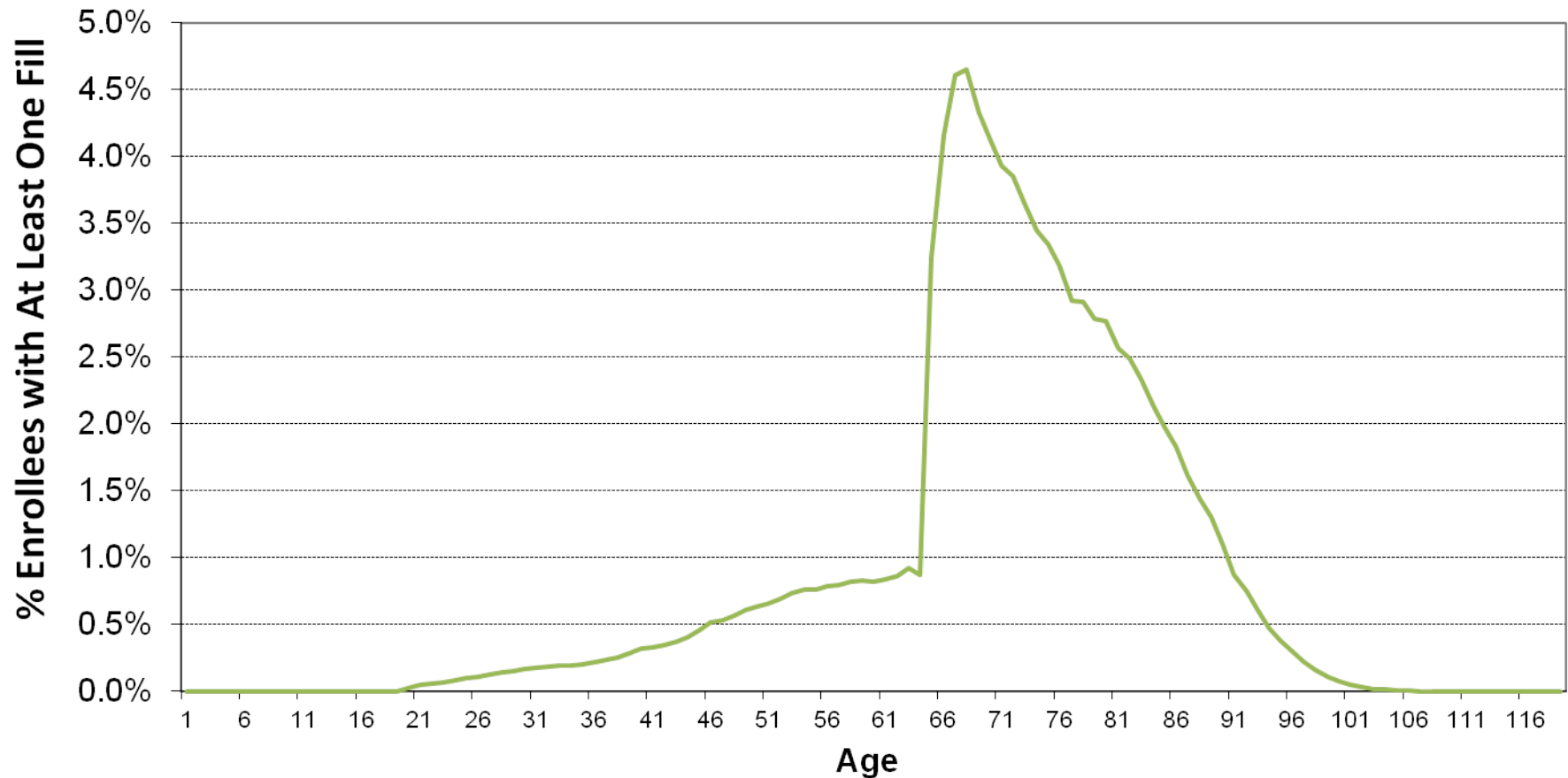
2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF)

Part D Utilizing Beneficiaries



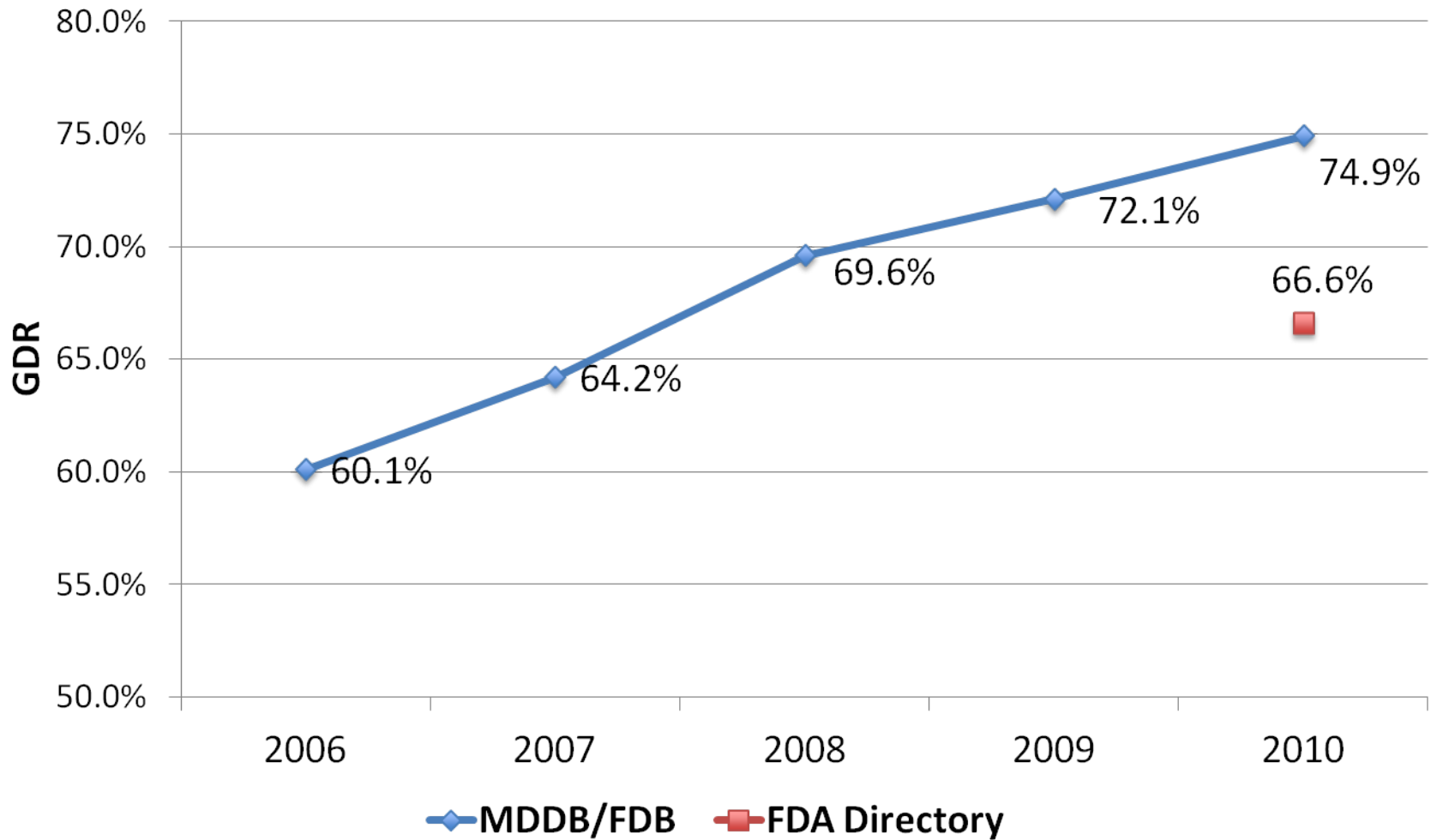
2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF)

Utilization by Age, 2010



2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF), Common Medicare Enrollment (CME)

Generic Dispensing Rate (GDR)



2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF)

Top Drugs and Drug Classes

- Consistent with previous years' trends, in 2010, cardiovascular drugs are the most consumed drug class among Part D beneficiaries, by fill and by cost.
- The LIS population has a higher rate of psychotherapeutic drug utilization compared to the aggregate Part D population.
- By fill, Simvastatin and Lisinopril, two cardiovascular drugs, are the two most utilized drugs in 2010. Plavix and Lipitor are the top two drugs by cost.

Top Classes, by Share of Fills

Class	2006	2007	2008	2009	2010
CARDIOVASCULAR	17.6%	18.2%	18.5%	18.6%	18.6%
PSYCHOTHERAPEUTIC DRUGS	8.3%	7.7%	8.2%	8.1%	8.2%
GASTROINTESTINAL	6.2%	6.2%	6.3%	6.5%	6.5%
ANALGESICS	5.5%	5.6%	5.8%	5.9%	6.1%
ANTIHYPERGLYCEMICS *	6.1%	6.1%	6.0%	6.0%	6.0%
AUTONOMIC DRUGS	6.0%	6.0%	6.0%	6.1%	5.9%
CARDIAC DRUGS	6.4%	6.1%	5.9%	5.8%	5.7%
DIURETICS	5.9%	5.6%	5.4%	5.2%	5.0%
UNCLASSIFIED DRUG PRODUCTS	4.1%	4.9%	4.0%	3.9%	3.8%
CNS DRUGS	3.0%	3.1%	3.2%	3.3%	3.5%

2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF), Class based on Generic Therapeutic Class (GTC) codes

* GTC class: Hypoglycemic, 2006-2009

Top Classes, by Share of Total Drug Cost

Class	2006	2007	2008	2009	2010
CARDIOVASCULAR	18.4%	16.8%	15.7%	15.0%	14.6%
PSYCHOTHERAPEUTIC DRUGS	13.3%	12.5%	12.8%	12.4%	12.7%
ANTIHYPERGLYCEMICS *	6.0%	6.4%	6.8%	7.4%	8.0%
UNCLASSIFIED DRUG PRODUCTS	7.4%	8.3%	8.1%	8.1%	7.8%
GASTROINTESTINAL	7.7%	7.7%	7.6%	7.6%	6.7%
ANTIASTHMATICS	4.0%	4.5%	4.9%	5.4%	5.9%
BLOOD	4.9%	5.0%	5.2%	5.5%	5.9%
AUTONOMIC DRUGS	3.6%	3.8%	3.9%	4.3%	4.6%
ANTIINFECTIVES/MISCELLANEOUS	3.8%	3.9%	4.2%	4.4%	4.6%
ANALGESICS	3.6%	3.9%	4.0%	4.2%	4.2%

2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF), Class based on Generic Therapeutic Class (GTC) codes

* GTC class: Hypoglycemic, 2006-2009

Top Drugs, by Fill

Drug Name	Class	2006	2007	2008	2009	2010
SIMVASTATIN	CARDIOVASCULAR	25	6	2	1	1
LISINOPRIL	CARDIOVASCULAR	2	1	1	2	2
HYDROCODONE-ACETAMINOPHEN	ANALGESICS	4	3	4	3	3
AMLODIPINE BESYLATE	CARDIAC DRUGS	.	14	6	6	4
LEVOTHYROXINE SODIUM	THYROID PREPS	6	5	5	5	5
OMEPRAZOLE	GASTROINTESTINAL	18	13	8	7	6
FUROSEMIDE	DIURETICS	1	2	3	4	7
METOPROLOL TARTRATE	AUTONOMIC DRUGS	9	9	12	8	8
METFORMIN HCL	ANTIHYPERGLYCEMICS	10	10	11	9	9
HCTZ	DIURETICS	8	8	9	10	10

2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF), Class based on Generic Therapeutic Class (GTC) codes

Top Drugs, by Cost

Drug Name	Class	2006	2007	2008	2009	2010
PLAVIX	BLOOD	2	2	2	1	1
LIPITOR	CARDIOVASCULAR	1	1	1	2	2
NEXIUM	GASTROINTESTINAL	4	3	3	3	3
SEROQUEL	PSYCHOTHERAPEUTIC DRUGS	5	4	4	4	4
ARICEPT	AUTONOMIC DRUGS	9	6	5	5	5
ADVAIR DISKUS	ANTIASTHMATICS	10	7	7	6	6
ZYPREXA	PSYCHOTHERAPEUTIC DRUGS	3	5	6	7	7
ACTOS	ANTIHYPERGLYCEMICS	13	10	8	8	8
ABILIFY	PSYCHOTHERAPEUTIC DRUGS	18	13	10	9	9
CRESTOR	CARDIOVASCULAR	43	31	21	11	10

2006-2010 Prescription Drug Event (PDE), Standard Analytic Files (SAF), Class based on Generic Therapeutic Class (GTC) codes

Part D Price Analyses

- Uses prices submitted to Medicare Plan Finder (MPF).
- Market basket analysis, began with Drug Discount Card Program.
 - Simulates impact to beneficiaries via sample drug regimens.
 - Currently analyze 22 drug market baskets.
- Aggregate analysis of Part D prices, including:
 - Value of Part D benefit using cost-markers.
 - MPF changes compared to industry.
- With recent Average Wholesale Price (AWP) changes, CMS transitioned from AWP to Wholesale Acquisition Cost (WAC) as the primary cost-marker for MPF and analyses.

Part D Price Analyses

- In previous studies, most Part D drug costs consistently trended with, or were lower, than AWP.
- In 2010, the cost-marker changed from AWP to WAC.
 - Generally, AWP is 20% higher than WAC.
- On average, 2010 Part D price index increases were 1.5% higher among MAPDs and PDPs compared to WAC.
 - For Part D sponsors that had higher price index increases compared to WAC, most were less than 1% higher.
- MPF's formula for calculating cash prices was also revised. MPF cash prices, based on WAC, are higher than cash prices based on AWP.

Out of Pocket Cost (OOPC) Estimates

- Ratio of PDP Plan OOPC Costs to FFS OOPC Costs

Payment Year	Benefit Type			
	DS	AE	BA	EA
2007	0.639	0.682	0.648	0.570
2008	0.357	0.338	0.330	0.279
2009	0.453	0.434	0.423	0.364
2010	0.542	0.501	0.459	0.430
2011	0.513	0.478	0.430	0.356
2012	0.488	0.446	0.407	0.325

CMS Historical OOPC Medicare Plan Finder files: 2007 - 2012

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Ongoing Challenges

- Transition of care.
- MTM program eligibility, CMRs.
- Performances in some measures have not improved.

Measure	Mean of Raw Measure Score		
	Year 1	Year 2	Year 3
Rate of Appeals Auto-forwarded to IRE (per 10,000 enrollees)	MAPD 2.66 PDP 1.61	MAPD 4.11 PDP 2.80	MAPD 2.98 PDP 3.17
Use of ACE-I or ARBs in Patients with Diabetes and Hypertension	MAPD 84% PDP 81%	MAPD 85% PDP 82%	MAPD 84% PDP 82%

Assessment Question 1:

What was implemented for the first time in Medicare to track and resolve issues reported by beneficiaries?

- A. HPMS
- B. MTM
- C. CTM
- D. None of the above

Assessment Question 2:

Which of the following is an example of a program improvement in the Medicare drug benefit program?

- A. Implemented a standard complaint resolution process.
- B. Developed more robust MTM service requirements with standardized action plans.
- C. Enhanced the Plan Ratings to drive performance improvement and aid in enrollment decisions.
- D. Implemented the coverage gap discount program.
- E. All of the above

Questions?

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