



Impact of Changes to LIS Status on Part D Drug Utilization

March 20, 2012

Thomas Kornfield,
Health Insurance Specialist
Medicare Plan Payment Group
Centers for Medicare and Medicaid Services
(ARS Response Card: Channel 41)

Disclosure

“I, Tom Kornfield, 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.”

Introduction and Overview

- The Part D benefit provides low-income beneficiaries with reduced or eliminated cost sharing
- Individuals who change low income status may choose to alter drug prescription utilization due to changes in cost sharing
- Purpose of study is to evaluate how changes in cost sharing can affect prescription drug utilization

Learning Objectives

- Analyze changes in prescription drug utilization based on low income status
- Determine which drug class has the highest expenditures for low income beneficiaries

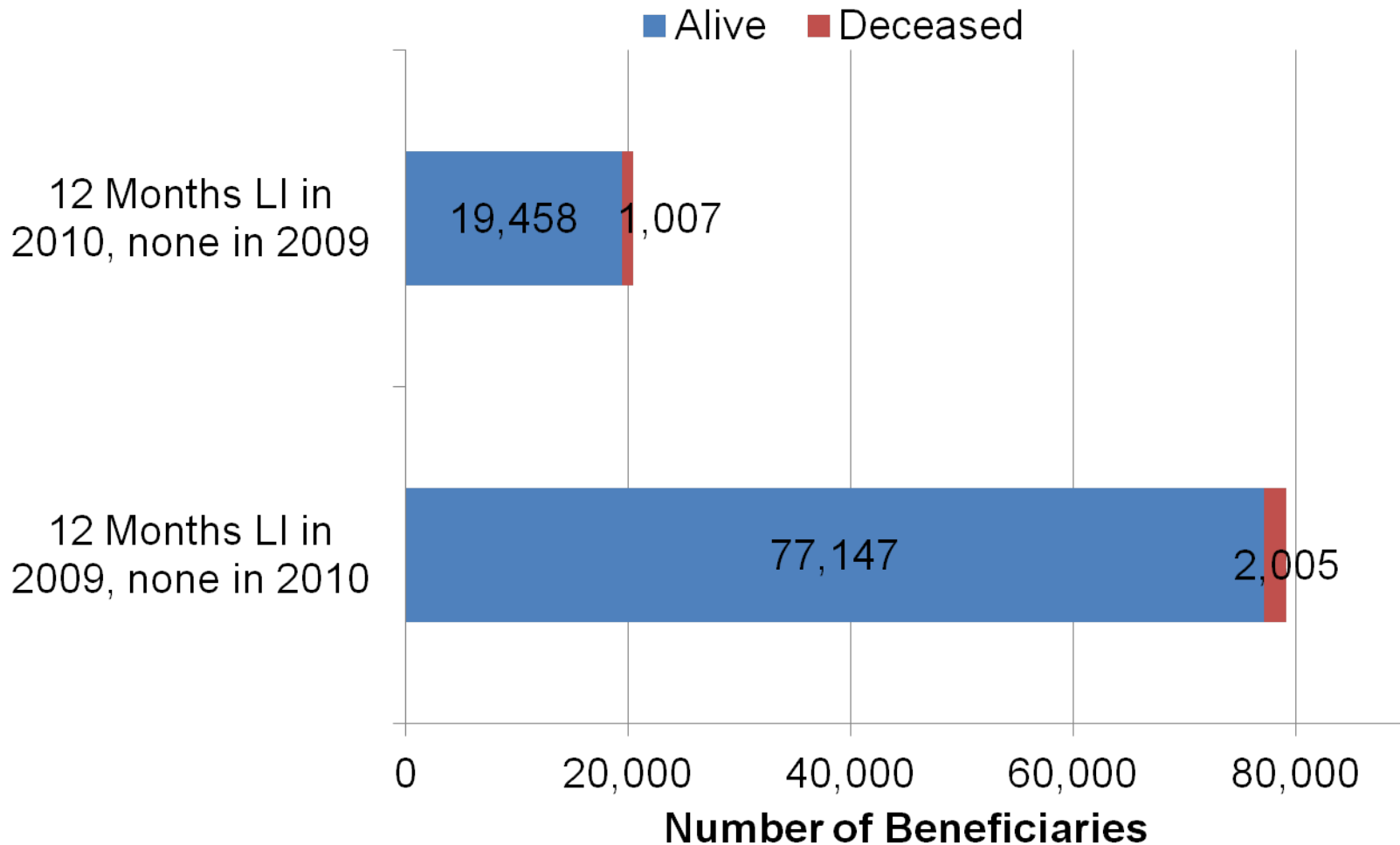
Low Income Cost Sharing Categories for 2010

Income Category	Full Benefit Dual Eligible?	Deductible	Initial Coverage Phase and Coverage Gap	Catastrophic
Less than or equal to 100% of FPL	Yes	\$0	\$1.10 Generic \$3.30 Brand	\$0
Between 100% and 135% of FPL	No	\$0	\$2.50 Generic \$6.30 Brand	\$0
Above 135% and Less than 150% of FPL	No	\$0	15%	\$2.50 Generic \$6.30 Brand
Institutionalized	Yes	\$0	\$0	\$0

Methodology

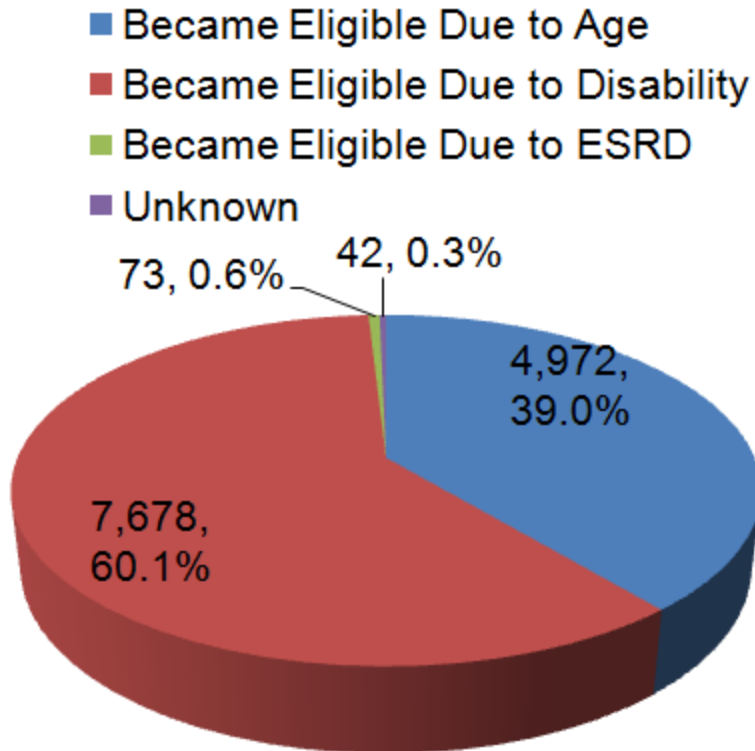
- Methodology
 - Use data from Integrated Data Repository (IDR) at CMS to identify beneficiaries who had:
 - Low income in 2009, not in 2010
 - Low income in 2010, not in 2009
 - Enrollment Requirements
 - Enrolled in a plan providing Part D coverage in each month from January 2009 to December 2010
 - Enrolled in the same plan throughout the year
 - Did not change address during the year
 - Low Income Requirements
 - 12 months of continuous LI status in either 2009 or 2010
 - PDE claims were pulled from the IDR

Study Population Characteristics

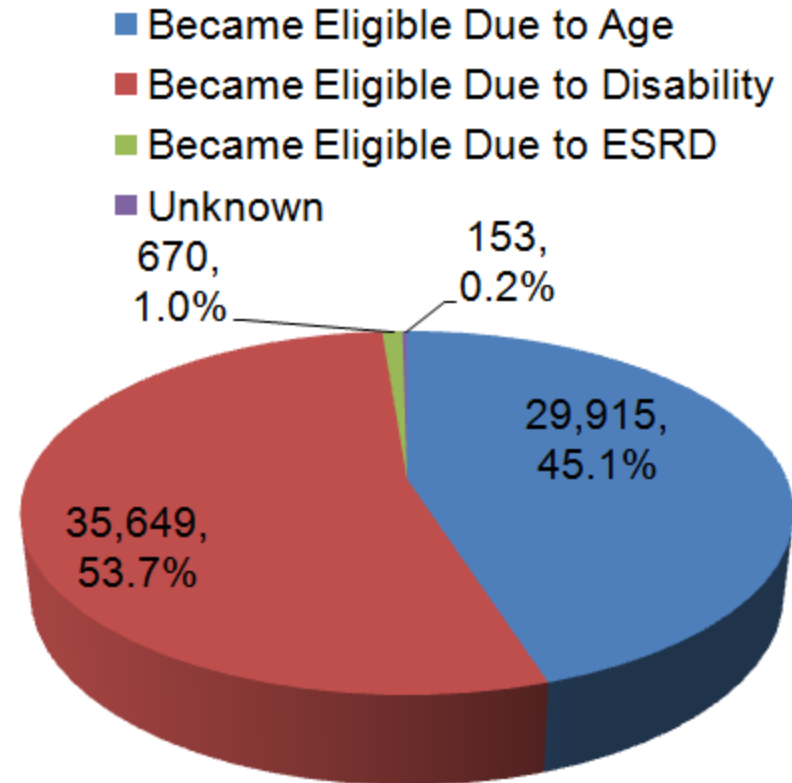


Characteristics of Study Population, Low Income 2009 not 2010

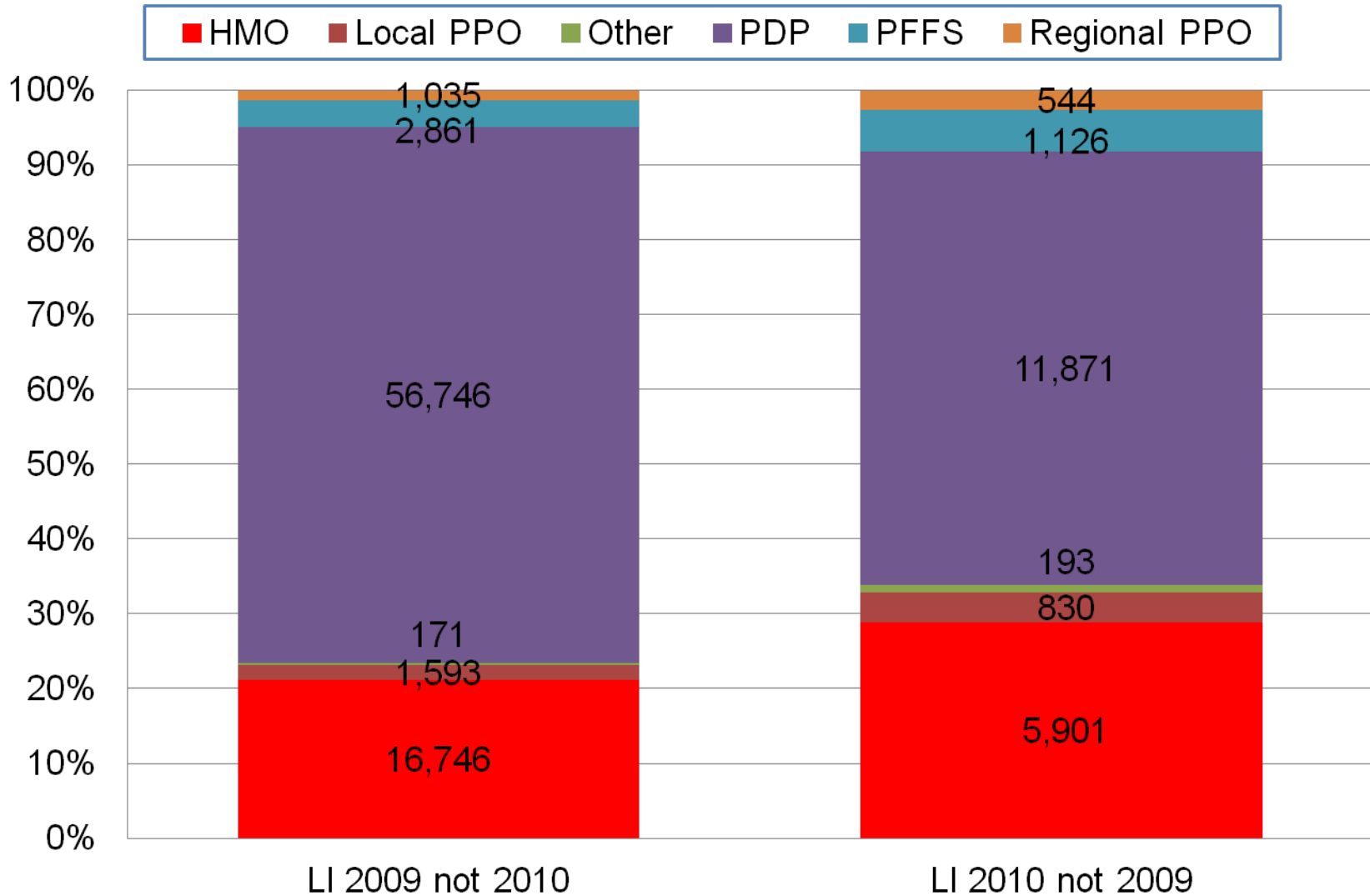
Without Drug Claims



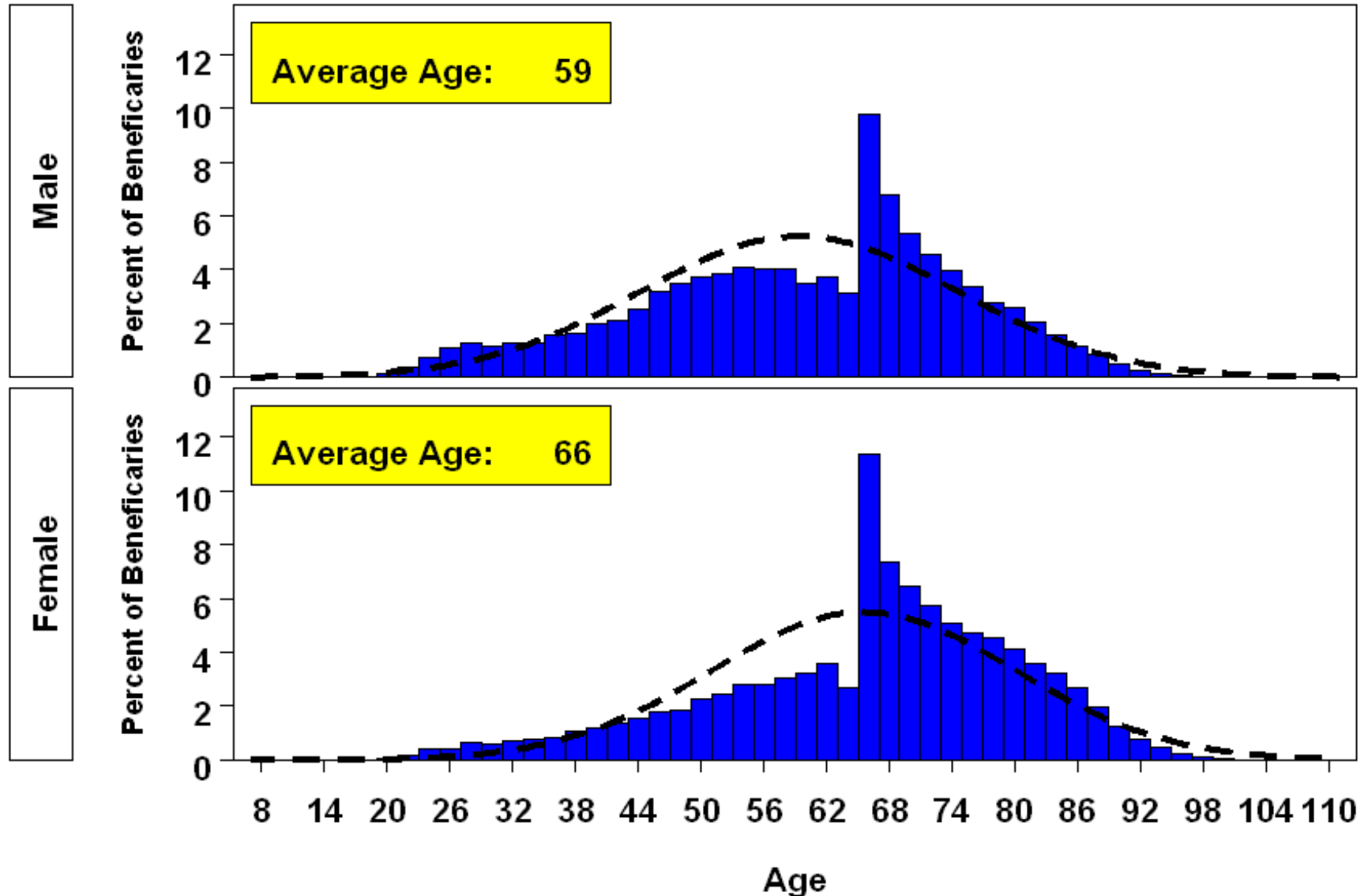
With Drug Claims



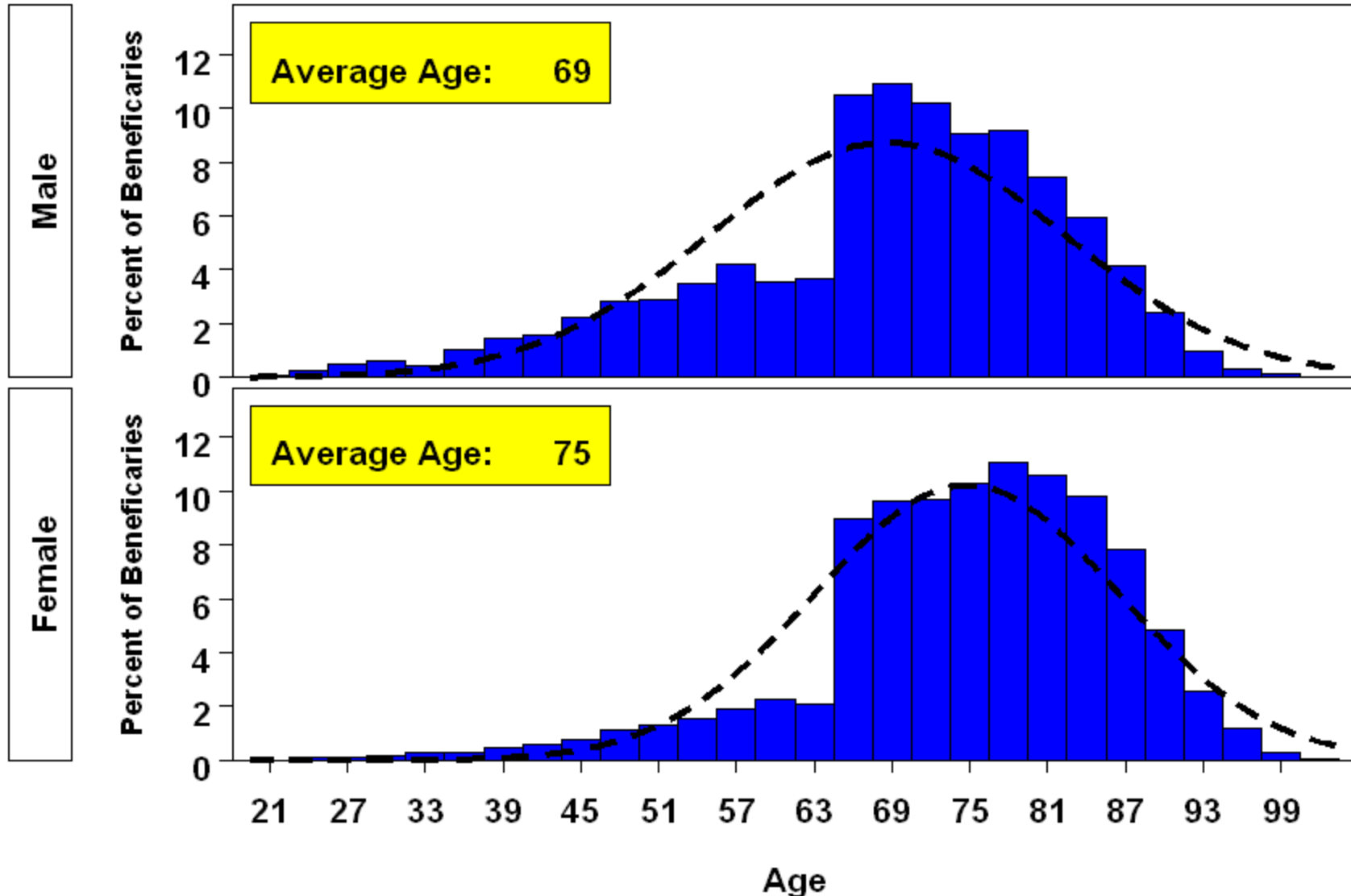
Characteristics of Study Population by Plan Type in Non LI Year



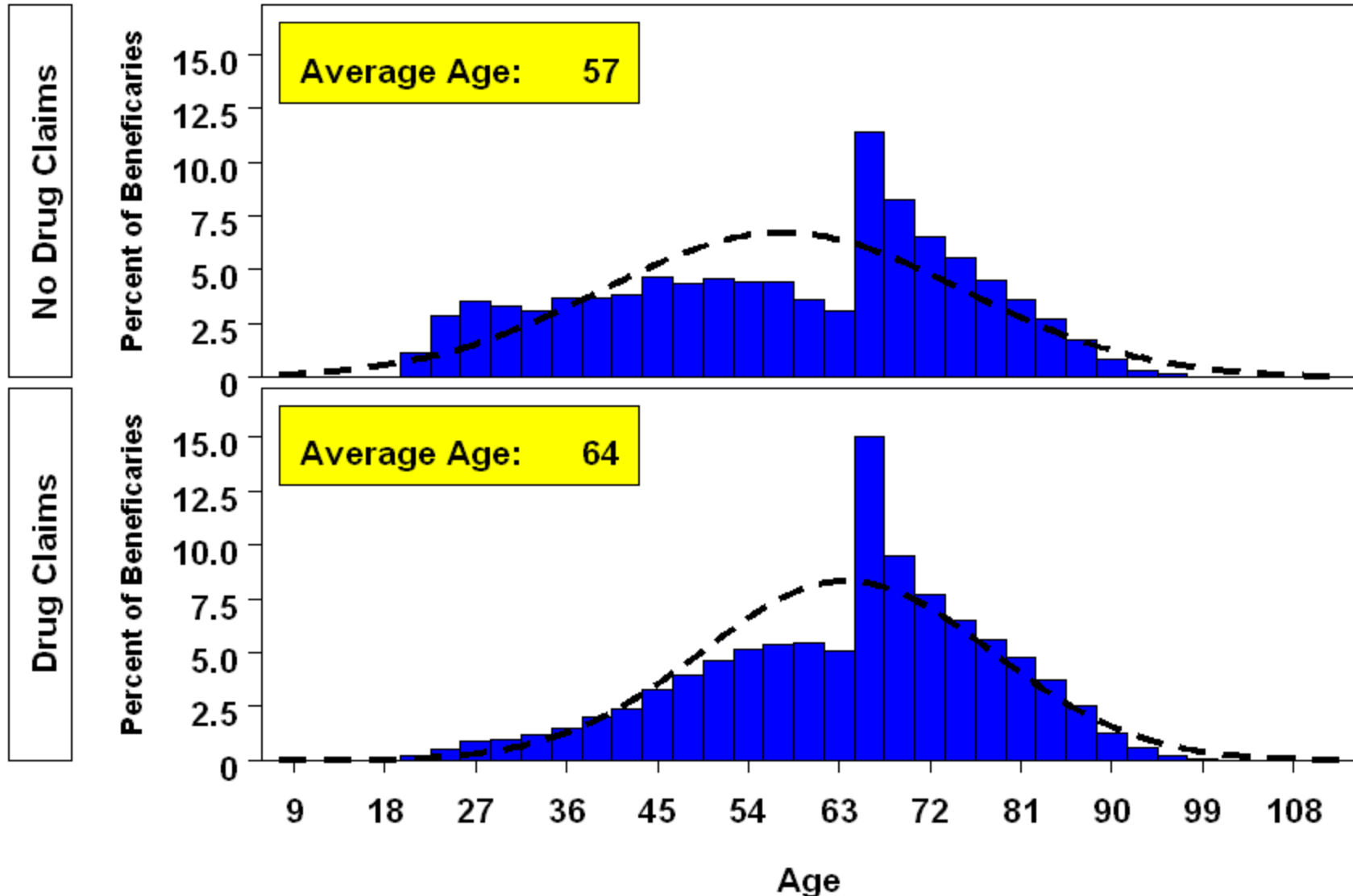
Study Population Characteristics – Distribution by Gender and Age, Low Income 2009 but not 2010



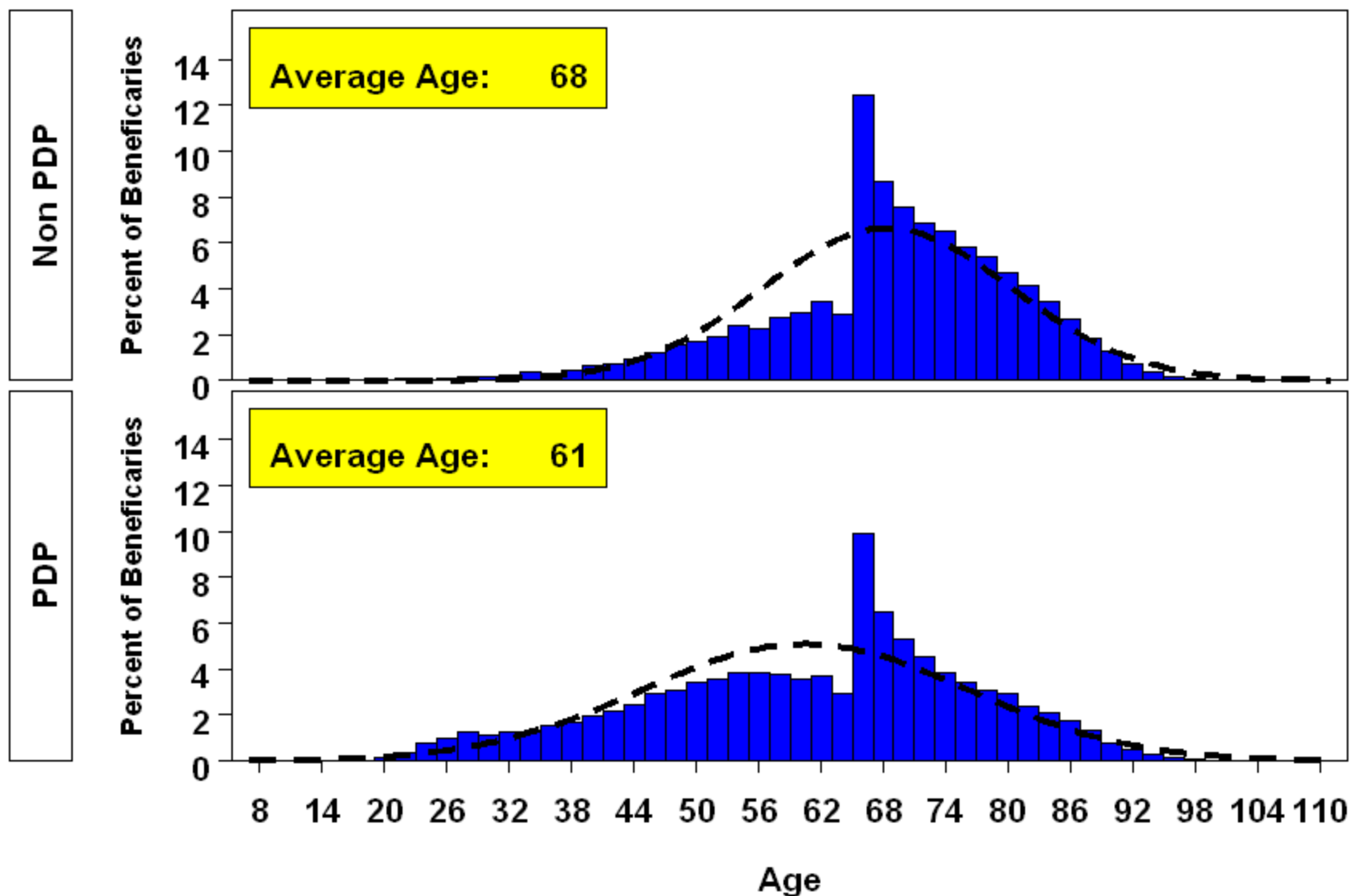
Study Population Characteristics – Distribution by Gender and Age, Low Income 2010 but not 2009



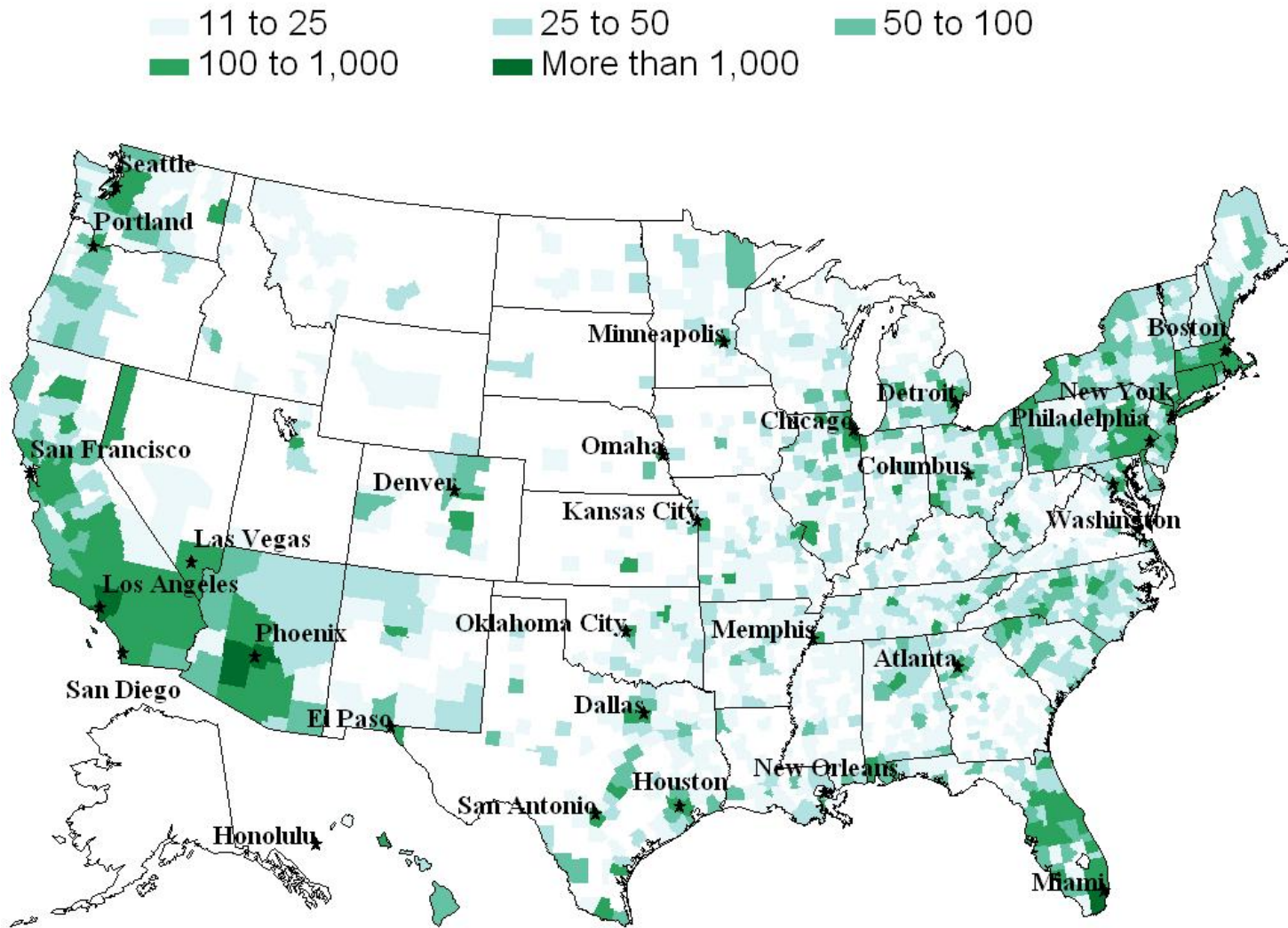
Study Population Characteristics – Distribution by Age and Presence of Drug Claim, Low Income 2009 but not 2010



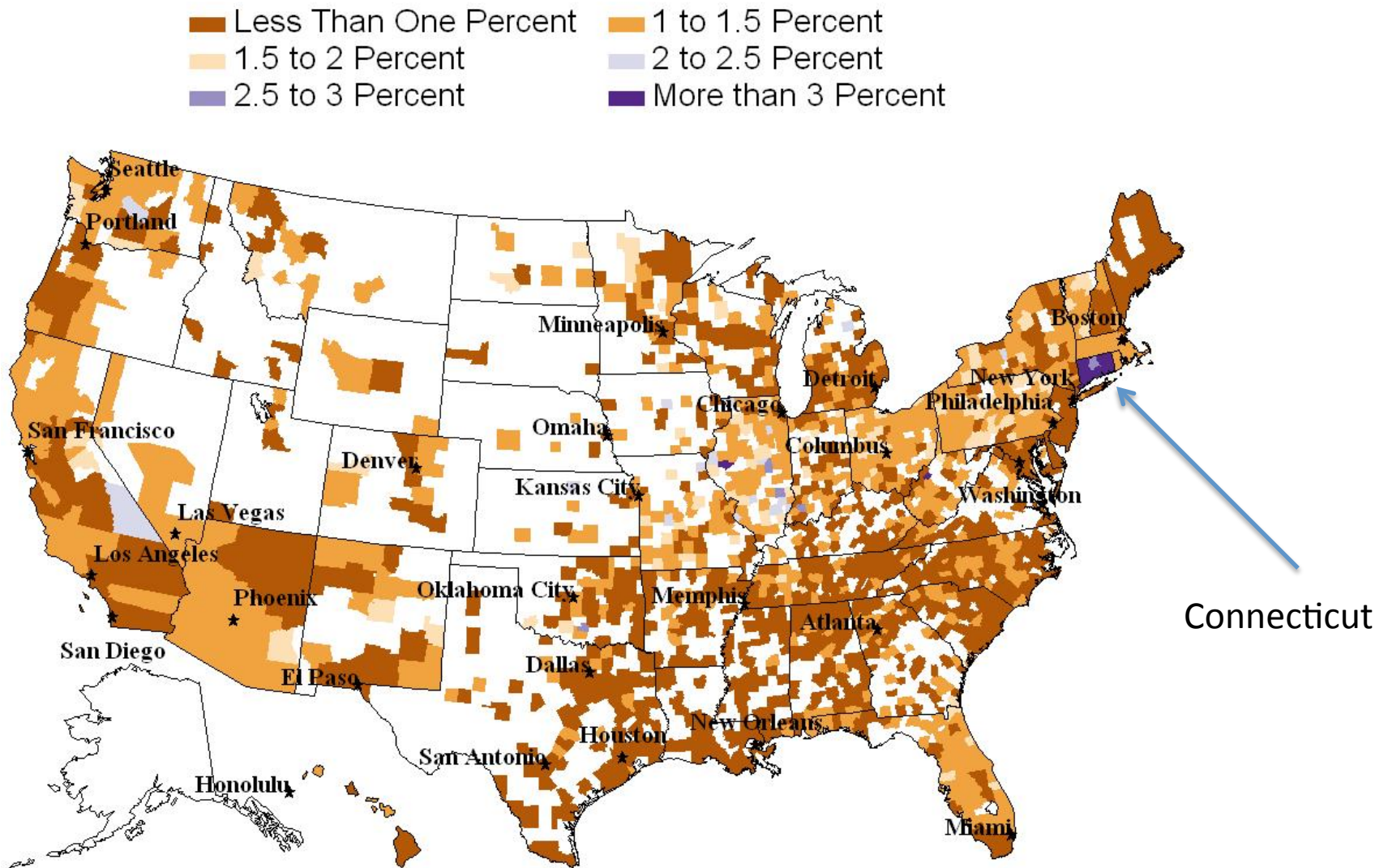
Study Population Characteristics – Distribution by Age and Plan Type in 2009, Low Income 2009 but not 2010



Distribution of Low Income Beneficiaries with Status Change

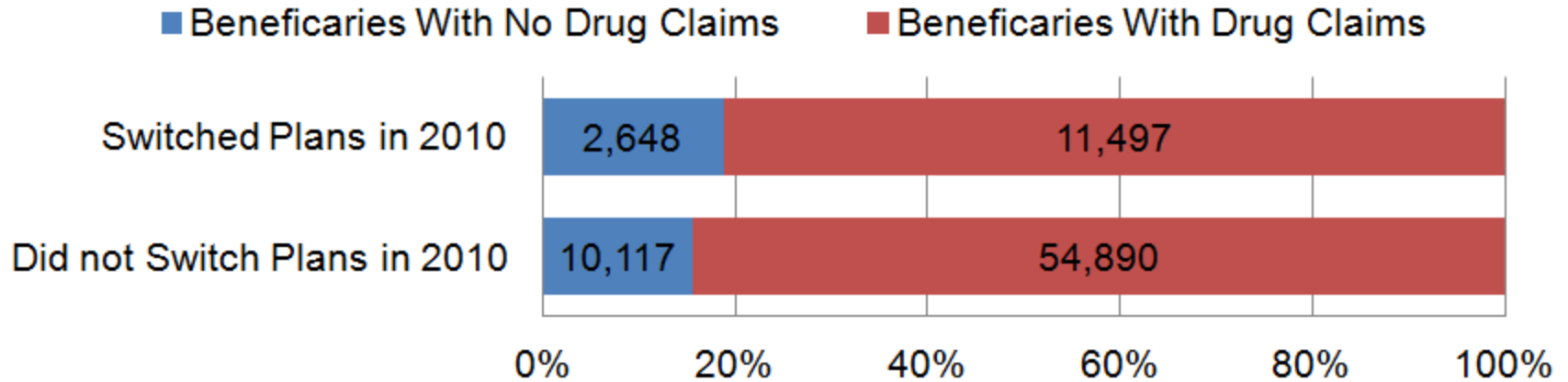


LI Beneficiaries With Status Change as Percent of All LI Beneficiaries

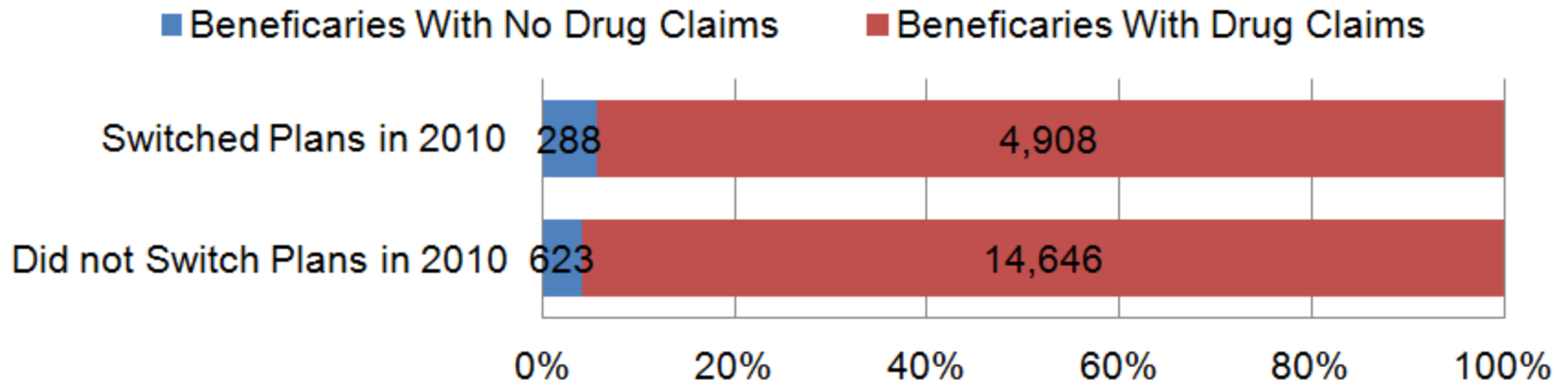


Distribution of Plan Switchers by Group

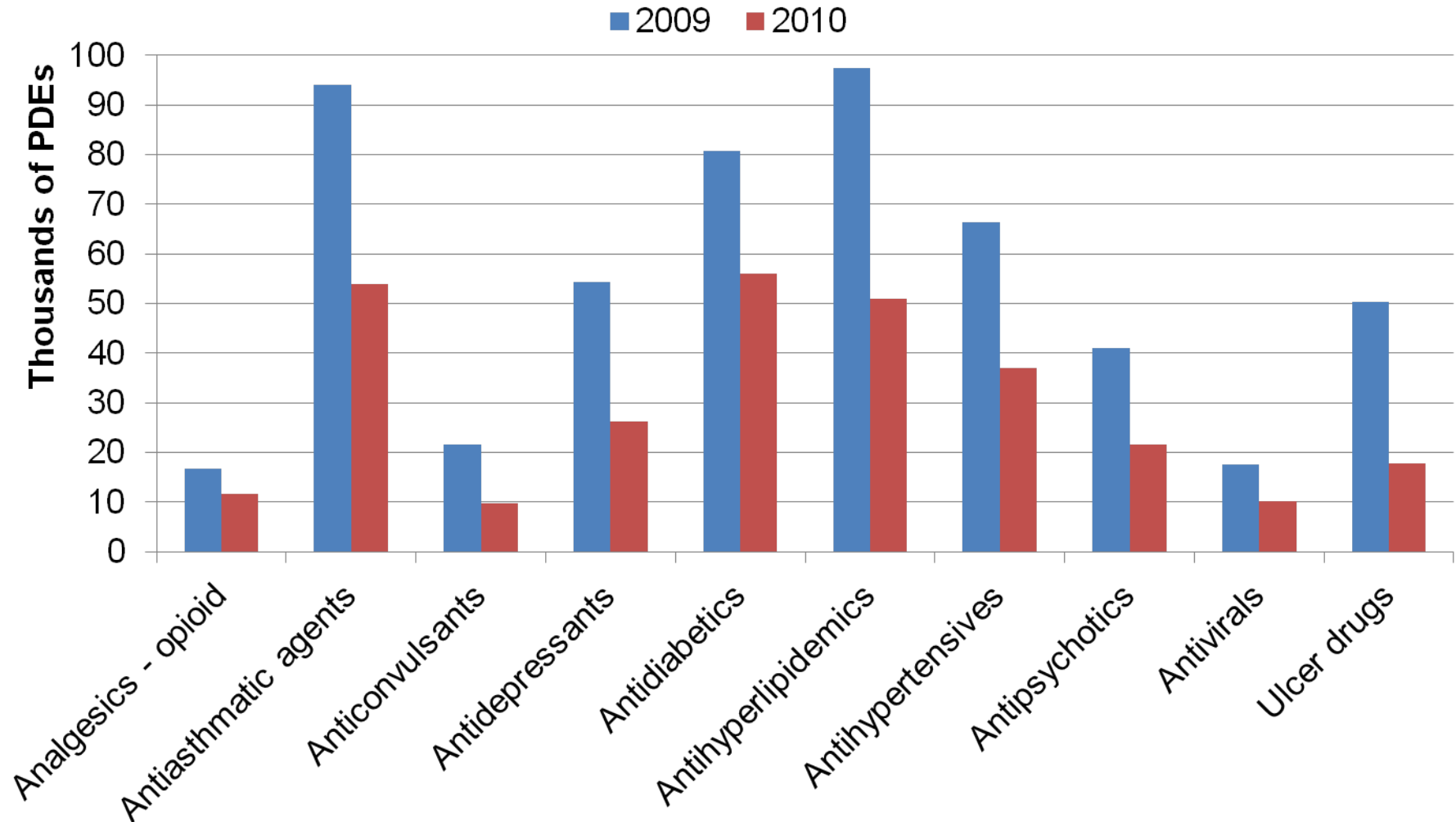
Low Income 2009 and not 2010



Low Income 2010 and not 2009

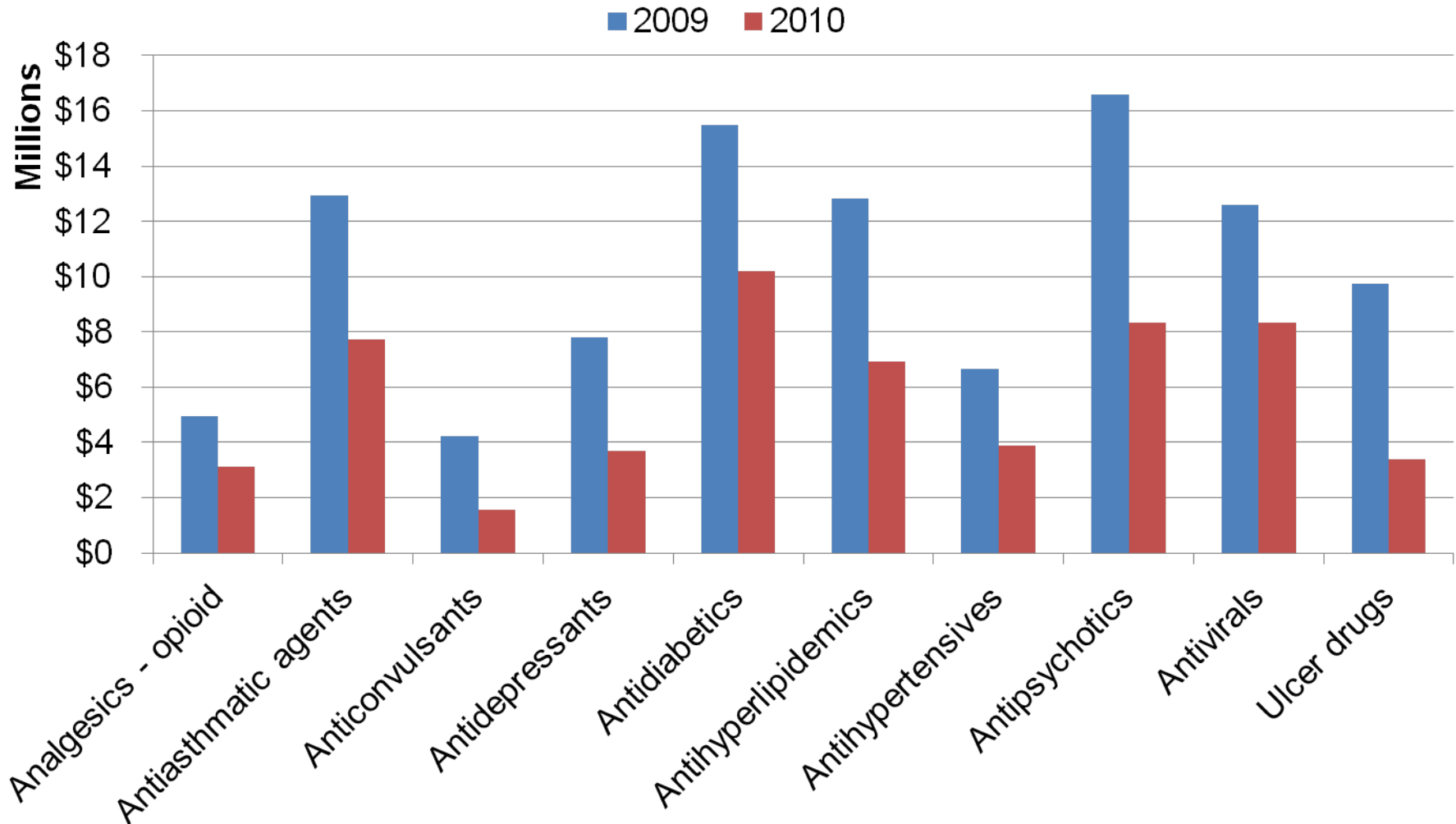


Number of Prescriptions for Brand Drugs, Top 10 Drug Classes by 2009 Spending, Low Income in 2009 and not 2010

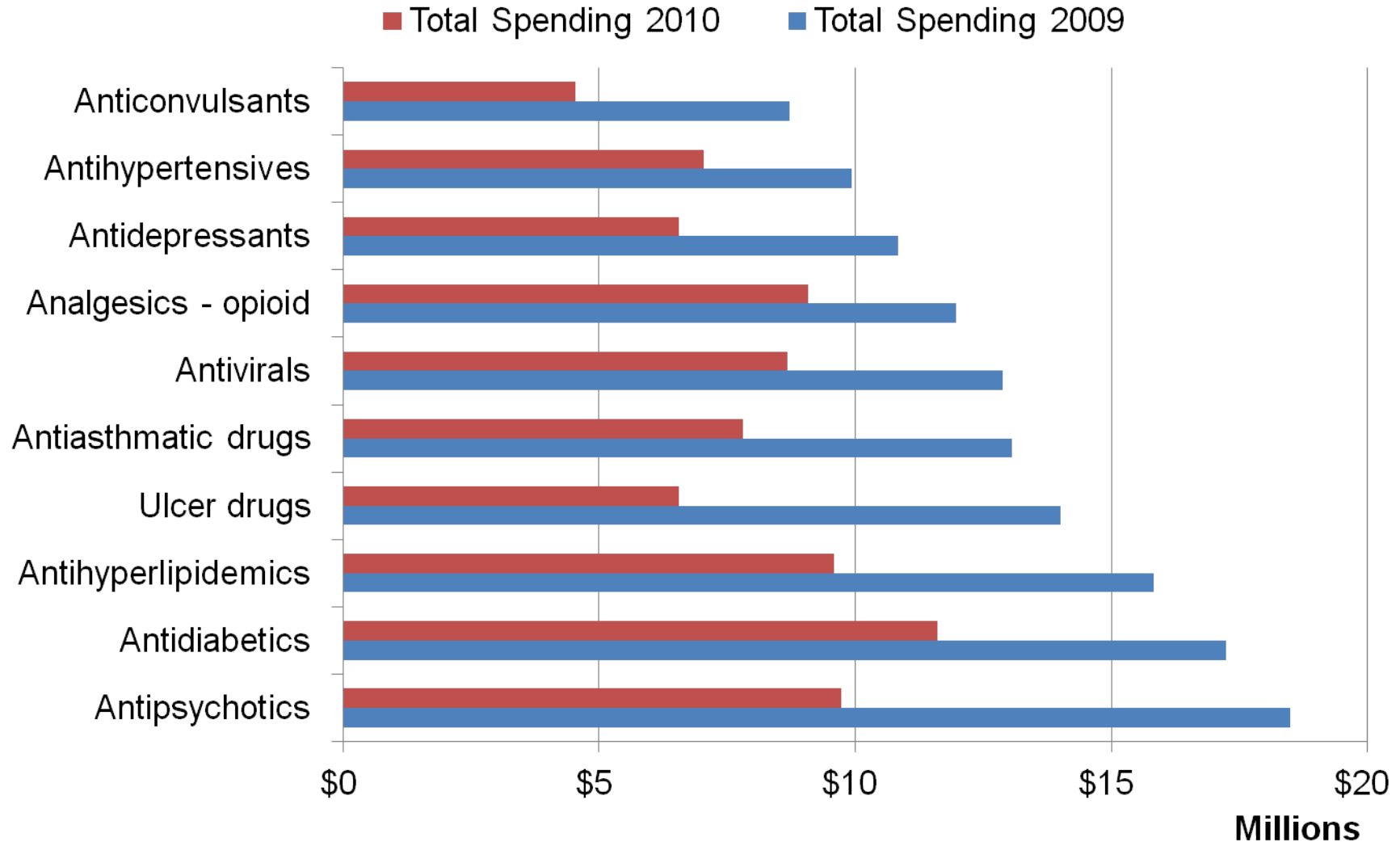


Total Spending for Brand Drugs, Top 10 Drug Classes by 2009

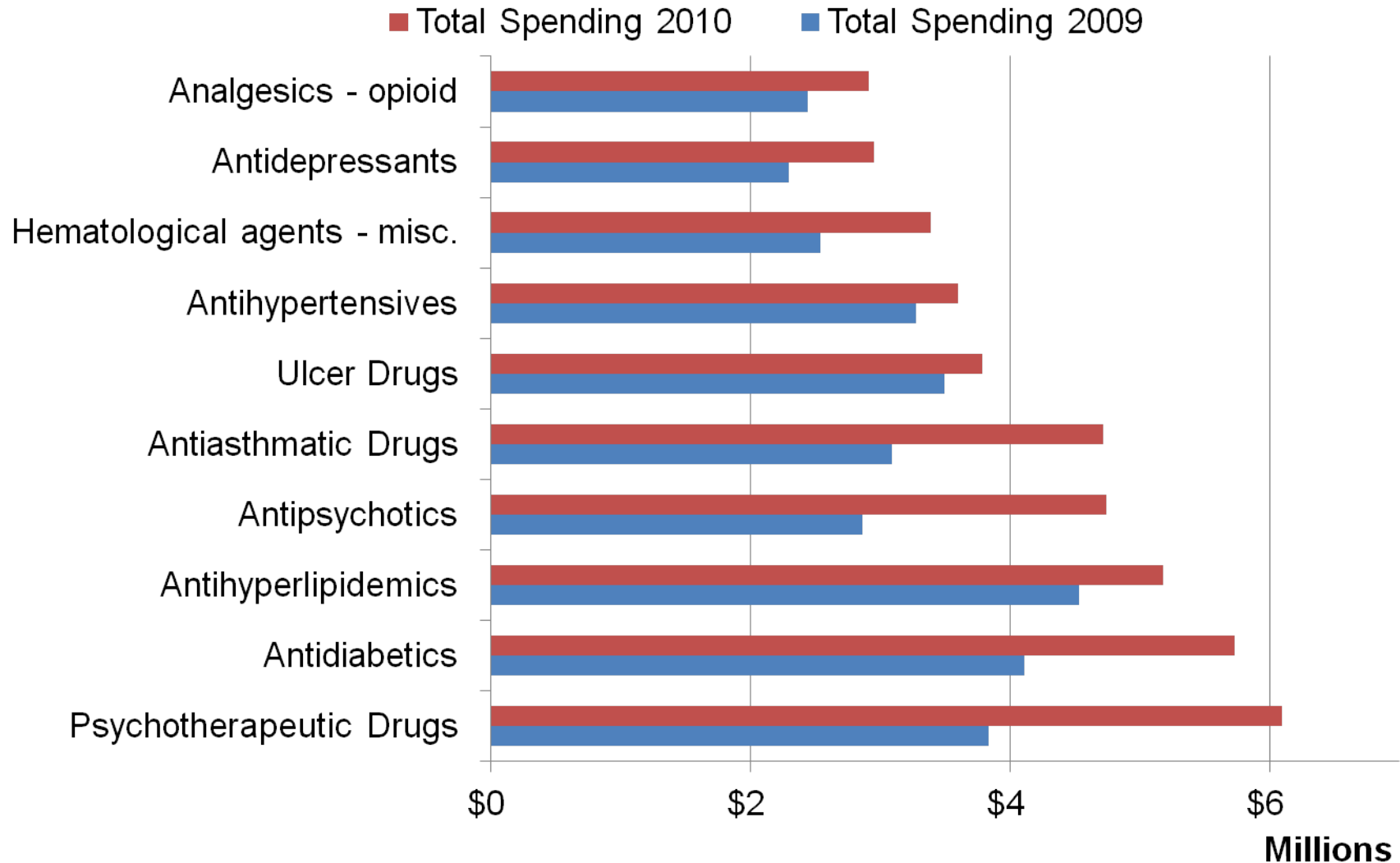
Spending, Low Income in 2009 and not 2010



Total Spending for Top Ten Drug Classes Based on 2009 Spending, Low Income in 2009 and not 2010



Total Spending for Top Ten Drug Classes Based on 2010 Spending, Low Income in 2010 and not 2009



Differences in Spending and Risk Score, Low Income 2009 and not 2010

Variable	Average 2009	Average 2010	Percent Change	tValue	DF	Probt
Average Spending Per Script	\$67	\$50	-26%	4.32	1218	<.0001
Total Covered Plan Paid	\$1,665	\$1,178	-29%	3.22	1205	0.0013
Total Spending	\$3,177	\$2,160	-32%	4.70	1198	<.0001
Part D Risk Score	1.14	1.08	-5%	2.70	1214	0.007

Differences in Spending and Risk Score, Low Income 2010 and not 2009

Variable	Average 2009	Average 2010	Percent Change	tValue	DF	Probt
Average Spending Per Script	\$67	\$75	12%	-0.84	291	0.401
Total Covered Plan Paid	\$1,543	\$2,234	45%	-1.14	206	0.2562
Total Spending	\$2,922	\$4,030	38%	-1.56	230	0.1193
Part D Risk Score	1.16	1.13	-2%	0.63	355	0.5288

Changes in Spending and Risk Scores by Original Reason for Medicare Entitlement, Low Income 2009 not 2010

<i>Medicare Eligibility Group</i>	<i>Variable</i>	<i>Average 2009</i>	<i>Average 2010</i>	<i>Percent Change</i>	<i>tValue</i>	<i>DF</i>	<i>Probt</i>
Age	Total Spending	\$2,527	\$1,971	-22%	2.11	544	0.0356
Disability	Total Spending	\$3,755	\$2,324	-38%	4.28	596	<.0001
ESRD	Total Spending	\$2,544	\$2,563	1%	-0.02	10	0.9881
Age	Part D Risk Score	1.02	1.01	-1%	0.32	566	0.7461
Disability	Part D Risk Score	1.25	1.14	-9%	3.33	637	0.0009
ESRD	Part D Risk Score	0.89	1.14	28%	-1.16	10	0.2728

Changes in Spending and Risk Scores by Gender, Low Income 2009 and not 2010

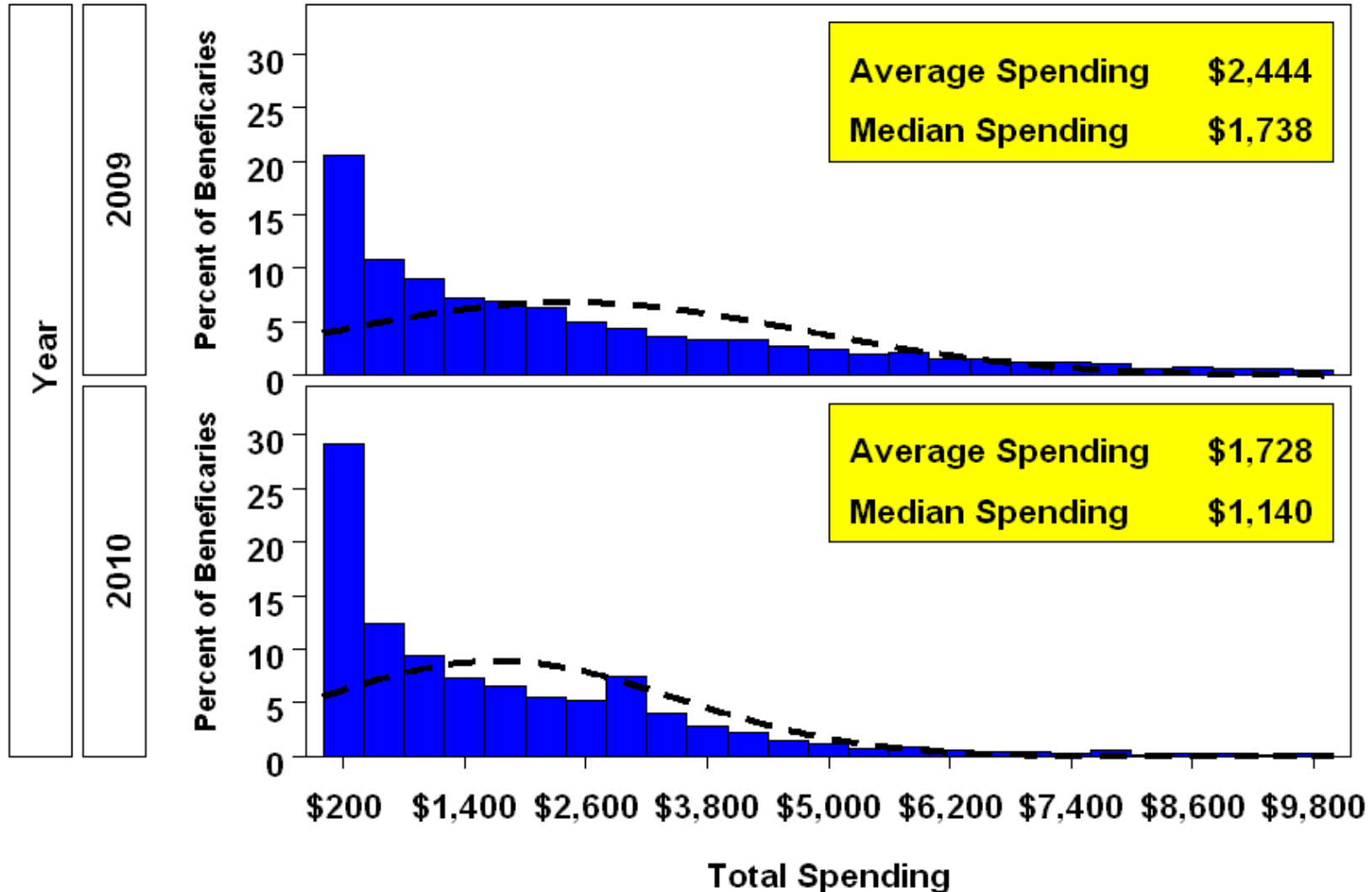
<i>Gender</i>	<i>Variable</i>	<i>Average 2009</i>	<i>Average 2010</i>	<i>Percent Change</i>	<i>tValue</i>	<i>DF</i>	<i>Probt</i>
Female	Total Spending	\$3,094	\$2,047	-34%	4.29	628	<.0001
Male	Total Spending	\$3,283	\$2,312	-30%	2.52	529	0.012
Female	Part D Risk Score	1.17	1.13	-4%	1.50	686	0.133
Male	Part D Risk Score	1.11	1.02	-8%	2.42	525	0.016

Changes in Total Spending by Plan Type, Low Income 2009 and not 2010

<i>Plan Type in 2009</i>	<i>Average 2009</i>	<i>Average 2010</i>	<i>Percent Change</i>	<i>tValue</i>	<i>DF</i>	<i>Probt</i>
HMO	\$2,545	\$1,891	-26%	2.20	254	0.0290
Local PPO	\$3,353	\$4,324	29%	-0.43	23	0.6702
PDP	\$3,314	\$2,115	-36%	4.46	781	<.0001
PFFS	\$3,553	\$1,998	-44%	1.58	35	0.1222
Regional PPO	\$7,812	\$5,246	-33%	0.70	10	0.5019

Distribution of Total Spending by Year, Low Income in 2009 and not 2010

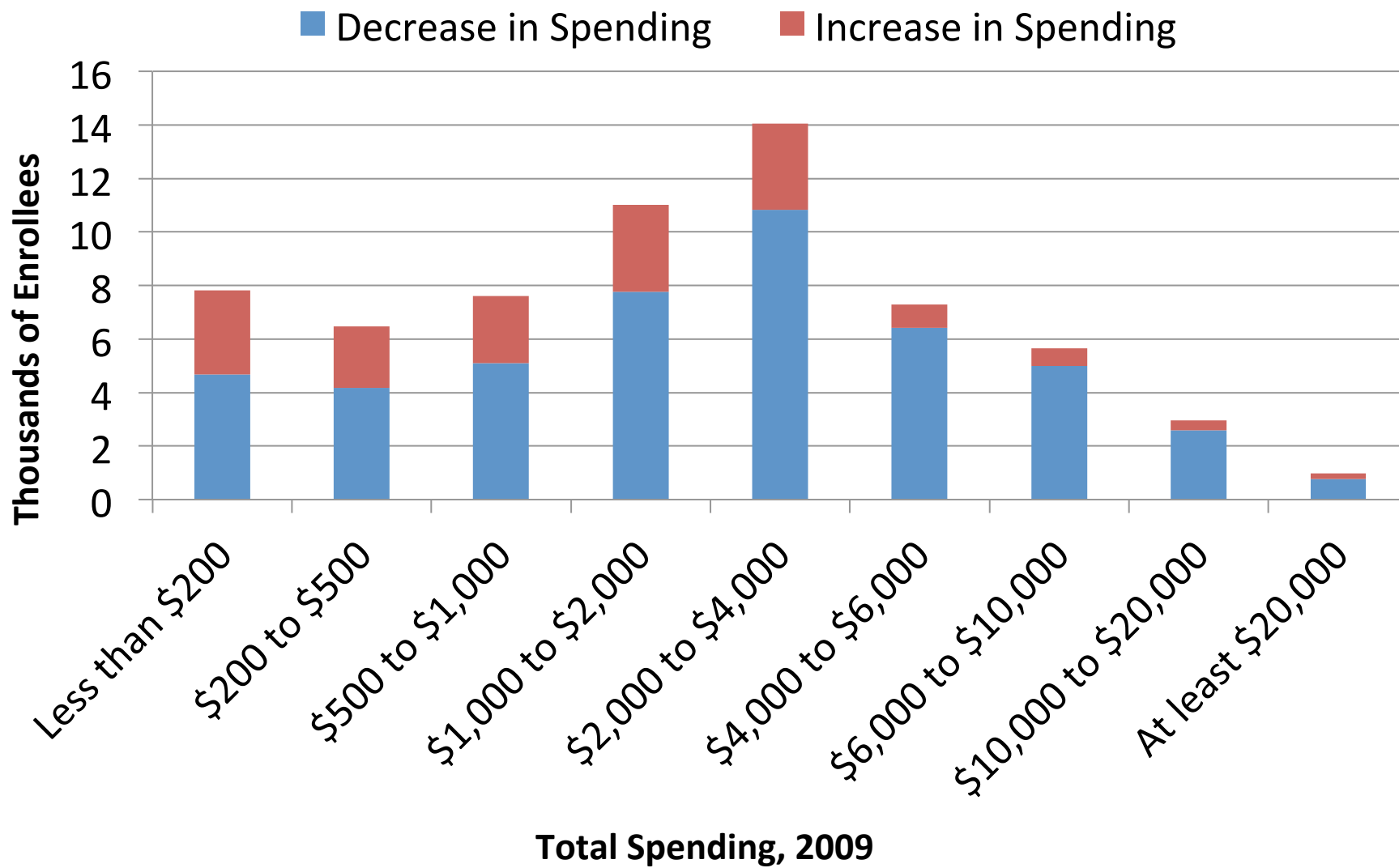
Beneficiaries with Less than \$10,000 Spending



Distribution of Spending, Low Income in 2009 and not 2010

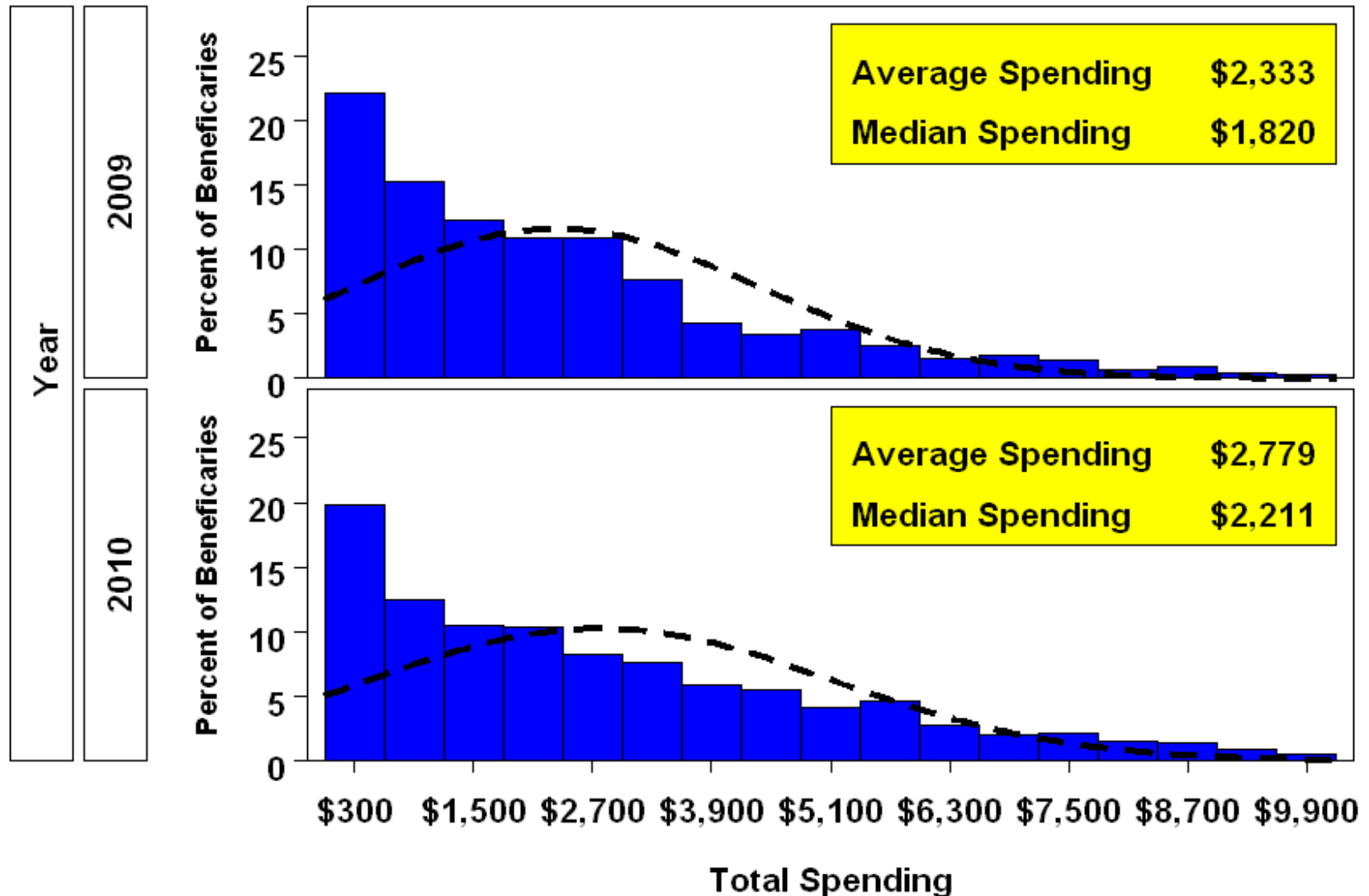
<i>Total Spending 2009</i>	<i>Number of Beneficiaries</i>	<i>Average Total Spending 2009</i>	<i>Average Total Spending 2010</i>	<i>Change in Spending</i>	<i>Average Part D Risk Score 2009</i>
\$0	2,890	.	\$465.32	.	.
Less than \$200	7,823	\$80	\$250	\$170	0.803
\$200 to \$500	6,477	\$341	\$448	\$107	0.918
\$500 to \$1,000	7,620	\$738	\$731	-\$7	0.990
\$1,000 to \$2,000	11,003	\$1,474	\$1,208	-\$266	1.059
\$2,000 to \$4,000	14,056	\$2,887	\$2,090	-\$797	1.161
\$4,000 to \$6,000	7,298	\$4,894	\$3,112	-\$1,781	1.258
\$6,000 to \$10,000	5,665	\$7,585	\$4,343	-\$3,242	1.344
\$10,000 to \$20,000	2,952	\$13,456	\$6,754	-\$6,701	1.472
At least \$20,000	972	\$32,570	\$19,595	-\$12,975	1.784

Distribution of Beneficiaries with Changes in Spending from 2009 to 2010, Low Income in 2009 and not 2010



Distribution of Total Spending by Year, Low Income in 2010 and not 2009

Beneficiaries with Less than \$10,000 Spending



Potential for Future Research

- Conduct Regression Analysis
 - Dependent variable would be change in total drug costs between non LI year and LI year,
 - Independent variables are age, Part D risk score, Medicaid status, census region, plan type
 - Conduct regression separately for the following groups:
 - Low income in 2009, not in 2010
 - Low income in 2010, not in 2009
 - Could also predict likelihood that beneficiary will use a brand name prescription drug
- Create cohorts for other years

Conclusions






- Small number of individuals changed LI status from 2009 to 2010
- More people lost than gained LI status from 2009 to 2010
- Loss of LI status leads to lower total prescription drug spending and less brand prescription drug use
- Future research could analyze how changes in spending are affected by other characteristics



Assessments






Assessment Question 1

How much higher are prescription drug expenditures for individuals in the year after they obtain low income status?

-  1/A No difference
-  2/B Less than 1 percent higher
-  3/C 1 to 10 percent higher
-  4/D More than 10 percent higher
-  5/E None of the above

Assessment Question 2

Which drug class has the highest expenditures for low income beneficiaries in 2010?

-  1/A Blood Sugar Lowering Drugs (Diabetes Drugs)
-  2/B Triglyceride and Cholesterol Lowering Drugs (Hyperlipidemia)
-  3/C High Blood Pressure (Hypertension)
-  4/D Anti-Dementia Drugs
-  5/E None of the above



Questions?

Contact Information

For more information please contact:

Thomas Kornfield
Medicare Plan Payment Group
(410) 786-3116
thomas.kornfield3@cms.hhs.gov



Presentation Evaluation

Please get your ARS Response Card ready