CMS 2012 MEDICARE PRESCRIPTION DRUG BENEFIT SYMPOSIUM

MARCH 20-21, 2012
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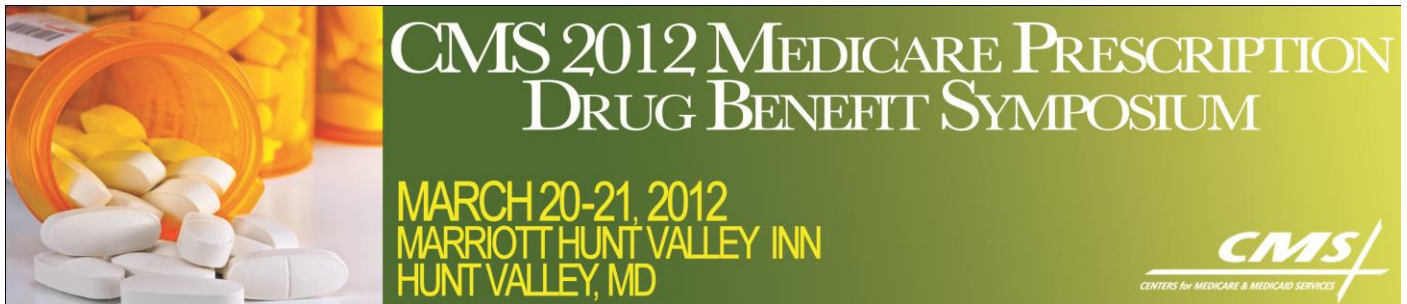
Plan Beneficiary Characteristics Associated with the Coverage Gap
Confidence Gbarayor, Ph.D., MPH

Good morning. As stated, my name is Confidence Gbarayor, and I work in the Medicare drug benefit part C and data group in the division of pharmaceutical manufacture and management. I only have 30 minutes to present including assessment so let me get started. I will begin today's presentation on plan and beneficiary characteristics associated with the coverage gap and the catastrophic phase. Analysis was conducted using prescription drug event data from the years 2006 through 2010. So this is five years of data. The purpose of this analyses is to help us better understand beneficiaries that enter the coverage gap and the catastrophic phase within the first five years of the part D program. Upon completion of this presentation, you would be able to summarize the five-year trend, which is between 2006 and 2010 and the percent of beneficiaries that enter the coverage gap in the catastrophic phase. In addition, you will be able to describe beneficiaries who exceed the initial covering limit in terms of plan and beneficiary characteristics.

I would like to begin our discussion with an overview of what was found in the first five years of the part D program. Overall we found a small percentage of beneficiaries that were fully exposed to the coverage gap. What this means is that these beneficiaries had 100% cost sharing in the gap. In other words, they were fully responsible for their drug costs. In addition what we found is that having different benefit designs did two things. One, it reduced the percentage of beneficiaries that experienced the coverage gap. And two, beneficiaries have an ability to have – beneficiaries have the ability to select the best plans for them – it allowed beneficiaries the ability to select the best plans for them.

In addition, the share of part D beneficiaries who reached the ICL and the catastrophic coverage threshold and the time to reach these threshold varied by sub-groups. In terms of the overall methodology, we used a couple of data sources. The first data source was from 2006 through 2010 and we used prescription drug events claims from the standard analytical files. This is also called SAV. The SAV actually reflects the final resolution of adjustments in deletion claims submitted by plans. We also used the common Medicare environment. This is also known as CMME. This provides you beneficiary information such as LIS status and other demographic such as age, race and ethnicity, and gender, et cetera.

We also looked at -- we also used 2006 through 2010 part D benefit information. This actually provides you plan types, such as whether the beneficiary was in MA, PD, PDP, employer plans. Also looks at benefit types such as whether they were in a defined standard benefit versus a hands alternative, et cetera. And also provides you with benefit structures, such as the plans initial coverage limit.

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This slide shows parameters for the 2010 standard benefit. Through 2010, beneficiaries paid 100 percent covered drug cost in the gap. Covered mean that they – covered mean that they – covered mean that these are drugs that were covered under part D. In terms of the coverage gap analysis, we first determined the share of enrollees who entered the coverage gap for each year between 2006 and 2010, and this was actually based on the ICL of their longest plan of enrollment. And then we simulate entry into the gap using the ICL body defined standard benefit. For the catastrophic coverage analysis, we looked at the catastrophic codes on the PDE, and whether the beneficiary entered the catastrophic phase.
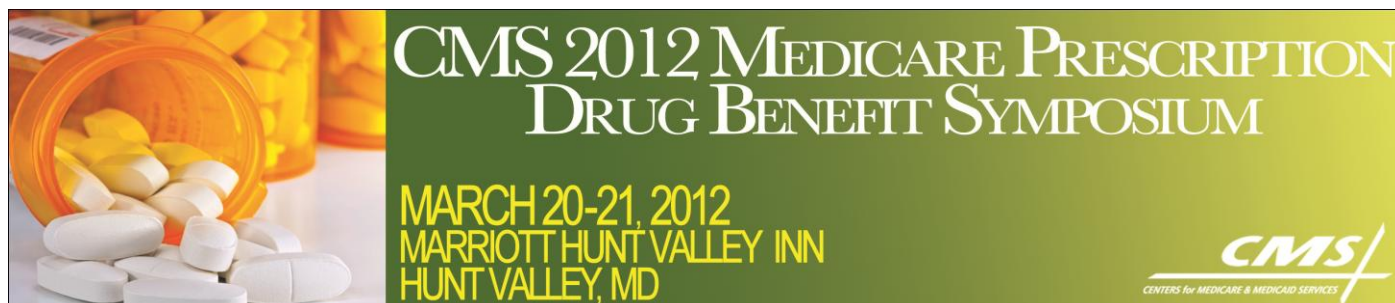
Now, we'll begin my discussion on beneficiaries who reached their initial coverage limit and entered the coverage gap. This slide shows you the defined standard benefit asset for each year from 2006 through 2010. We see that the ICL has increased over time from $2,250 in 2006 to $2830 in 2010. As mentioned earlier, we determined whether the beneficiary hit the coverage gap according to the ICL amount as set by their plan of enrollment. To determine if the limit has been reached, we look at the accumulated drug costs. And this is within the benefit year by date of service. So the accumulated drug cost is equals to the sum of the ingredient cost, plus the dispensing fee, plus the sales tax.

And now our findings. So overall, we found that 28.2%, which is about 8.4 million of all part D enrollees reached their ICL in 2010. However, this includes LIS beneficiaries, this is low income – these are beneficiaries that have some sort of low income cost sharing. Were we to remove these beneficiaries, we're limited to non-LIS beneficiaries, which make up about 12.5% of the population that reach their ICL. But this also includes beneficiaries that have elected a plan with some sort of coverage. So if we remove those beneficiaries, we are left with 9.3% of enrollees – of non-LIS enrollees that have no gap coverage.

This slide shows the share part D beneficiaries that have entered the coverage gap from 2006 through 2010. By year, the light blue represents beneficiaries who never enter the gap and the light yellow represents beneficiaries who have entered the coverage gap. We see that the shared beneficiaries who enter the coverage gap has been decreasing since 2007 specifically from 31.7% in 2007 to 28.2% in 2010. This slide shows the share of part D beneficiaries that have entered the coverage gap in 2010 by LIS status. The light yellow represents beneficiaries at 20.1%, which are non-LIS, and light blue represents LIS beneficiaries at 41.3%. The black bottom line represents the overall percent of beneficiaries reaching the 2010 initial coverage limit.

We see that the LIS co-hort has a larger share of beneficiaries who enter the coverage gap relative to the non-LIS counterpart. The LIS entry is twice the non-LIS co-hort.

Now we will talk about beneficiaries that are fully exposed to the coverage gap. As I mentioned earlier, these are beneficiaries who have 100% cost sharing in the coverage gap; and therefore, they are fully responsible for their drug cost. This slide shows the share part D non-LIS beneficiaries that are exposed to the coverage gap from 2006 to 2010. By year, the light blue represents non-LIS beneficiaries with any type of gap coverage. The yellow represents not LIS beneficiaries with no gap coverage. We see that

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the share of non-LIS beneficiaries fully exposed to the coverage gap, which is the light yellow has been decreasing since 2007, specifically from 10.9% in 2007 to 9.3% in 2008 – 2010, excuse me.
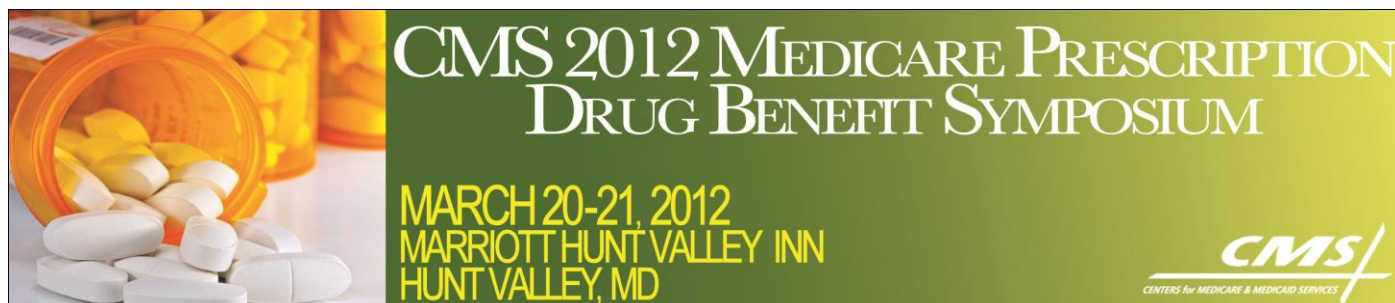
This slide shows a graphical representation of the breakdown of part D beneficiaries who have reached their ICL from 2006 through 2010. It highlights those beneficiaries in the scheme of things that are fully exposed to the coverage gap. By year, the light green represents non-LIS beneficiaries. The light blue represents non-LIS beneficiaries with any type of gap coverage. And the light yellow represents non-LIS beneficiaries with no gap coverage. So we can see here that the non-LIS beneficiaries with no gap coverage, as you've seen from the previous slide, represent about a tenth of the population that have reached their ICL in 2010, well, in each of the years.

Now, we will discuss beneficiaries who have entered the catastrophic coverage phase. The catastrophic coverage analysis uses the catastrophic code on the PDE to infer whether a beneficiary has entered a catastrophic phase. And this is based on exceeding a true out of pocket threshold, as you can see here. So in 2006, that threshold was $3,600, and it has increased to $4,550 in 2010. This slide shows the share of part D beneficiaries that have reached the catastrophic coverage phase from 2006 to 2010 by LIS status. By year, the light blue represents LIS beneficiaries, and the light yellow represents non-LIS beneficiaries. We see that the shared beneficiaries reaching the catastrophic phase has been decreasing since 2008 from 8.8% to 8.0% in 2010.

Now we will discuss sub-groups of beneficiaries who have reached their initial coverage limit and/or entered the catastrophic coverage phase. So before I begin, I want to highlight the next series of slides, which showed bars that have a light shading color, which means that these are beneficiaries that have reached their ICL and bars that have a dark color shading, which means that these are beneficiaries who have reached their ICL and the catastrophic threshold. Again, the first bright dotted line represents the overall percent of beneficiaries reaching their 2010 initial coverage limit, which is 28.2%. And the second dotted line represents the overall percent of beneficiaries who have reached their 2010 catastrophic coverage threshold.

So the first bar chart that we see here shows the total part D population in 2010 by LIS status. We found that LIS beneficiaries were about twice as likely to reach the ICL than your non-LIS counterpart. So this is 41.3% versus 21.1%. And they were eight times as likely to reach the catastrophic threshold as non-LIS beneficiaries, and this is 17.5% versus 2.2%.

The next chart shows the total part D population by plan organization type. And we found that most beneficiaries reaching their ICL are in the PD plans, followed by their employer plans. One of the reasons for the PD – why the PDPs is higher is because they contain a larger proportion of LIS beneficiaries. However, when limiting to the not LIS population, which is not here shown on this slide, the data is different. So overall we found that the non-LIS population was 21.1%. For PDP, we found that it was 22.3%, MAPD was 14.6%, and employee was 27.7%. Again, these are for non-LIS beneficiaries who have reached their ICL only.

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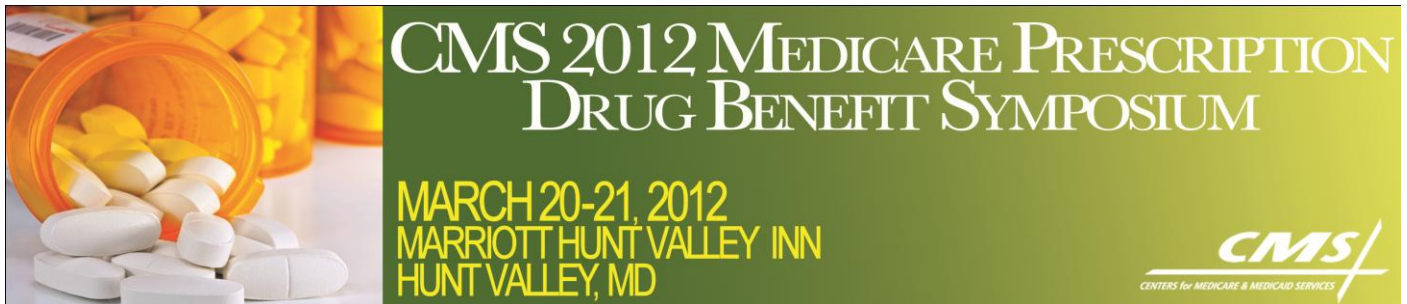
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This chart shows the percent of all part D beneficiaries reaching their 2010 plan ICL and a cashed off at coverage phase by plan benefit type. We found that the percentage of beneficiaries that are not reaching the ICL, again, not reaching the ICL to be in plan types that have some sort of enhanced alternative – basic or enhanced alternative. So the light blue bar, for example represents a base alternative plan, which is 24.5%, and I can't see that color. I'm sorry, the other bar where it says enhanced alternative is 24.7%, and you can see they are below the ICL. So we can see here that allowing different benefit designs actually reduce the percent of beneficiaries that experience the coverage gap.

The next chart shows the total population by gender. We found that most beneficiaries reaching the ICL are female. Specifically female beneficiaries are about 1.1 times as likely to reach the ICL as males, and 1.1 times as likely to reach the catastrophic threshold as males. This next slide shows the total part D population by race and ethnicity. We found that most beneficiaries reaching the ICL are of minority race, specifically the Asian population. Why we see a high percentage of the Asian population reaching the ICL requires further investigation.

This next slide shows the total part D population by age. The top graph shows that some of the beneficiaries younger than 65 years old were more likely to reach the ICL compared to older beneficiaries. It also shows that for the age population, the percentage of beneficiaries reaching the ICL first increases with age but then declines among the very old. This is common finding in the Medicare medical utilization patterns.

The second graph, the findings are very similar for the percentage of beneficiaries reaching their catastrophic phase. With the exception that the younger age groups are markedly higher than the aged groups. The next chart shows the part D population by residential setting. We found that both urban and rural beneficiaries reached the ICL in 2010, but we see that there's a slightly higher percentage of rural beneficiaries reaching the ICL compared to the urban beneficiaries. This chart shows the part D population by geographic region. The regions that are reflected here come from the Medicare enrollment database, which provides beneficiary specific region of residence. So the top graph reflects the coverage gap. We found that most beneficiaries reaching the ICL are of the northeast region, followed by the keystone, and southeast regions. And the findings are very similar for the catastrophic phase.

So now we are going to transition from this point and look at time in the coverage gap in the catastrophic phase by beneficiary sub-group – I mean time in the coverage gap in the catastrophic phase. So the question is how long do beneficiaries spend in each phase of the benefit? So in 2010, we found that 28.2% of the part D enrollees, which is about 8.4 million reached their ICL and 8.0% reached the catastrophic phase. So among those who have reached the ICL and entered the gap, we found that the average time from enrollment to covered gap entry was 6.7 months, and the time spent end of their coverage gap to the end of enrollment or the catastrophic phase was 3.9 months. And among those who entered the catastrophic phase, the mien time was 4.2 months. Actually that's a typo. It shouldn't be 4.2 months, it should read as 4.3 months.

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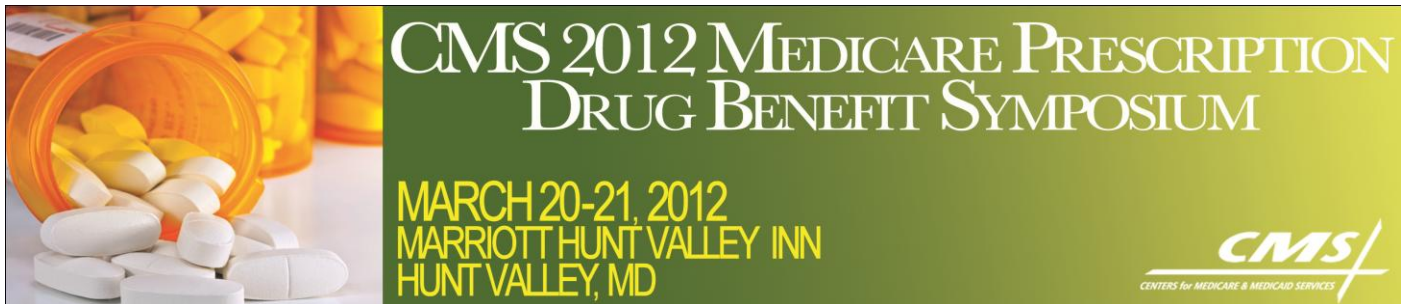
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This next slide shows the average time spent in months in each phase of the part D benefit for a given year, 2006 through 2010. We found that the average time to entry in duration in the gap or the catastrophic phase has remained mostly constant across five years, 2006 through 2010. Where it says 2010 and you see catastrophic, that should read as 4.3 months. So that needs to be corrected. The next two slides will look at the average time to entry and duration in the gap or the catastrophic phase by beneficiary sub-groups by 2010 year.

So as previously mentioned, the average time to the coverage gap entry was 6.7 months. Average months spent in 2010 in the coverage gap was 3.9 months and the average months spent in the 2010 catastrophic coverage was 4.3 months. If we look by LIS status, we see that non-LIS beneficiaries have a longer time to reach the coverage gap than LIS beneficiaries. We also see that when we look in the coverage gap that LIS beneficiaries and non-LIS beneficiaries have the same duration. And when we look at the catastrophic coverage phase, LIS beneficiaries have a longer duration than non-LIS beneficiaries in the catastrophic phase.

And we look by gender, we see that females have a slightly longer time to coverage gap entry than males, and we also see the same for the length of time in the coverage gap. When we look at the catastrophic coverage, we see that males have a longer duration in the catastrophic coverage phase, than females. Now if we look by race and ethnicity, we see that whites have a longer time to catastrophic entry, and we look among the minority population, this is followed by Asians.

In the coverage gap, we see that the Asian population have a longer duration in the coverage gap than any of the other races. And if we look at the catastrophic phase, we see that black beneficiaries have a longer time in the catastrophic phase than any of the other race ethnicities. For the residential setting, territory should not be there, so please scratch that out. We're only focusing on urban and rural beneficiaries. So if we were to look at the time it takes to coverage gap entry, we see that rural beneficiaries have a slightly longer time to coverage gap entry than urban beneficiaries. If we look at the length of time in the coverage gap, we see that urban and rural beneficiaries are the same. If we look at the catastrophic coverage phase, we see that urban beneficiaries have a longer duration in the coverage gap than rural beneficiaries.

So now if we look by plan benefit type, we do see that those beneficiaries that are in enhanced alternative versus the defined standard, the actual equivalent or the basic alternative have a longer time to coverage gap entry. If we look at the coverage gap itself, we see that those beneficiaries that are in a defined standard have a longer duration in the coverage gap. And if we look at the catastrophic phase, we see if you are not in enhanced alternative, you have a slightly longer duration in the coverage gap. If we look at plan organization type, we see those beneficiaries that are in – that have MAPD plans have a longer time to coverage gap entry. And if we look at the coverage gap, we see those beneficiaries that are in employer plans have a longer duration in the coverage gap versus those beneficiaries that have PDP or MAPD plans.

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And finally, if we look at the catastrophic phase, we see that those beneficiaries with PDE plans have a longer duration in the catastrophic phase.

So in summary, the percent of beneficiaries that enter the part D coverage gap in the catastrophic phase were similar between 2008 and 2010. We saw that a tenth of the population in each given year were fully exposed to the coverage gap. Again, that means that these beneficiaries had 100% cost sharing in the gap, and they were fully responsible for their drug costs. We also see that enrollees who were LIS, under 65, female, of minority race, specific to the Asian population or rural residents, exceeded ICL more than other sub-groups from 2006 through 2010. And finally, what we found is that there was little variation from year to year in the average time spent in the coverage gap in the catastrophic phase. And we saw that having – there were differences we were seeing with beneficiary sub-groups and different plan designs.

And now we will have our assessment questions. So it's time to conduct assessment. Please get out your ARS response cards. We will encourage all of you to participate. As a reminder, if you are seeking CPE credit, you must respond to all assessment and evaluation questions. After the questions and responses are read, you will have ten seconds to respond. You will see the timer on the screen. I don't know if there's going to be any music today. So, I don't know. So for the first question. What is the range and the percent of beneficiaries who entered the coverage gap from 2006 through 2010. Please vote now. You will have ten seconds. Okay the poll is now closed, let's look at your results. And that is correct. Number two, 28% to 30%. The second assessment question. Which of the following provides an overall representation of beneficiaries who exceed their initial coverage limit. Please vote now. You will have ten seconds. The poll is now closed, let's look at the results. That is correct. LIS, under 65 years, female, minority race, or rural residence.