

Medicare Part D Benefit Designs and Formularies, 2006 – 2009

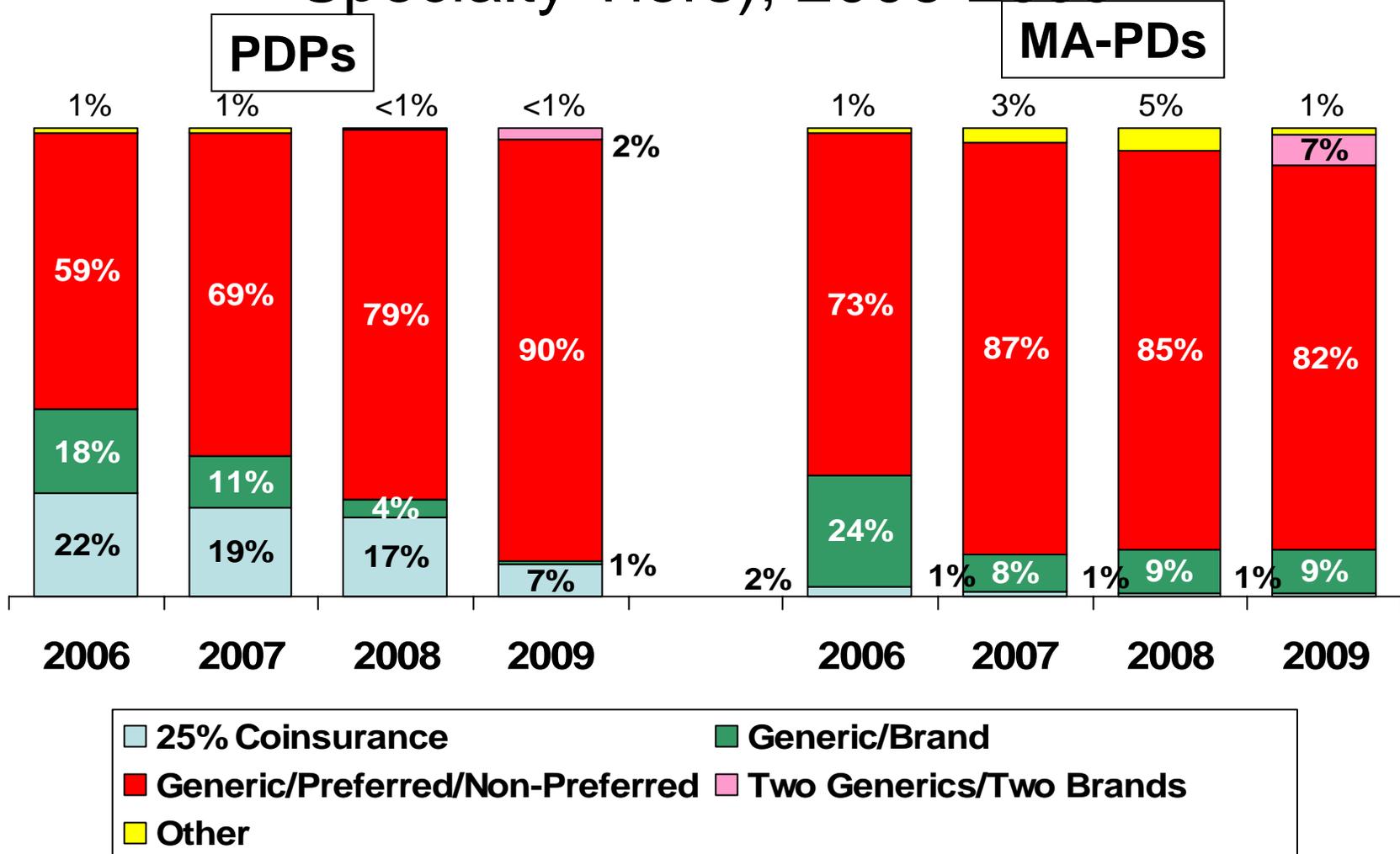
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Different Types of Tiers Used by Drug Plans Deviating from Standard Benefit

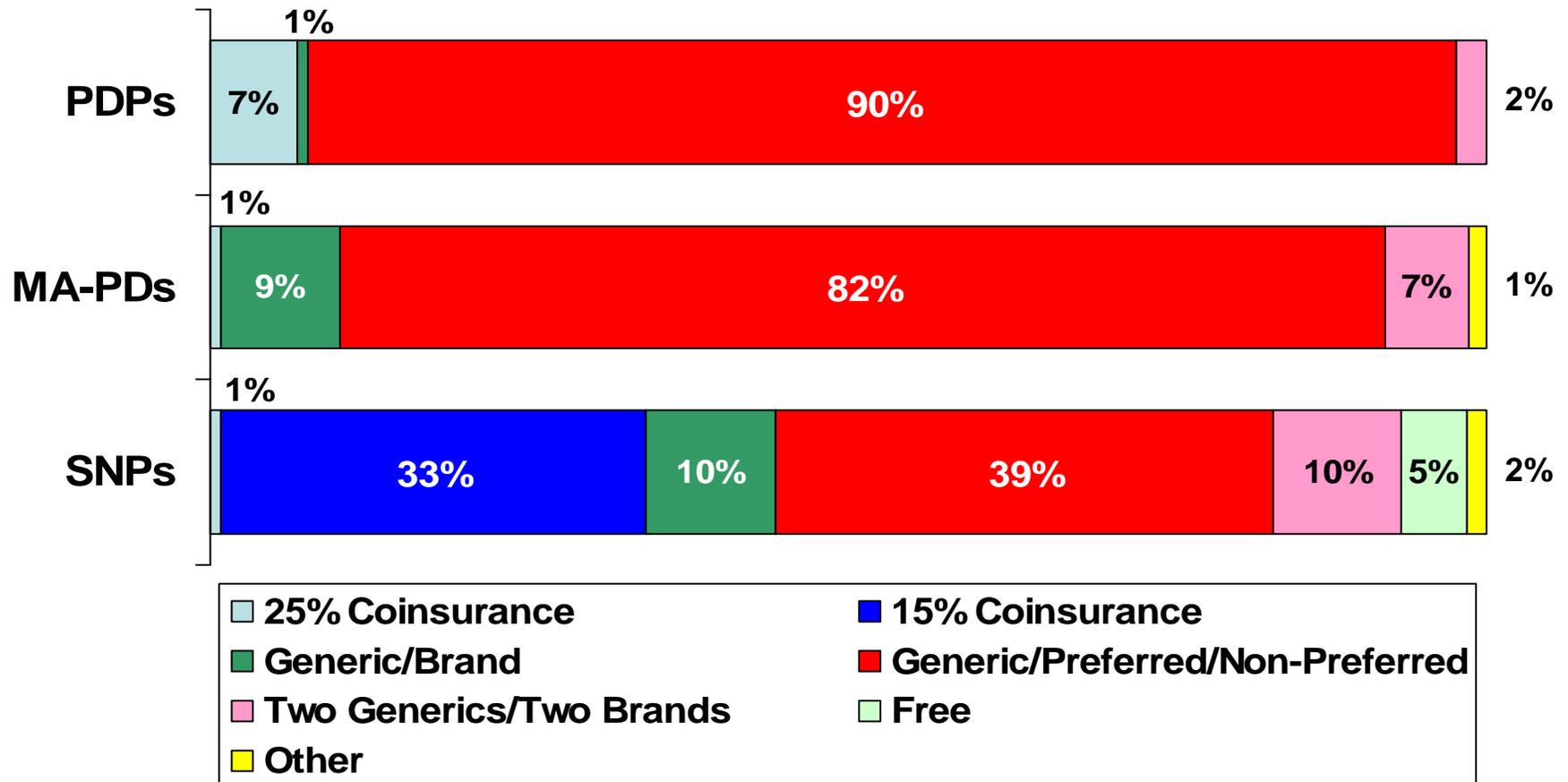
- Most Common Tier Structure
 - Single Tier for Generic Drugs
 - Two Tiers for Brand Drugs (Preferred, Non-Preferred)
 - May include some higher-priced generic drugs
 - Specialty Tier for Expensive Drugs (e.g., Biologicals)
- Variations on Common Tier Structures
 - Single Brand Tier
 - Second Generic Tier
 - Value Generic Tier
 - Non-Preferred Generic Tier
 - Non-Specialty Injectable Tier

Plans Increasingly Use Formularies with Generic, Preferred and Non-Preferred Tiers (and Specialty Tiers), 2006-2009



NOTE: Most plans (except 25% coinsurance designs) also use specialty tiers. Calculations are share of all plans, weighted (2009 bars use 2008 enrollment).

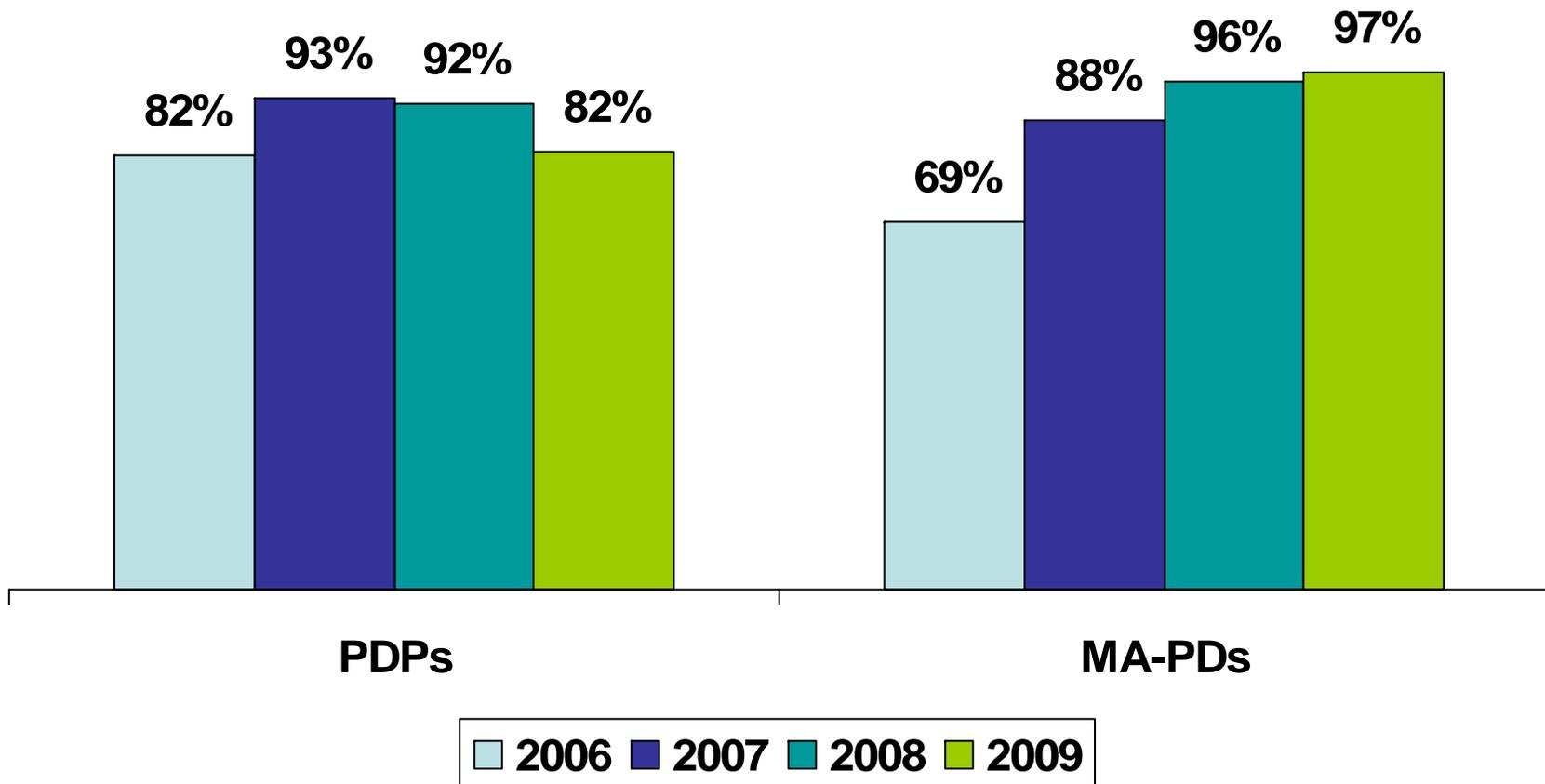
Special Needs Plans Have Different Tier Structures than PDPs or Other Medicare Advantage Plans, 2009



NOTE: Most plans (except 15% and 25% coinsurance designs) also use specialty tiers. Calculations are share of all plans, weighted based on 2008 enrollment. 4

Most Plans Use Specialty Tiers for Some Expensive Drugs, 2006-2009

Share of Plans with Non-Standard Tier Structures



NOTE: Calculations are share of all plans, weighted (2009 bars use 2008 enrollment). 5

Median Cost Sharing for a Month's Supply of a Drug Has Risen for PDPs, 2006-2009

Tier	PDPs				MA-PDs			
	2006	2007	2008	2009	2006	2007	2008	2009
Generic	\$5	\$5	\$5	\$7	\$5	\$5	\$5	\$5
Preferred	\$28	\$28	\$30	\$38	\$26.70	\$29	\$30	\$30
Non-Preferred	\$55	\$60	\$71.50	\$75	\$55	\$60	\$60	\$60
Specialty	25%	30%	30%	33%	25%	25%	25%	33%

NOTE: Excludes generic/brand plans, plans with coinsurance for regular tiers, and plans with flat copayments for specialty tiers. Calculations are weighted by enrollments (2009 data use 2008 enrollment).

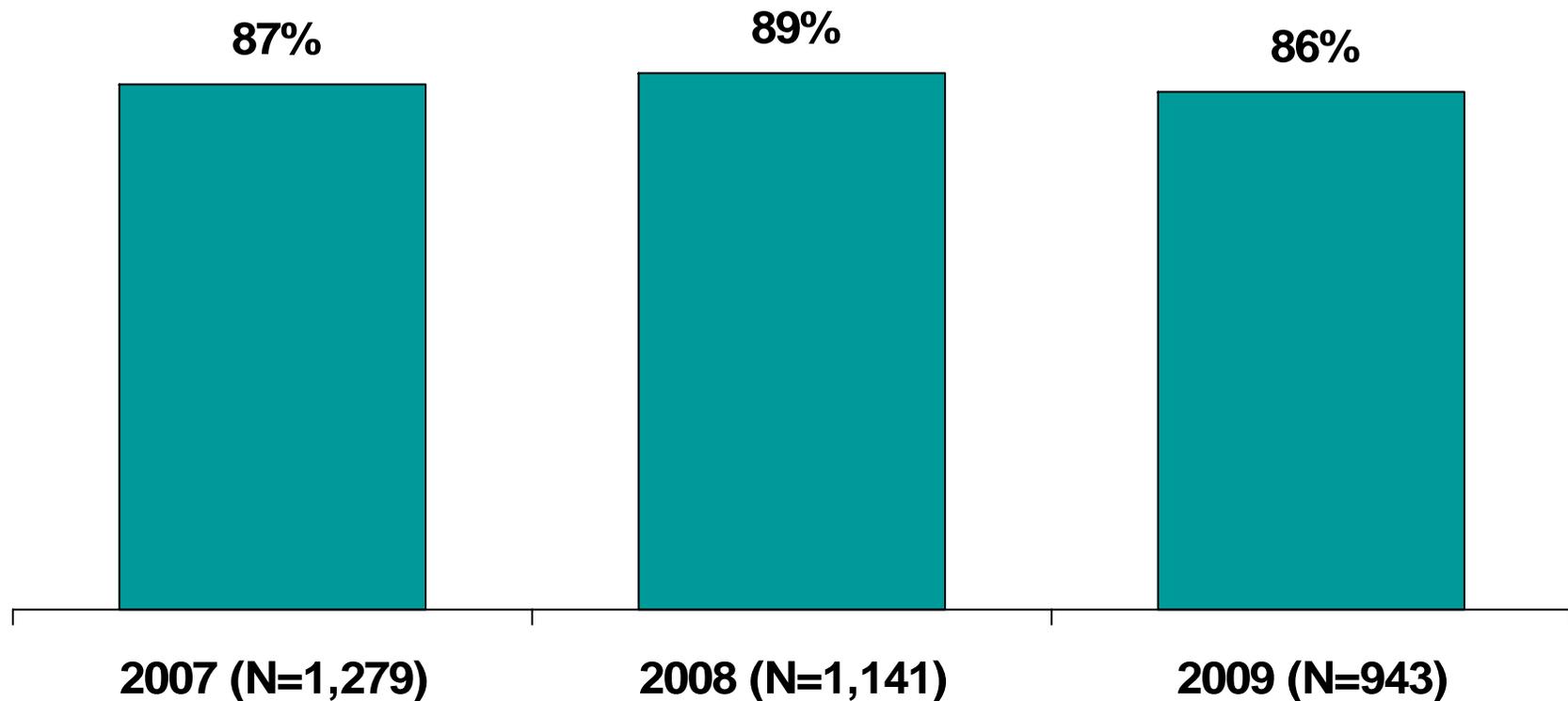
Majority of Plan Copays for Generic-Drug Tiers Are More than \$4, 2008-2009

Copay Amount	PDPs		MA-PDs		SNPs
	2008	2009	2008	2009	2009
Zero	20%	17%	14%	13%	48%
\$1 to \$4	22%	9%	29%	13%	2%
\$4.01 to \$6	18%	17%	34%	35%	29%
> \$6	41%	57%	23%	39%	22%

NOTE: Excludes plans with defined standard benefit and plans with coinsurance for the generic tier. Calculations are weighted by 2008 enrollments. SNP cost sharing not analyzed for 2008.

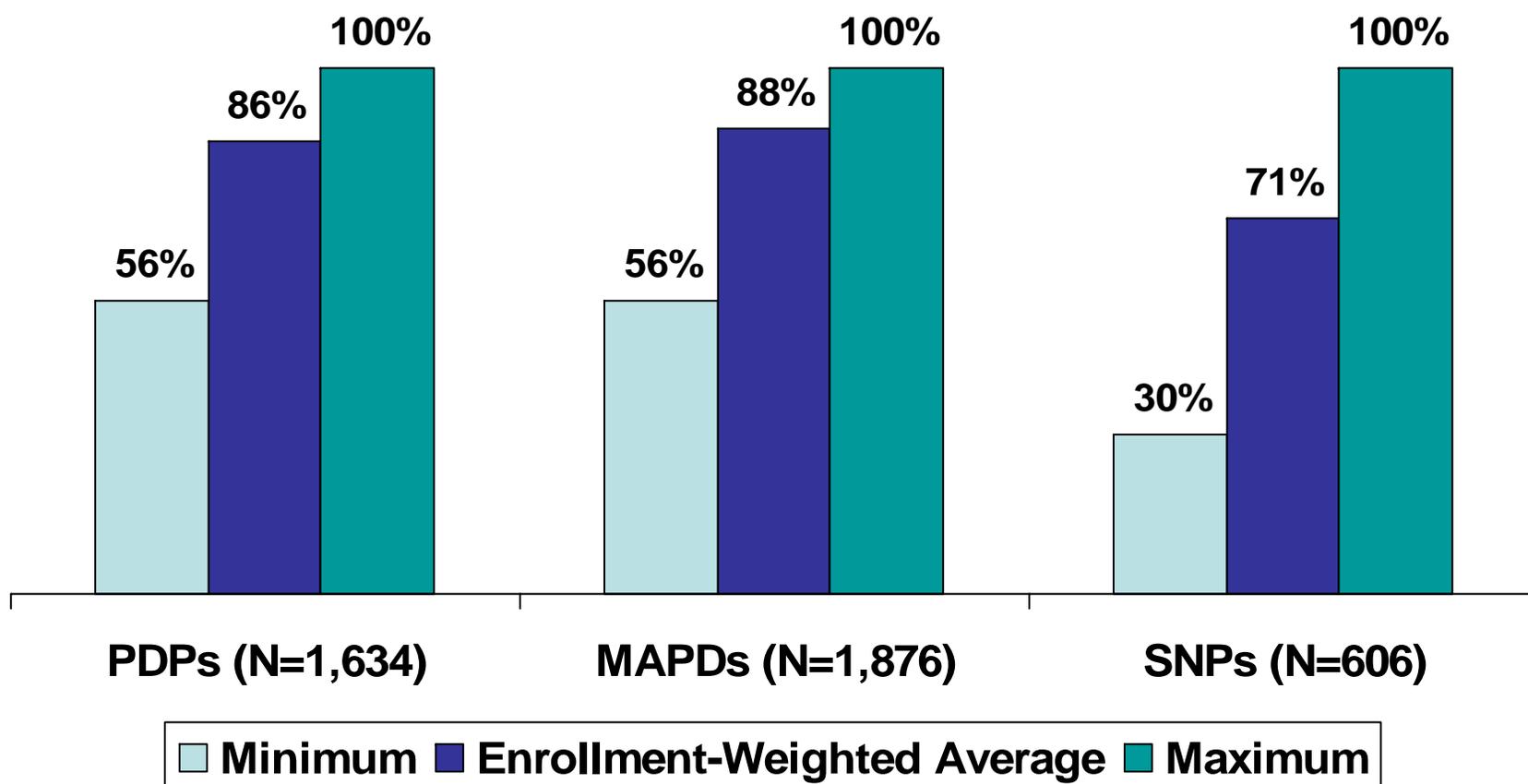
Average Share of Drugs Listed Is Stable from Year to Year, PDPs, 2007-2009

Share of Chemical Entities



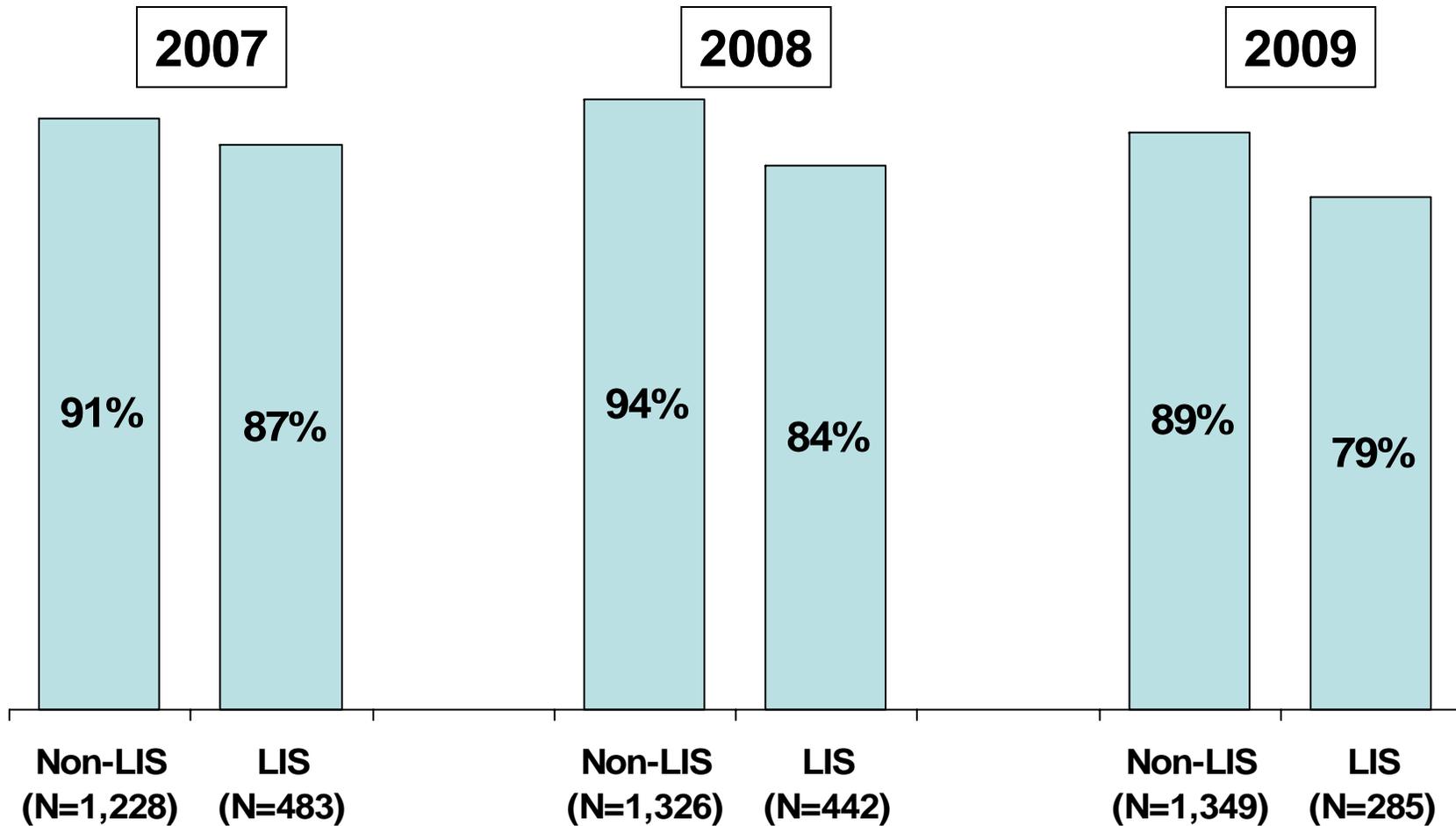
NOTE: Each chemical entity includes all forms and strengths of a particular drug listed on the CMS reference file, as well as all trade names under which a drug is marketed. Calculations are shares of all chemical entities, weighted by enrollment (2009 bar uses 2008 enrollment). Ns are numbers of chemical entities based on the analysis of the CMS reference file for this project.

Similar Formularies for PDPs & MAPDs, But Smaller Formularies for SNPs *Share of All Chemical Entities, 2009*



NOTE: Calculations are shares of all chemical entities on the CMS reference file, weighted by 2008 enrollments. Ns are numbers of plans.

Gap in Formulary Size between LIS and Non-LIS Plans Grew Slightly, 2007-2009



NOTE: Excludes plans that qualified to keep LIS enrollees based on the waiver for 2007 and 2008. Calculations are share of chemical entities, weighted by enrollments (2009 bars use 2008 enrollment).¹⁰ Ns are numbers of plans.

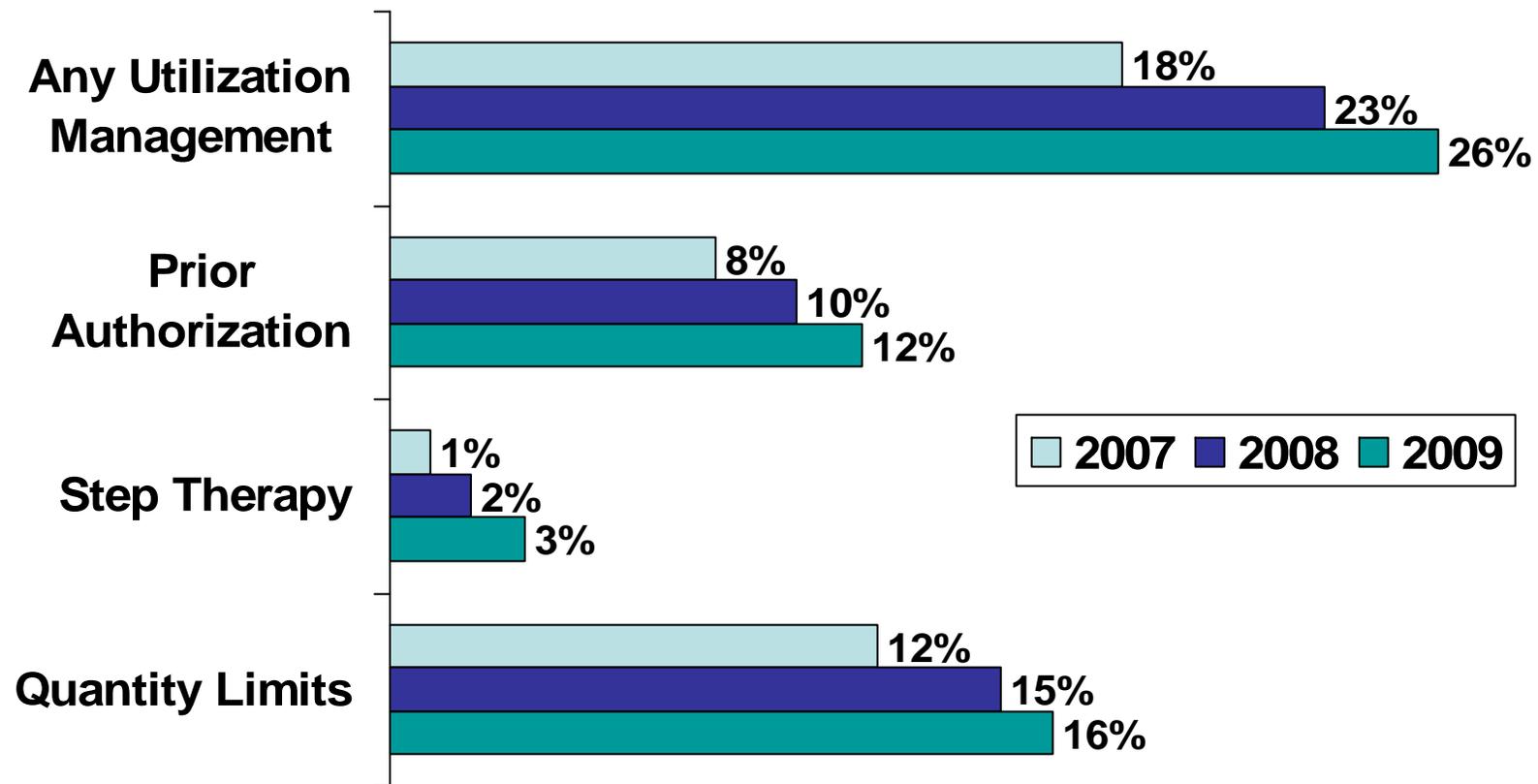
Distinguishing Between Formulary Listings for Total Drugs and Drugs Without Restrictions

Unrestricted Drugs Defined by:

- Preferred Tier Placement
 - Drugs on Generic Tiers
 - Drugs on Single Brand Tiers
 - Drugs on Preferred Brand Tiers
- Absence of Utilization Management
 - No Prior Authorization
 - No Step Therapy
 - No Quantity Limits

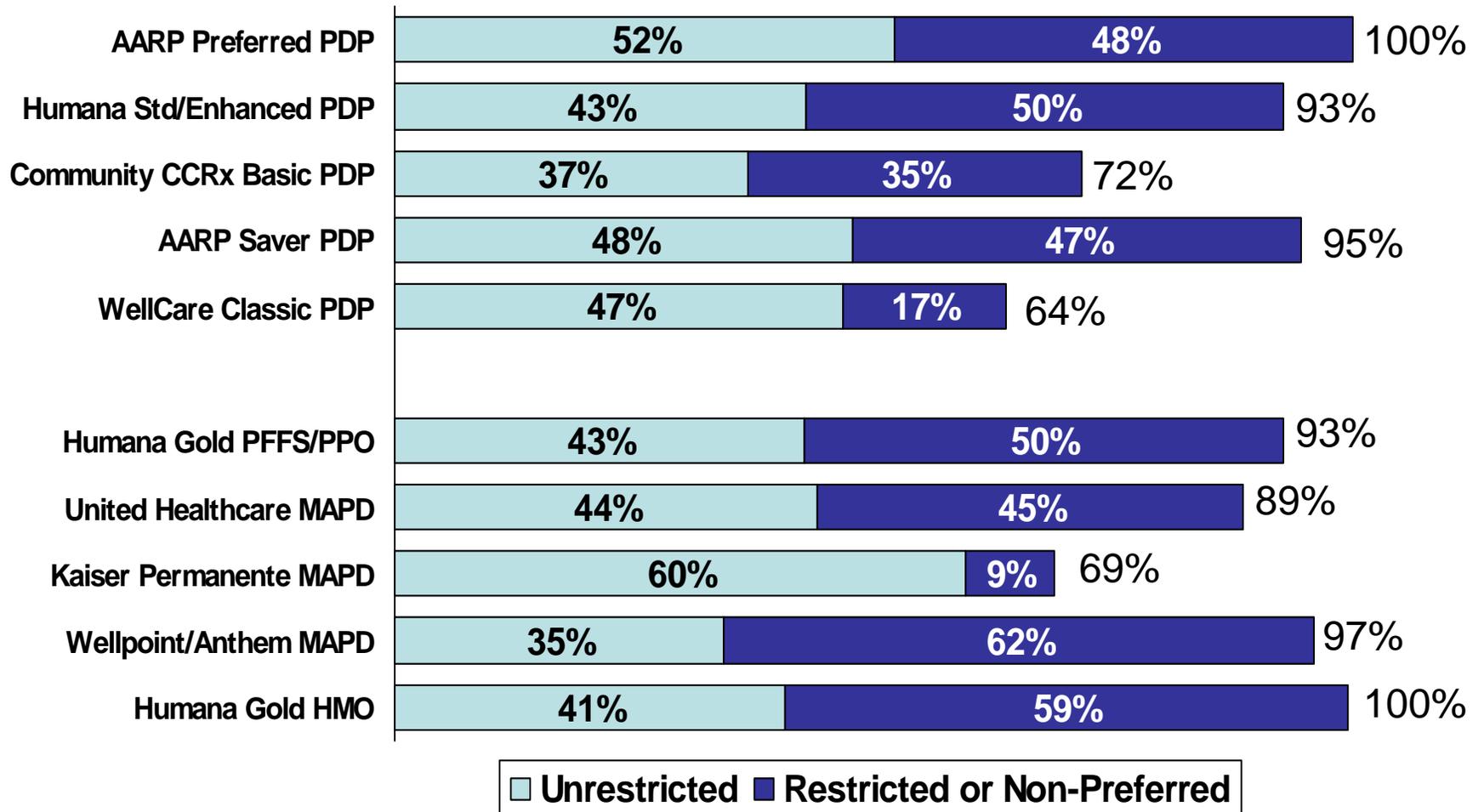
Gradual Increases in Share of Drugs with Utilization Management, PDPs, 2007-2009

Average Share of Listed Drugs



NOTE: Calculations are share of listed chemical entities, weighted by enrollments (2009 bars use 2008 enrollment).

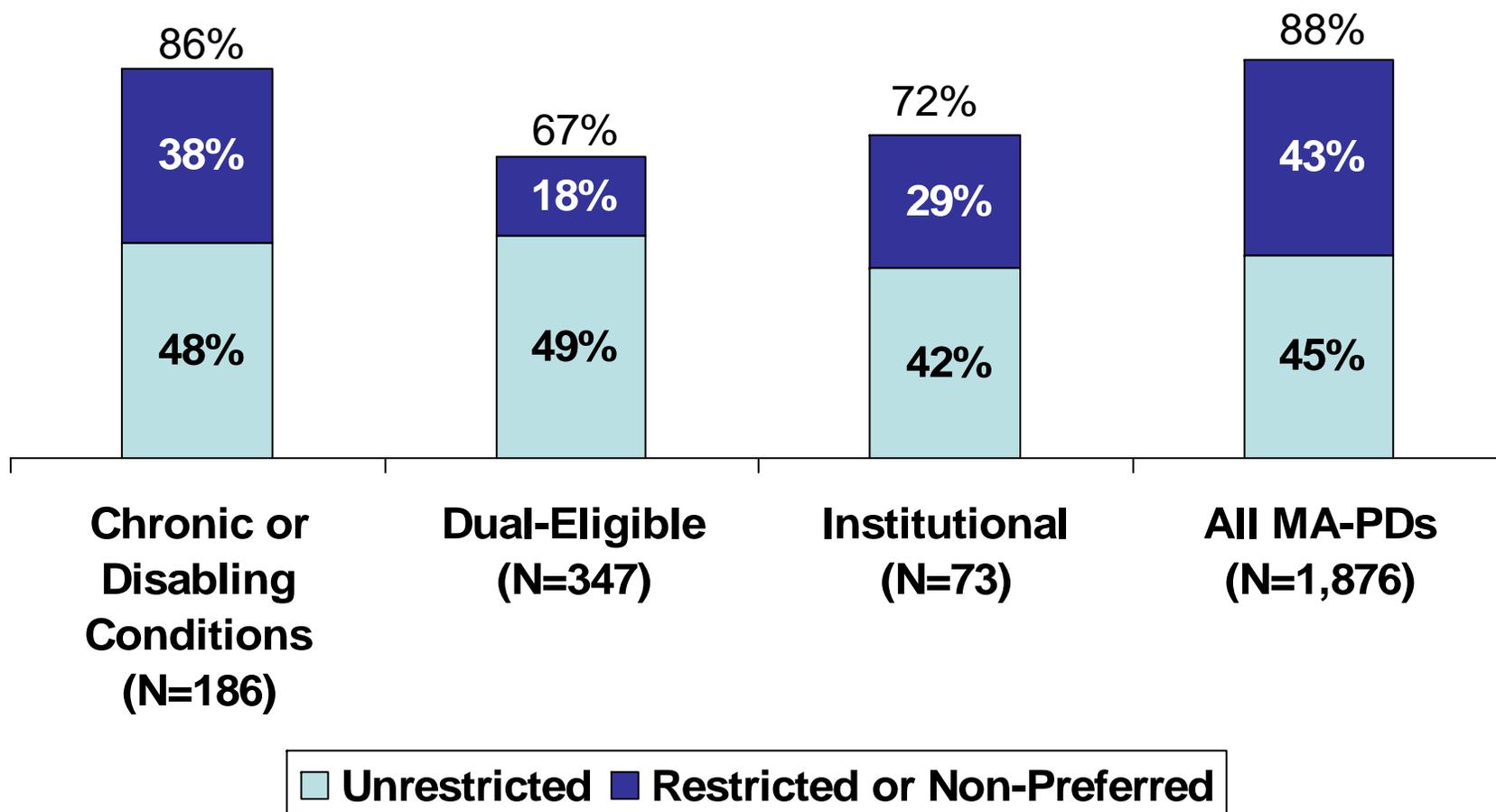
Formulary Listings Vary in 2009 for Plans with Highest 2008 Enrollment Share of Chemical Entities



Modest Differences in Formulary Size Among Types of Plans, 2009

- PDPs with more tiers list more drugs
 - But have similar number of unrestricted drugs
- PDPs offering enhanced benefits list no more drugs than basic-benefit PDPs
 - But may also offer some non-Part D drugs
- PDPs with the largest share of regional enrollment have larger formularies
- Local HMOs have modestly smaller formularies than PFFS plans or PPOs

All Types of SNPs List Fewer Drugs than Non-SNP MA-PDs, 2009



NOTE: Calculations are share of chemical entities, weighted by 2008 enrollments. Ns are numbers of plans.