Part D for residents in long-term care facilities

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How well does Part D serve LTC residents?

- In 2007 and 2009, the Commission looked at changes taking place just after Part D began
  - Financing and delivery of drug benefits in LTC settings
  - Concerns about conflicting interests among stakeholders
  - Questions about the fit of consumer choice approach to LTC
- Last year, we began re-examining the issue
  - Phone interviews with stakeholders in fall 2020 and spring 2021
  - Growing importance of assisted living facilities

Note: LTC (long-term care).
### Characteristics of Part D enrollees identified as likely living in nursing homes or ALFs, 2019

<table>
<thead>
<tr>
<th>Part D enrollees who likely resided in</th>
<th>Nursing homes</th>
<th>ALFs</th>
<th>All Part D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share of Part D enrollees with claims</strong></td>
<td>3%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Share of total Part D gross spending</strong></td>
<td>5%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Percent who:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were enrolled in a PDP (FFS Medicare)</td>
<td>69%</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>Received LIS</td>
<td>78%</td>
<td>52%</td>
<td>29%</td>
</tr>
<tr>
<td>&lt; 65 years of age</td>
<td>12%</td>
<td>29%</td>
<td>19%</td>
</tr>
<tr>
<td>Age 85+</td>
<td>37%</td>
<td>34%</td>
<td>10%</td>
</tr>
<tr>
<td>Female</td>
<td>64%</td>
<td>62%</td>
<td>57%</td>
</tr>
<tr>
<td>Diagnoses of:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alzheimer's disease or other dementias</td>
<td>49%</td>
<td>35%</td>
<td>6%</td>
</tr>
<tr>
<td>Anxiety or depression</td>
<td>40%</td>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>Schizophrenia</td>
<td>8%</td>
<td>14%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: Data are preliminary and subject to change. ALF (assisted living facility), LIS (low-income subsidy), PDP (prescription drug plan), FFS (fee-for-service).

Source: MedPAC analysis of Part D prescription drug event and risk adjustment data.
Complex regulatory environment for administering medications in nursing homes

- Must provide residents with all needed care, including prescription drugs, in a timely manner
- Licensed pharmacist to dispense prescriptions, usually through an exclusive contract with a LTCP
- Specialized packaging to reduce medication errors
- Consultant pharmacist must conduct medication regimen reviews at least monthly
- Extensive reporting requirements
- By comparison, ALFs defined and regulated less uniformly, standards around medication assistance vary by state

Note: LTCP (long-term care pharmacy), ALF (assisted living facility).
Flow of funds for LTC residents’ prescription drugs

**Medicare**
Payment for basic drug benefits and low-income premium and cost sharing subsidies

**Plan sponsor and PBM**

**GPO / PSAO**
Negotiates purchase discounts, payment rates, and dispensing fees on behalf of LTCPs

**LTCP**

**Nursing home**

**Wholesaler / distributor**

**Brand drug manufacturer**

**Notes:** GPO (group purchasing organization), PSAO (pharmacy services administrative organization), PBM (pharmacy benefit manager), LTC (long-term care), LTCP (long-term care pharmacy).
Part D enrollment and cost sharing for residents of nursing facilities and ALFs

- Dually eligible beneficiaries and others receiving LIS are auto-enrolled into qualifying plans unless they pick a plan
- Nursing home residents who are dually eligible pay no cost sharing
- Dually eligible enrollees at ALFs pay nominal copayments
- Other residents may choose to enroll, must pay plans’ premiums and cost sharing
- LTC facilities may not steer toward specific plans
- Residents may switch plans once per month

Note: ALF (assisted living facility), LIS (low-income subsidy), LTC (long-term care).
Findings from stakeholder interviews

- Interviewees did not report major problems with access to medications in nursing homes
  - Most residents receive Part D’s LIS and pay no cost sharing
  - If drug needs not met on plan’s formulary, may switch plans
  - Some challenges navigating utilization management
- ALF residents could benefit from LTCP services
- Desire for CMS to set standards for “pharmacy at home” dispensing and services

Note: LIS (low-income subsidy), ALF (assisted living facility), LTCP (long-term care pharmacy).
Findings from stakeholder interviews (cont’d.)

- Most plan sponsors include nearly any LTCP that wants to participate in their networks because:
  - Part D has LTCP network access standards
  - Nursing homes generally contract with one LTCP
- Some LTCPs believe plan payments are inadequate
- Currently, LTCPs do not appear to be negotiating significant rebates from manufacturers separately from Part D plan sponsors

Note: LTCP (long-term care pharmacy).
Findings from stakeholder interviews (cont’d.)

- Concerns related to quality of dispensing in Part D
  - Medication therapy management programs may duplicate services of consultant pharmacists
  - Use of antipsychotics off label for behavioral issues
  - Reduced opioid use and pain management
  - Some measures used for Part D star ratings inappropriate for LTC settings
Discussion

- Questions or feedback?
- We plan to include this material in the June 2022 report to the Congress