

Part D for residents in long-term care facilities

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November 9, 2021

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

Characteristics of Part D enrollees identified as likely living in nursing homes or ALFs, 2019

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

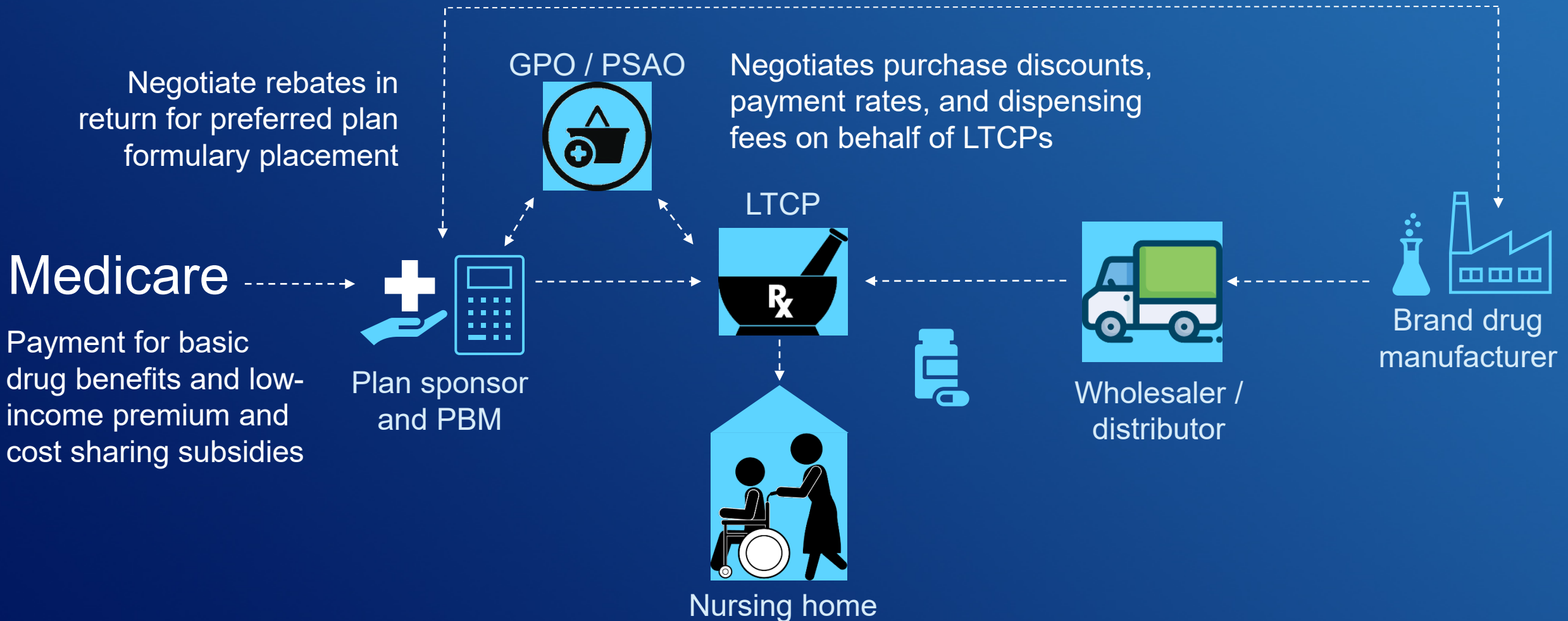
Note: Data are preliminary and subject to change. ALF (assisted living facility), LIS (low-income subsidy), PDP (prescription drug plan), FFS (fee-for-service).

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

Flow of funds for LTC residents' prescription drugs



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

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

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

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