

National Council for Behavioral Health Part D Update

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On the Docket

- ~~Protected classes~~
- ~~Rebate rule~~
- Direct to Consumer Ads?
- Senate Finance
 - Part D Out-of-pocket cap (\$3,100 cap)
 - Public disclosure of discounts and rebates
 - Inflationary Cap
- House (September)



Snapshot of Medicare Part D

Medicare Part D has long been hailed a success, even as access challenges remain



Popular Program

- Beneficiary satisfaction scores are generally high
- Enrollment in Part D continues to climb every year since the program launched in 2006



Under Budget

- Part D has consistently cost less annually compared to initial projections by the Congressional Budget Office



Access Challenges

- Beneficiary out-of-pocket (OOP) costs for expensive specialty products are relatively high
- Lack of appeals options for specialty products affects access

Part D Plan Cost Sharing in 2019

Cost sharing, on average, remains relatively stable for all covered generic and branded drugs

	2019 Cost Sharing by Part D Plan Type	
	PDPs	MA-PD Plans
Preferred Generics	\$1	\$2
Non-Preferred Generics	\$5	\$10
Preferred Brands	\$36	\$43
Non-Preferred Drugs	40%	\$95
Specialty Tier	28%	30%

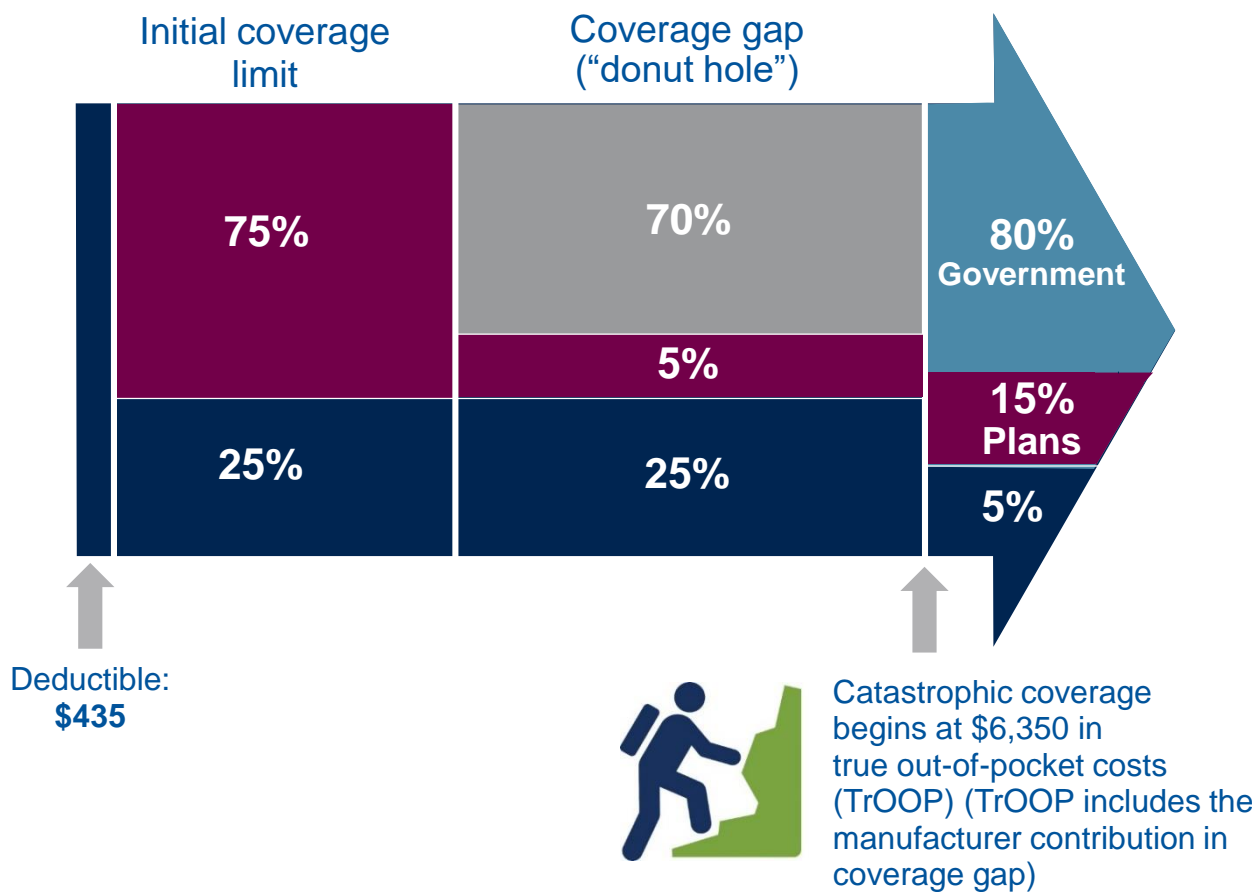
While PDP and MA-PD plan cost sharing for the most common formulary type is comparable for most products, the plan types generally differ in the cost-sharing type for non-preferred drugs

Source: Xcenda analysis of the October 2018 Public Use File for the 2019 Part D plan year.

Note: Xcenda identified the non-preferred brand or drug tiers based off of the most common formulary design in the 2019 file.

2020 Part D Benefit Design for Branded Drugs

Part D beneficiaries face OOP costs within each phase of the standard benefit

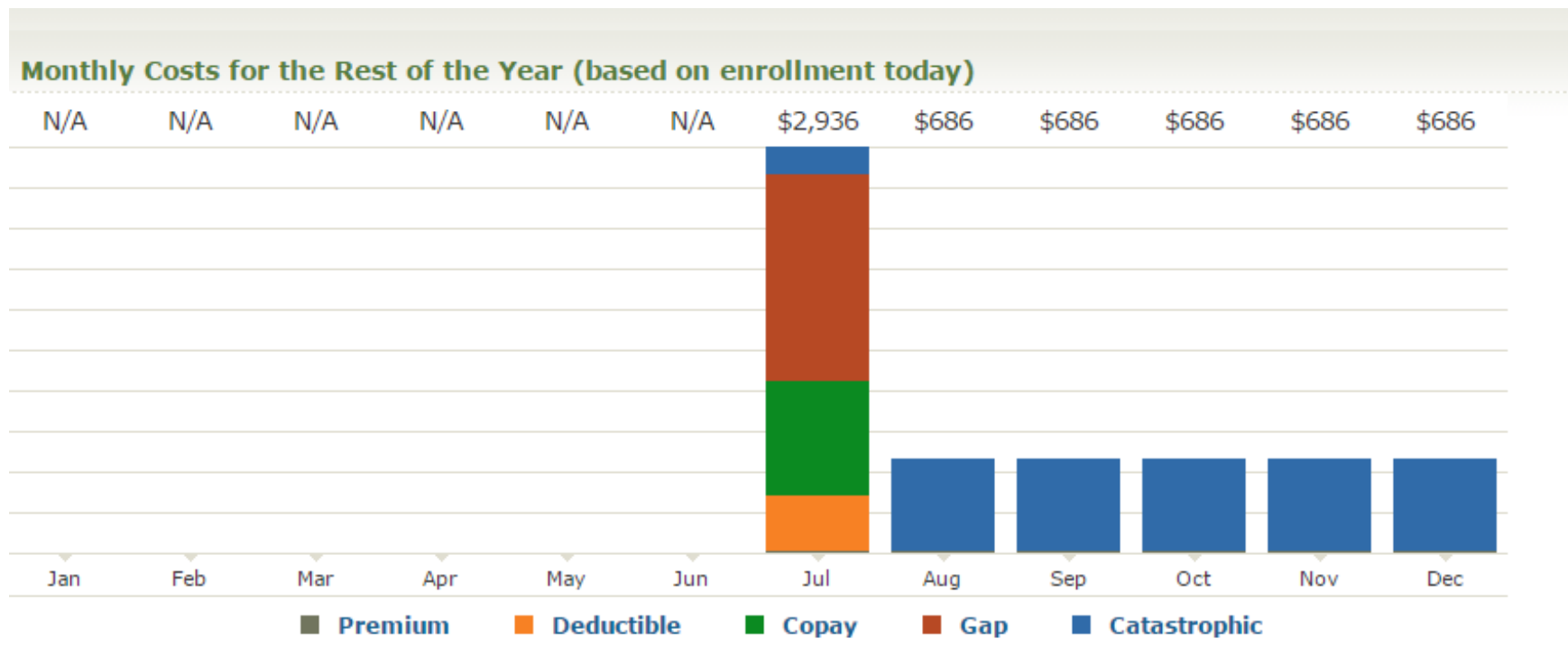


Revisiting the Part D Benefit Structure

- Since the Medicare prescription drug benefit (Part D) was implemented in 2006, utilization of drugs has evolved
- While there is high generic utilization, specialty tiers and use of coinsurance has increased, creating affordability challenges for beneficiaries
 - According to the Kaiser Family Foundation, 1 million non-low income beneficiaries had spending in the catastrophic phase of the benefit in 2017
 - On average, their out-of-pocket spending is more than six times higher than spending incurred by beneficiaries not reaching the catastrophic phase and not receiving a low income subsidy
 - Patients who do not reach the catastrophic phase often also struggle to afford cost sharing of hundreds of dollars a month or more

Example of Specialty Tier Spending

High-cost specialty tier products can result in beneficiaries hitting the catastrophic phase after 1 treatment

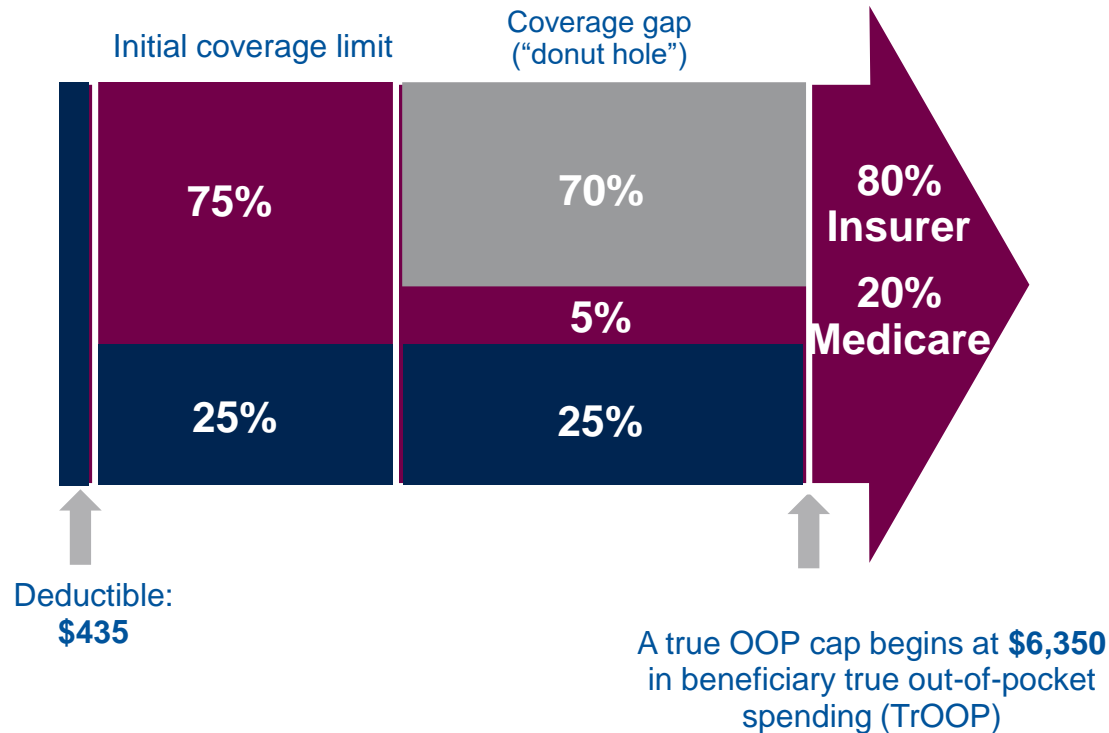


Graph depicts an estimate of your monthly prescription drug costs, including any applicable premium for this plan. Actual costs may vary.

[View a more detailed explanation of these costs.](#)

House Discussion Draft Released in May

The proposed House version would implement a true OOP cap after the OOP threshold and would eventually transition to Medicare paying for 20% of the reinsurance payments

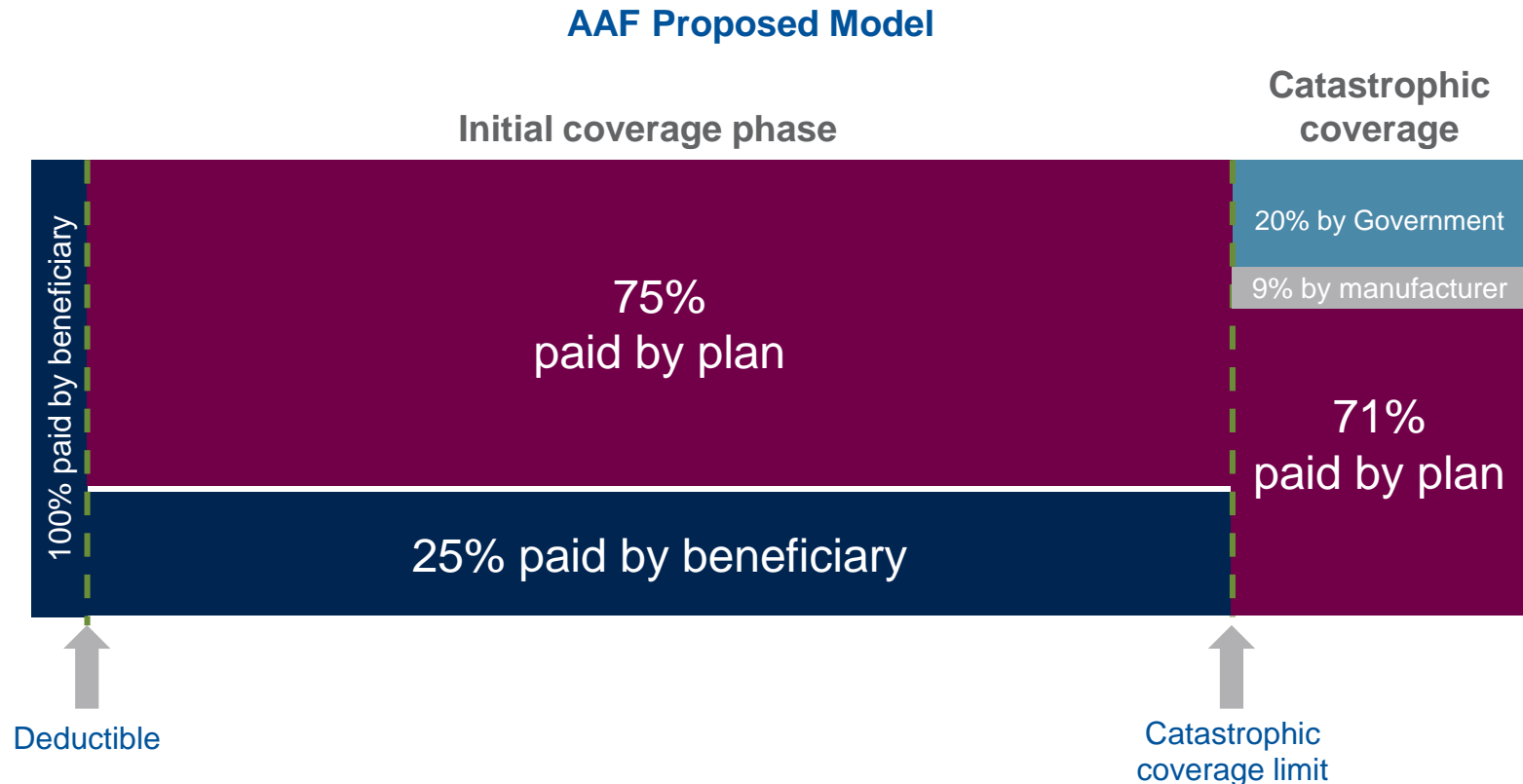


- Beneficiary
- Insurer
- Manufacturer

<https://waysandmeans.house.gov/media-center/press-releases/committee-leaders-announce-call-comments-bipartisan-medicare-part-d-drug>

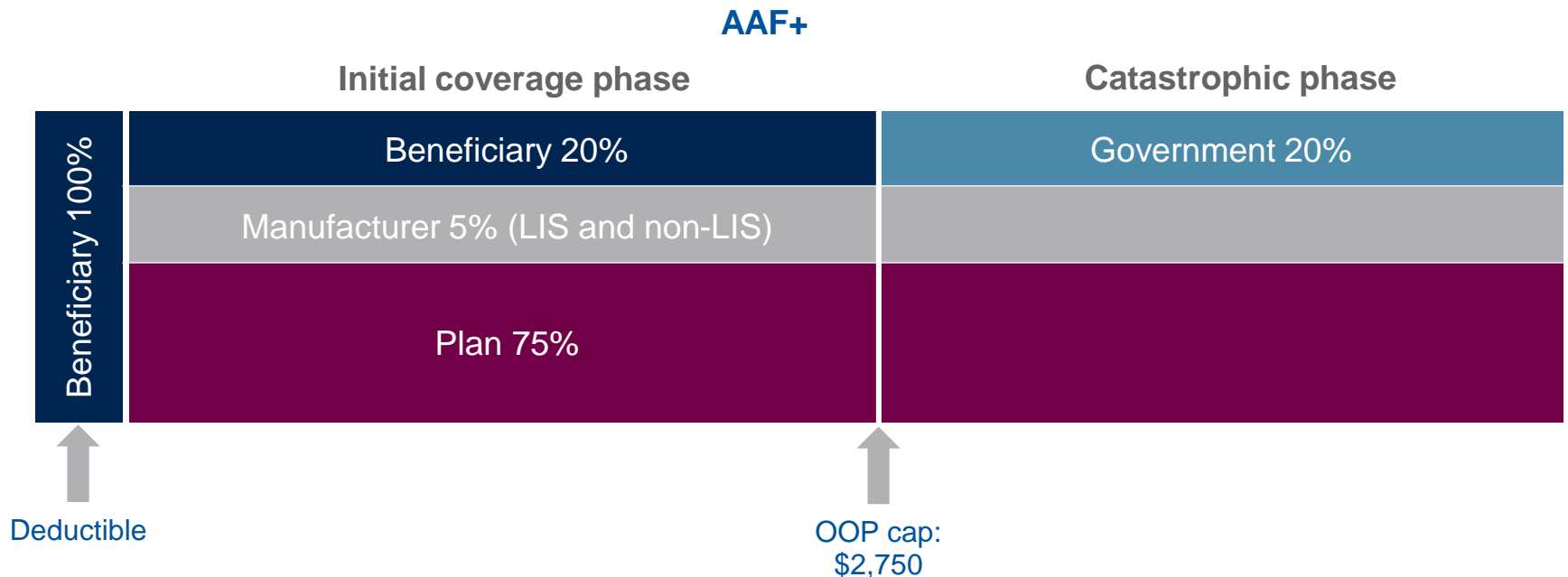
American Action Forum (AAF): Proposed Part D Benefit Design for Branded Drugs

Restructured Benefit Would Give All Actors More Incentive to Manage Costs While Capping OOP Costs for Patients



Alternate Model for Branded Drugs: Builds off AAF... Let's Call it AAF+

Moves Manufacturer Rebate Across Phases – Not Just in Catastrophic



- AAF+ helps non-LIS beneficiaries who do not reach the catastrophic phase by lowering their cost sharing by 20% (from 25% to 20%) in the initial coverage phase
- For non-LIS beneficiaries who do reach the catastrophic phase under this new structure, both the original and AAF+ models provide the same amount of support (patient pays the max of \$2,750 in OOP expenses)

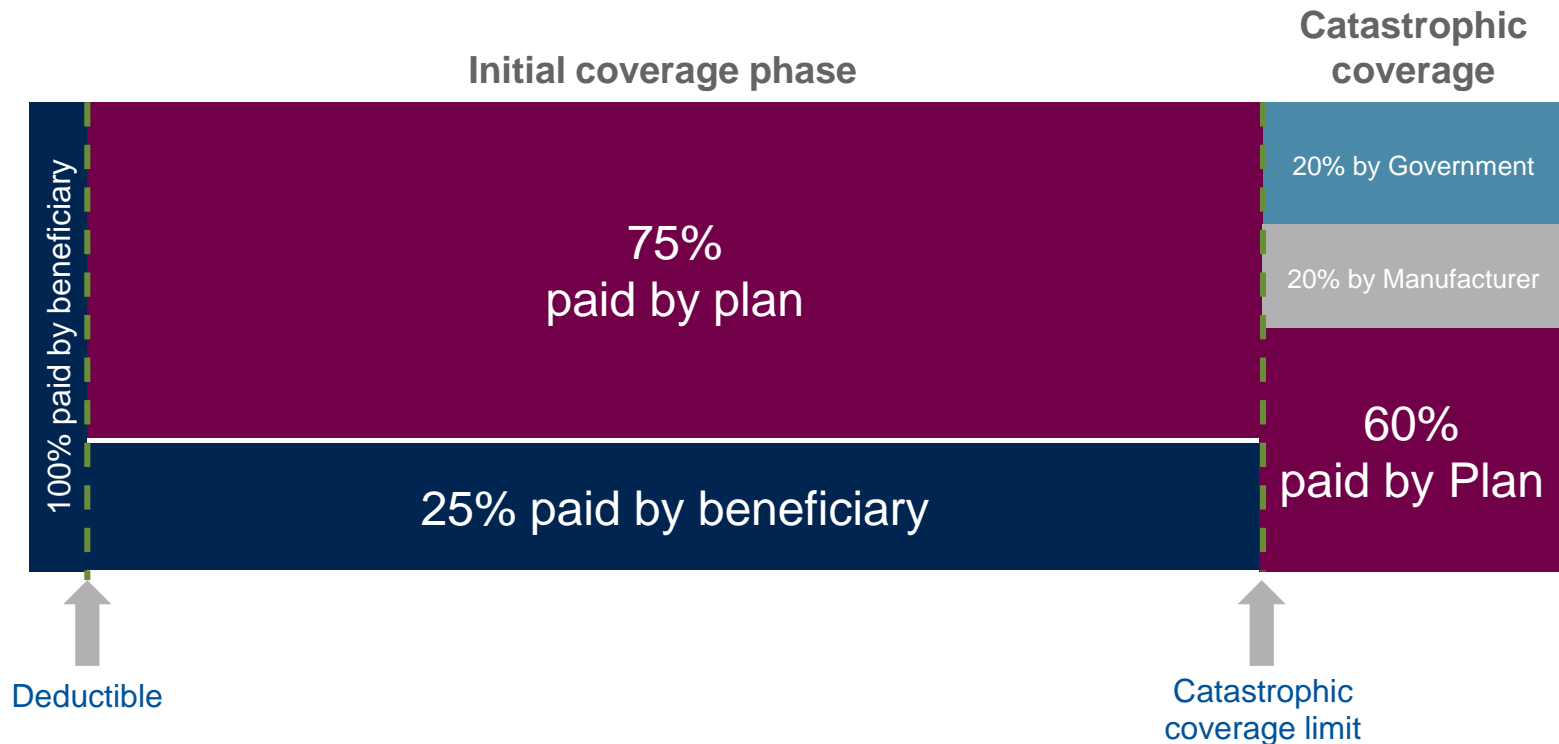
<https://www.americanactionforum.org/insight/what-congress-needs-to-consider-when-reforming-medicare-part-d/>

Accessed July 1, 2019

Senate Finance Committee: Proposal is Similar to Original AAF

Differences to AAF Include Increasing the Manufacturer Contribution in Catastrophic Phase to 20% and Increasing OOP Cap

Senate Finance Committee Proposed Model



<https://www.finance.senate.gov/imo/media/doc/FINAL%20Description%20of%20the%20Chairman's%20Mark%20for%20the%20Prescription%20Drug%20Pricing%20Reduction%20Act%20of%202019.pdf>

Accessed July 23, 2019

Other Part D Reform Ideas



Inflation Cap

- Part of Senate Finance Committee package
- If drug prices rise faster than inflation could owe penalty



Non Interference

- Allow for government negotiation in Medicare Part D



Arbitration

- Allow for government-appointed arbitrator to “negotiate” prices

Thank you