

***Medicare Part D In  
Massachusetts:  
Successes and Continuing  
Challenges***

**Cindy Parks Thomas**

**Massachusetts Health Policy Forum**

**May 30, 2007**

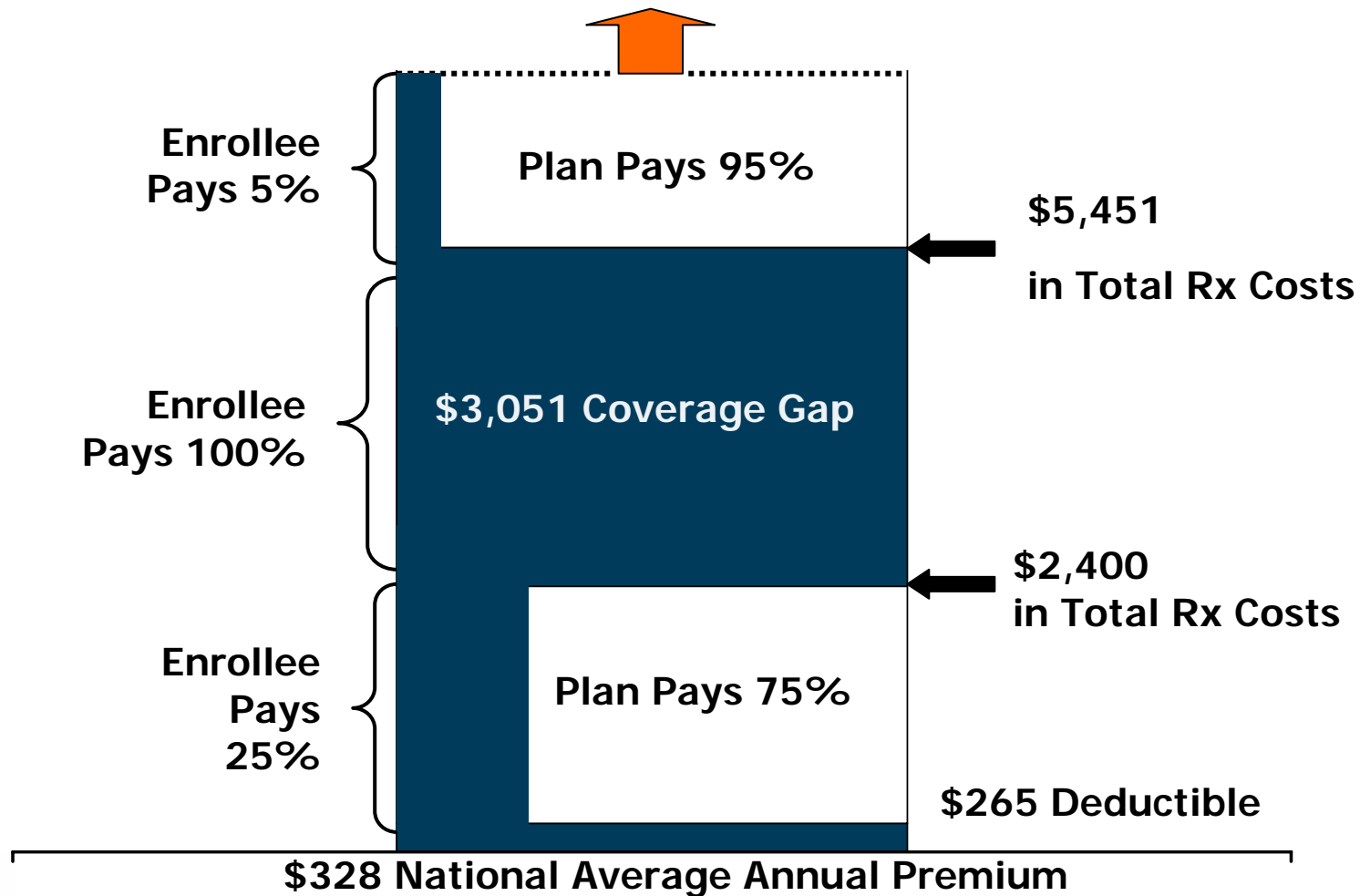


***I. Overview  
and  
Massachusetts  
Part D Landscape***

# ***Medicare Part D: Overview***

- **Voluntary drug benefit implemented January 1, 2006**
- **Prescription drug coverage through private drug plans (PDP) and Medicare Advantage (MA-PD) integrated health plans**
- **Standard drug benefit or at least equivalent**
- **Medicaid dual eligibles autoenrolled into private drug plans**
- **State maintenance of effort (“clawback”) payments to CMS**
- **Subsidy to employers to maintain coverage**
- **Extra assistance for low income beneficiaries, based on income and assets**
- **Formularies and other drug management techniques used by drug plans**

# Medicare Part D 2007: Prescription Drug Standard Benefit



# ***Extra Help Provided Through the Low Income Subsidy (LIS)***

**Dual Eligibles:** No premium, No deductible

Copayments:

Nursing home residents: No copayments

Individuals below poverty level: \$1 / \$3.10

Individuals above poverty level: \$2.15 / \$5.35

**Income < 135% of Poverty (\$13,000/individual) / Resources <\$6,120:**

No premium, No deductible

Copayments: \$2.15 / \$5.35, up to catastrophic only

**Income <150% of Poverty (\$14,000/individual) / Resources <\$10,210:**

Sliding-scale premium / \$53 deductible

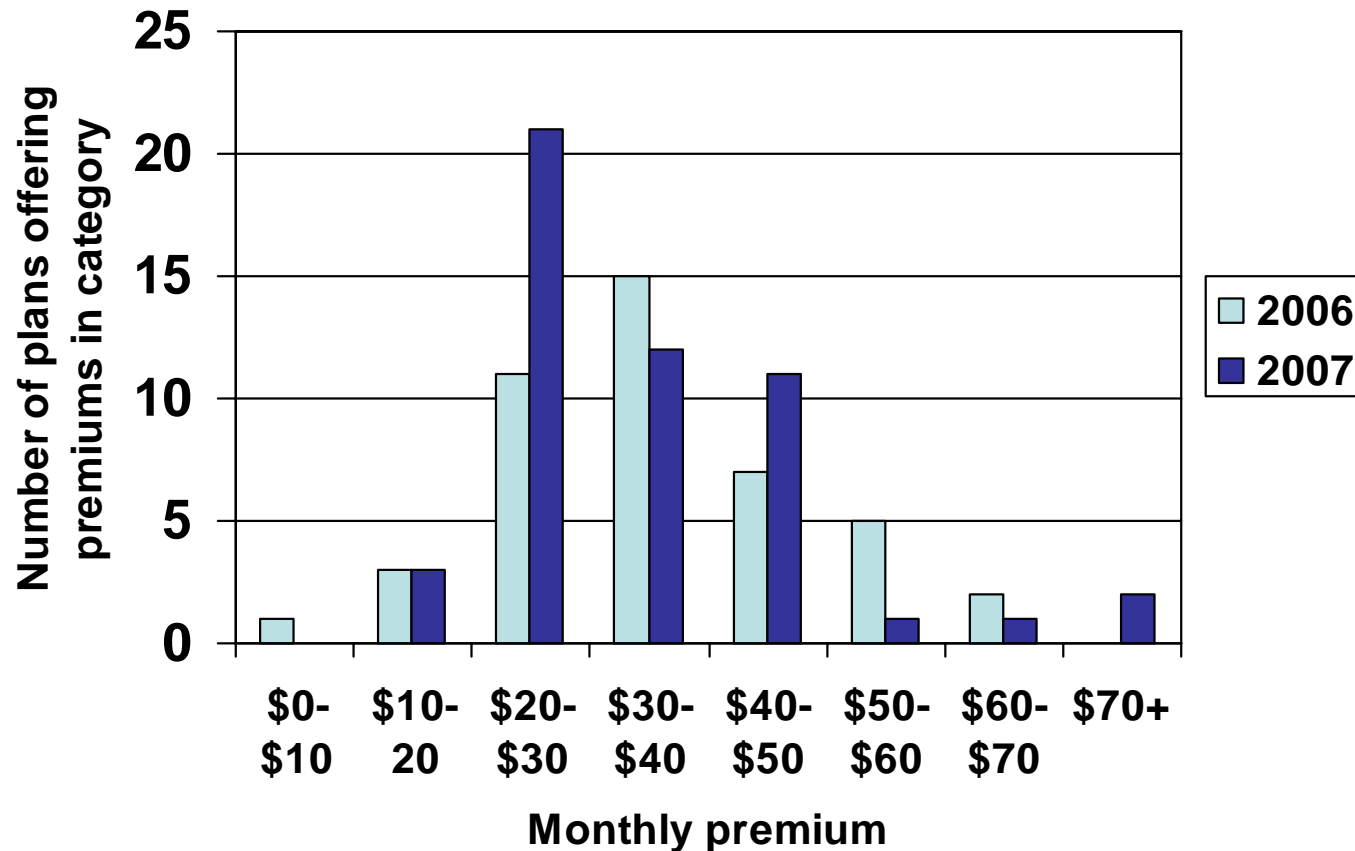
15% coinsurance up to catastrophic

Copayments: \$2.15 / \$5.35 after catastrophic

# *The Massachusetts Part D Landscape, 2007*

- **51 Private drug-only plans (PDP)**
  - 15 Benchmark (available for dual eligibles)
  - Average monthly PDP premium: \$34.40
  - Premium range: \$13.40 - \$87.40
  - No plans with full coverage in gap, 15 with generic coverage
- **43 Medicare Advantage prescription drug plans**
  - 10 sponsors
  - Up to 19 choices in Middlesex county
  - Drug-only premium range: \$10.30-\$58.50
  - Total monthly health plan premium range: \$0-\$182
- **Direction of change: higher premiums, more choices**

# Part D Prescription Drug Plan Premiums in Massachusetts, 2006 and 2007



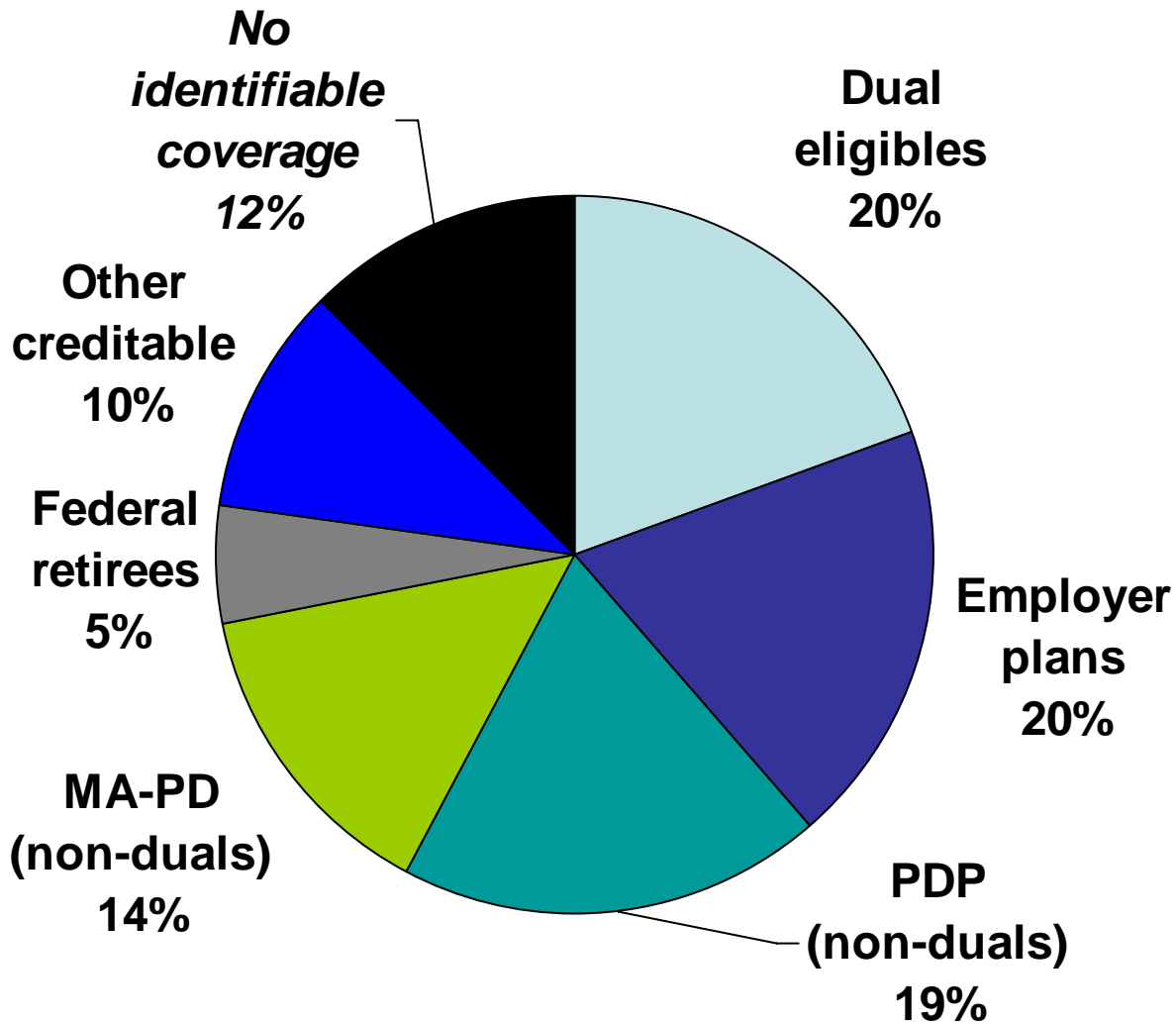
# Massachusetts Prescription Drug Plan (PDP) Examples, 2007

Monthly Premium	Deductible	Cost sharing By tier	Gap coverage
\$13.40 (Lowest)	\$265	\$2/ 34%/ 34%/ 25%	No
\$35.00	\$0	\$5/ \$20/ \$52/ 25%	No
\$35.40	\$100	\$5/ \$34/ 75%/ 30%	No
\$87.40 (Highest)	\$0	\$5/ \$30/ \$60/ 25%	Generics



## ***II. Part D Enrollment in Massachusetts***

# Part D Enrollment in Massachusetts, 2007 (1 Million beneficiaries)



Source: Based on CMS 2007 national and state data

# ***Enrollment Activities***

- **Coordinated by CMS, but independent**
- **400 partners in Massachusetts actively educated and enrolled beneficiaries**
  - **Examples: VA, HUD, HRSA, providers and associations, drug plans, hospitals, pharmacies, MassHealth, Mass Bar Assoc, Assoc Industries of Mass**
- **SSA approved applications for LIS**
- **SHINE program held about 1000 training sessions; 57,000 one-on-one counseling sessions**
- **Prescription Advantage required each member to apply for LIS**
- **Employers contacted each member directly**

# ***Enrollment Successes***

- **Nearly 90 percent of beneficiaries now with drug coverage in Commonwealth**
- **Transition for many appears smooth**
- **High participation compared to other voluntary federal programs**
- **Considerable choice of coverage**
- **Medicare costs are lower than predicted**
- **Overall satisfaction with plan on surveys**

# Coverage Challenges Remain for Low Income Beneficiaries in Massachusetts

Massachusetts Part D LIS application status as of December 29, 2006

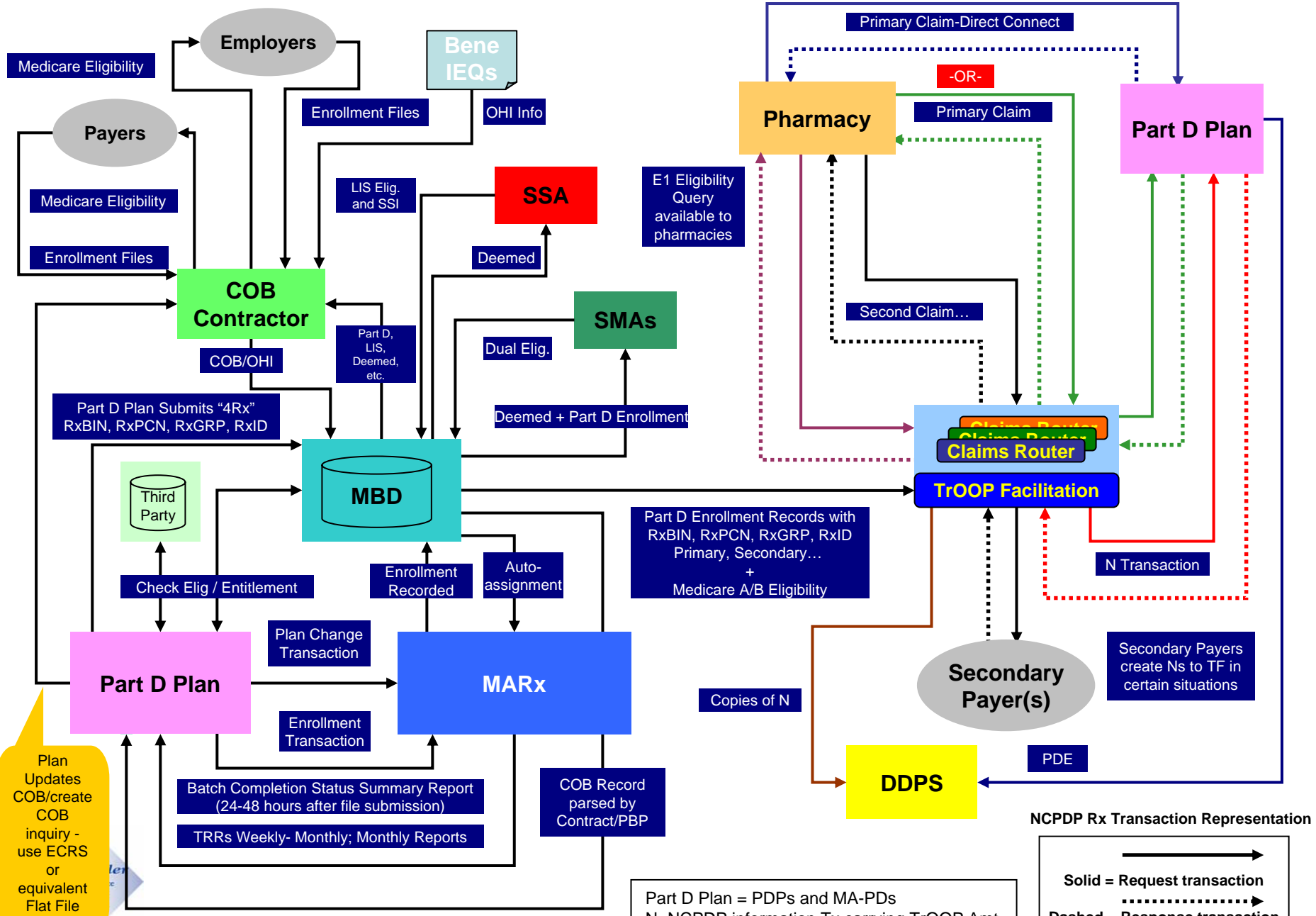
Income/eligibility category	Number of beneficiaries
Number of applications processed (excludes deemed beneficiaries)	102,934
Number qualifying for LIS	37,634 (36.6%)
Number not qualifying for LIS	65,300 (63.4%)
Number potentially eligible for LIS*	113,000
<b><i>Number potentially eligible for LIS and not receiving it</i></b>	<b>75,336</b>

# ***Continuing Challenges: Part D Program and Systems***

- **Accessing medications at the pharmacy**
  - Data systems still evolving
  - Burden on pharmacies
- **Problems with premiums being deducted from SSA checks**
- **New beneficiaries/ changing status**
  - Timing gap until beneficiaries recognized as enrolled
- **Special populations with difficulties in enrollment and participation**
  - Minority
  - Mental health
  - Disabled

# Deemed, LIS, Enrollment, COB Transactions

# Claim & E1 Eligibility Transactions



# ***Continuing Challenges: Design of the Benefit***

- **Complex program: Information needs are ongoing**
  - Members need to reassess plans annually
- **Surprise cost sharing**
- **Formulary management and drug substitution**
- **Appeals process through plans**
- **Changing market**
  - Increased premiums
  - Changing choices
  - Employer coverage



***III. Impact of Part D on  
Massachusetts Health Programs  
MassHealth  
Prescription Advantage  
State Retirees Health Program***

# *MassHealth*

## *Dual Eligible Beneficiaries*

- **200,000 dual eligibles autoenrolled into Part D plans**
- **Part D drug coverage implications**
  - **Formulary management, appeals**
  - **Coordination of medical and drug benefit**
  - **Cost sharing**
- **Annual reassignment as plans change and eligibility changes**
- **Data systems**
- **Nursing facility coordination of pharmacy services**
- **Medicaid waiver (Senior Care Options) population and program challenges**

# ***Emergency Coverage for Duals for Part D Medications (Chapter 175 of 2005 Acts)***

- **Jan 1-March 15, 2006: CMS reimbursed \$17.5 million in emergency coverage**
- **March 16, 2006- December 31, 2006: \$4.6 million for 200,000 claims and copayments**
- **30-day emergency supplies has expired, 72-hour still in place**
- **Continued need for 30-day supplies?**

# *Estimated Impact of Part D on MassHealth Budget*

Part D changes	Budget impact of Part D, \$\$ in millions		
	No Part D	Part D	Net FY 07 cost impact
<b>FY07 Spending impact:</b>			
Dual eligible pharmacy cost	\$722.25	0	(\$722.25)
Clawback payment	0	\$238.6	\$238.6
<b>Spending impact</b>	<b>\$722.25</b>	<b>\$238.6</b>	<b>(\$483.65)</b>
<b>Revenue impact:</b>			
FFP from dual eligibles	\$361.125	0	(\$361.125)
Manufacturer drug rebates	\$101.115	0	(\$101.115)
<b>Revenue impact</b>	<b>\$462.24</b>	<b>0</b>	<b>(\$462.24)</b>
<b>Net projected impact FY07 ( )=savings</b>	<b>\$260.01</b>	<b>\$238.6</b>	<b>(\$21.41)</b>

**Estimated FY06 impact: (\$25.56)**



Source: MassHealth, 2006

# *Prescription Advantage*

- **70,000 members**
- **Program now fills in coverage gaps around Part D; income-related benefit**
- **Members randomly assigned to drug plans in 2006**
- **Focused outreach to identify LIS-eligible beneficiaries**
- **Members maintained cost sharing levels**

# *Estimated Budgetary Impact of Part D on Prescription Advantage*

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Estimated Budget</b>
<b>2005</b>	<b>78,397</b>	<b>\$115 million</b>
<b>2006</b>	<b>72,992</b>	<b>\$96 million (1/2 year of Part D)</b>
<b>2007</b>	<b>71,003</b>	<b>\$64 million</b>

# *Overall Estimated Budget Impact of Part D on Mass Health Programs*

<b>Program</b>	<b>Estimated first-year Part D savings (based on FY 2006 and FY 2007 program estimates)</b>
<b>MassHealth</b>	<b>\$21-25 million</b>
<b>Prescription Advantage</b>	<b>\$20-50 million</b>
<b>State retirees</b>	<b>\$21.5 million</b>
<b>Other programs</b>	<b>\$10 million</b>
<b>Total Savings</b>	<b>\$72.5 - 102.5 million</b>

# ***IV. Ongoing Challenges and Lessons for Other State Health Programs***



# ***Future Programmatic/ State Concerns***

- **125,000 still without coverage**
- **75,000 LIS-eligibles still without extra help**
- **Ongoing difficulties at point of service, appeals**
- **Employer drug coverage**
- **Still segments of beneficiaries needing financial and other assistance**
- **MassHealth**
  - **Formulary management**
  - **Clinical management for most vulnerable**
  - **Monitor “clawback”**

# ***Monitoring the Part D Market in Massachusetts***

- **Part D plans**
  - **Changing availability, concentration, premiums, cost sharing**
- **Pharmacy networks and access**
- **Employer based coverage**
- **Medicare Advantage growth**
- **Impact on providers and on pharmacies**

# *Lessons for Implementation of Other State Health Programs*

- **Pre-implementation coordination**
- **Choice**
- **Ample testing of data systems**
- **Sufficient safety net features**
- **Flexible and extended transition period**
- **Needs of low income and minority populations**