



Medicare Congress: Fee for Service Trends: A Look at Medicare Part B

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Three separate yet similar forces are altering the dynamics of Medicare Part B drug coverage

The projected increase in Medicare Advantage (MA) penetration

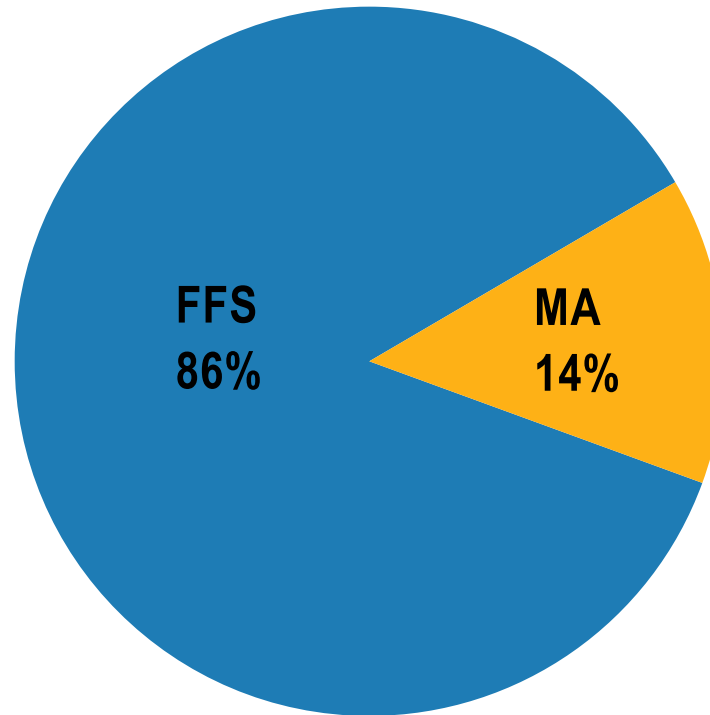
The advent of the Competitive Acquisition Program (CAP)

The implementation of Medicare Part D



The increase in MA penetration blurs the distinction between products covered under Medicare Part B vs Part D.

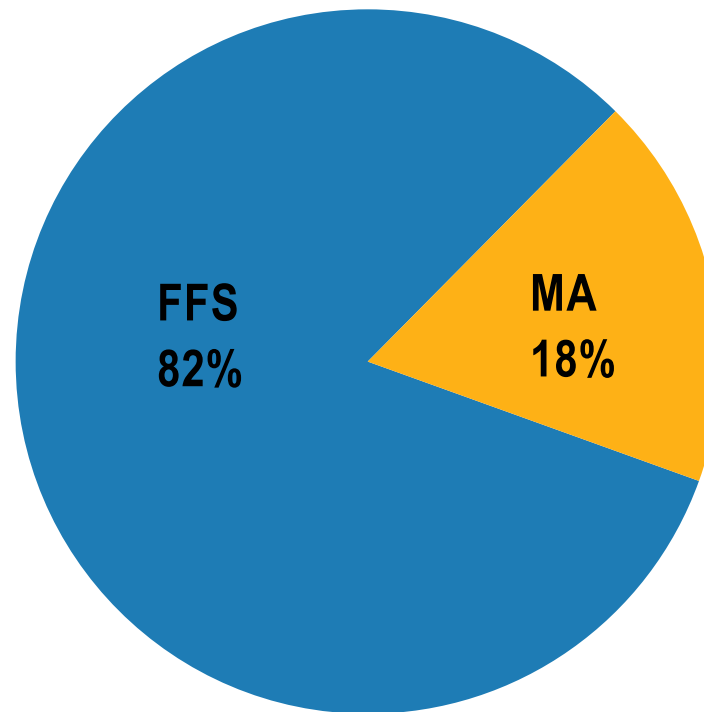
2004 Medicare Part B Enrollment*



*2004 CMS Office of the Actuary Cost Estimates

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The increase in MA penetration blurs the distinction between products covered under Medicare Part B vs Part D.

2006 Medicare Part B Enrollment*

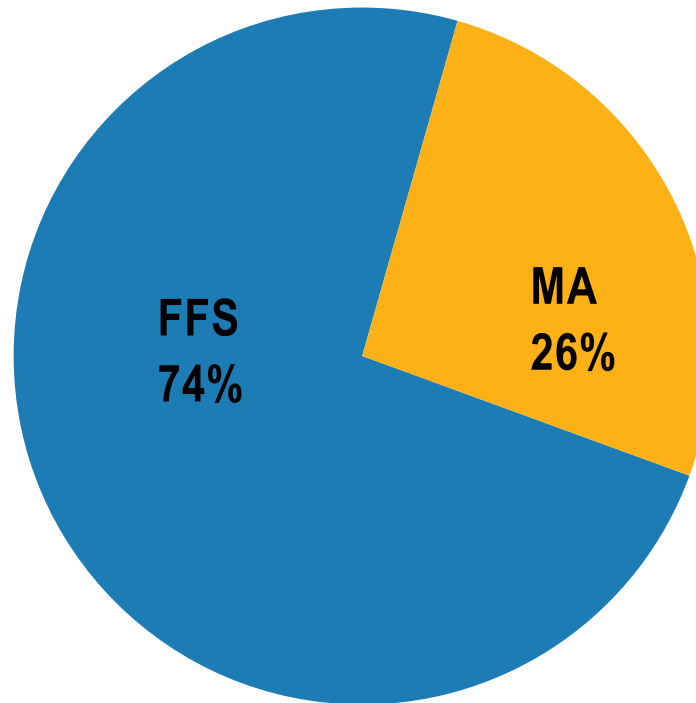


*2004 CMS Office of the Actuary Cost Estimates



The increase in MA penetration blurs the distinction between products covered under Medicare Part B vs Part D.

2010 Medicare Part B Enrollment*

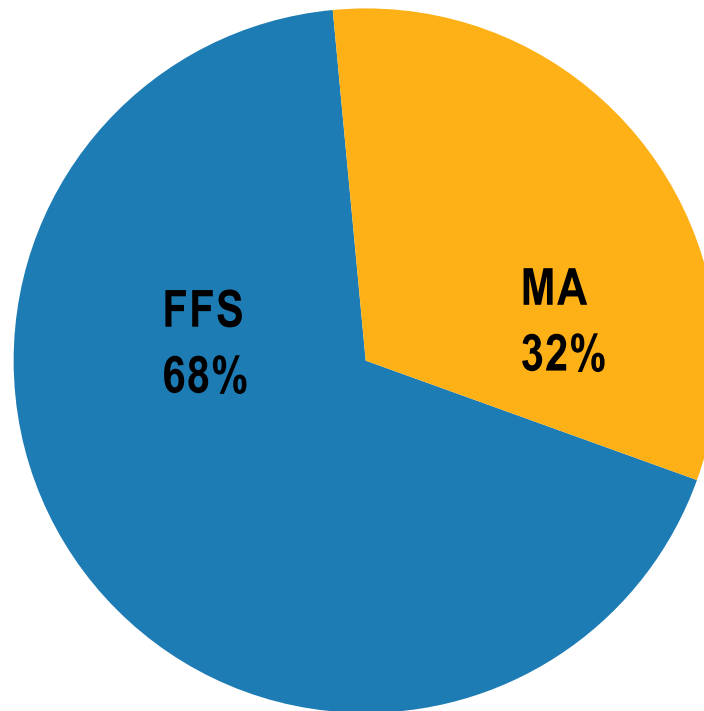


*2004 CMS Office of the Actuary Cost Estimates



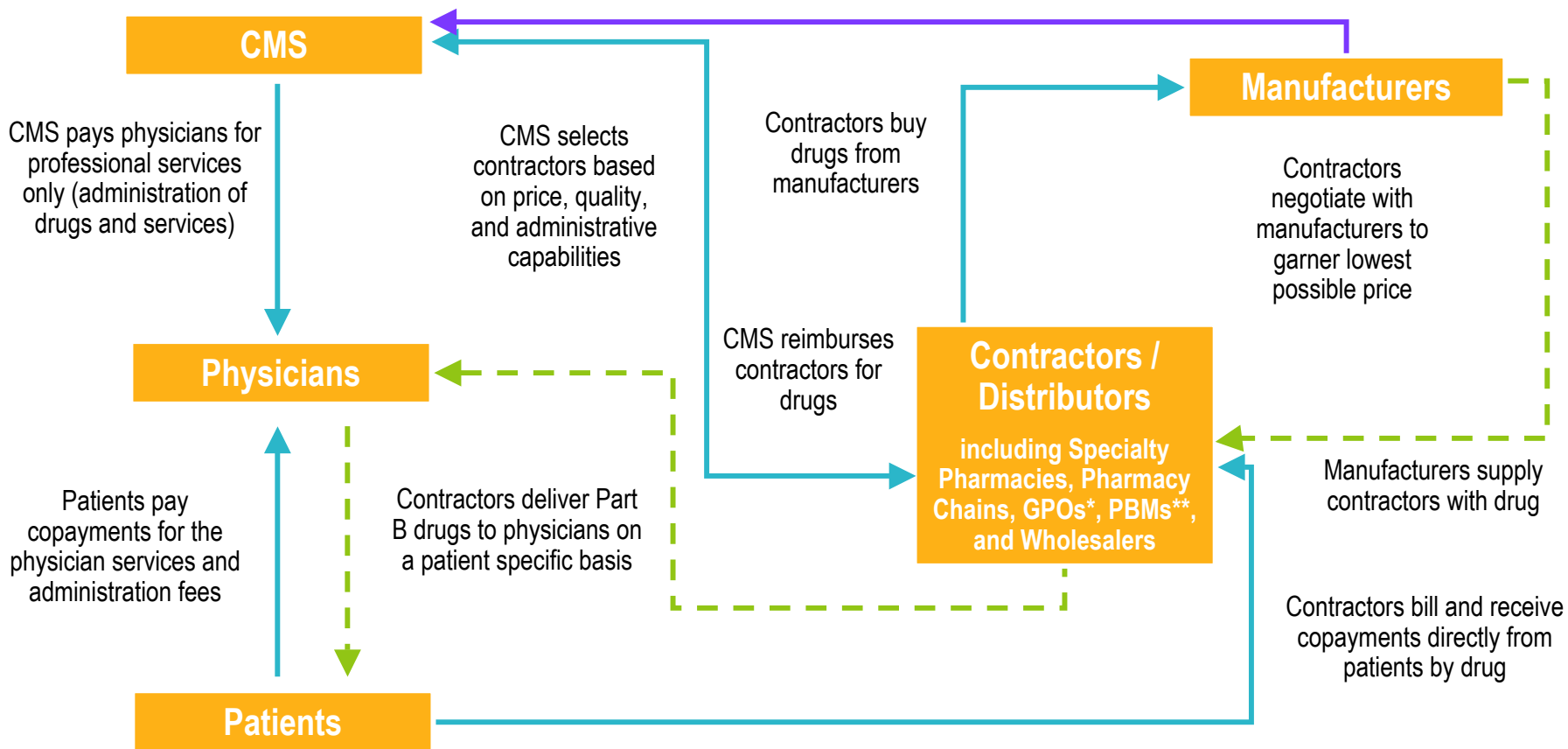
The increase in MA penetration blurs the distinction between products covered under Medicare Part B vs Part D.

2015 Medicare Part B Enrollment*



*2004 CMS Office of the Actuary Cost Estimates

The CAP system will also cause the entrance of other providers into the Medicare Part B environment.



- Data Flow
- Money flow
- - - - - Product flow

* GPO = Group Purchasing Organization
 ** PBM = Pharmacy Benefit Manager



Summary of CAP Roles and Responsibilities

Physician	Contractors	Manufacturer
Choice of 106% of ASP or CAP	Compete to obtain contracts from CMS	Negotiate prices with contractor
May be able to keep spread by choosing ASP method, <i>but</i> must submit claims to be paid	Accepts risk for unused inventories and denied claims	Conduct limited sales directly to physicians
CAP removes financial incentives from decision-making	Submit claims and collect patient coinsurance and deductibles	May change sales force's focus
Does not restrict prescribing behavior	Cannot have significant control over physician prescribing behavior	Cannot structure formularies; limited ability to move market share and garner discounts
	Required to provide routine drug delivery within 2 business days, emergency delivery within 1 business day	

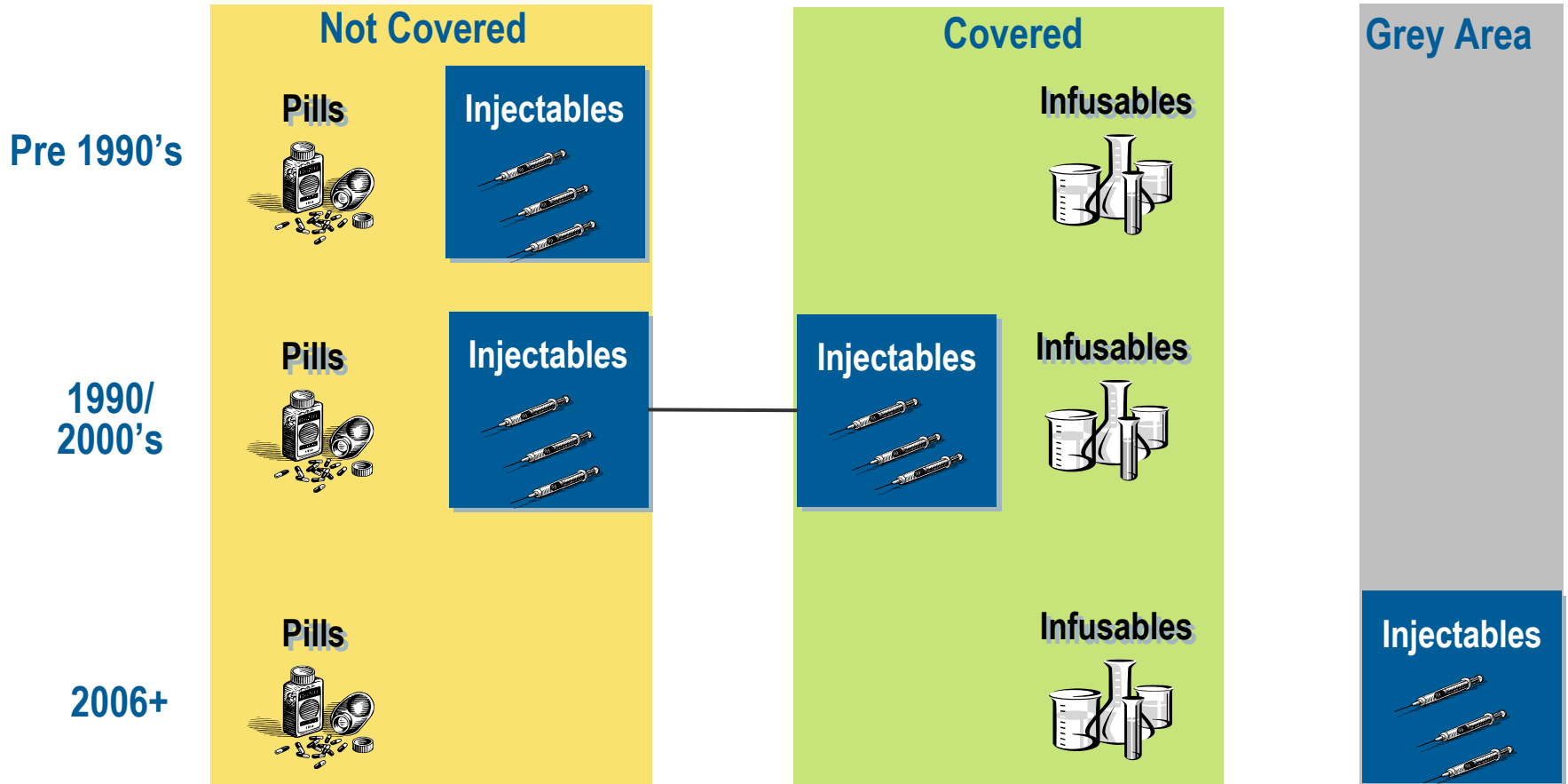
Some “B” Drugs Could Also be Paid in “D”, but Others Cannot with the decisions being made by Part D plans.

Type of Medicare Product	Part B Coverage	Potential for Part D Coverage
IV, Sub-q, IM	Drugs administered incident to a physician visit including drugs not usually self-administered	If drug is dispensed at a retail pharmacy it should be paid under Part D, even if it is not usually self-administered
Immunosuppressive	Covered if incident to a Medicare covered transplant	Covered for non-Medicare covered transplants
Oral anti-emetics oral cancer pro-drugs	Statutorily covered	Cannot be covered under Part D
Vaccines	Pneumococcal, influenza, and hepatitis B vaccines are statutorily covered	Additional vaccines that are “reasonable and necessary for the prevention of illness” are covered
DME	Statutorily covered	Cannot be covered under Part D

- A Part D drug is not covered by Part A or Part B of Medicare
- The Part D benefit does not alter Part B coverage
- Part D plans must determine whether a drug would be covered under Part B based on local coverage policy
- Part D will cover vaccines not covered by Part B, as well as insulin and related medical supplies

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The MMA shifted the dynamics of Part B drug coverage for injectable products.





New entities will be shaping the face of Medicare Part B coverage.

- As of 2006, the private sector will have unprecedented influence on Medicare Part B coverage.
- The impact of these changes could alter the demand and utilization for injectable products
- The growth in the influence of this provider group will also cause CMS to examine ways in which to provide appropriate incentives to these entities.
- CMS at the local and national level will also have to evaluate how to include these providers as key stakeholders in critical Medicare Part B drug coverage decisions going forward.