



The Role of the Private Sector in the Implementation of Medicare Part D:

PBM Perspective

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Agenda

- Pharmacy benefit manager (PBM) experience and support
- MAPD/PDP support
- Formulary development
- MTM
- Challenges
 - Medicare Part B versus D
 - Dual eligibles
 - Physician issues

MMA Implementation:

Drugs Covered Under Medicare Part D

A covered Medicare Part D drug is

- Available only by prescription and not covered by Medicare Part A or Medicare Part B
- Sold and used in the United States
- Used for a medically accepted indication
- **Includes:**
 - Prescription drugs
 - Biological products
 - Insulin
 - Vaccines





PBM Medicare Experience

- Manage complex Medicare services, including:
 - Medicare Part B coordination of benefits (COB)
 - Services to Medicare Advantage (M+C) plans
 - Medicare-approved drug discount cards
 - Medicare-eligible marketing and communication materials
- Provide Medicare Part D services, bringing:
 - Expertise in prescription-only benefits
 - Leadership in integrated mail, specialty and retail drug distribution
 - Generic substitution program
 - Clinical offerings and analytics capabilities
 - State-of-the-art technology systems

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MAPD/PDP Support

How PBMs Can Help

- Client application support
- Customer care enrollment and eligibility support
- Benefit set up and coordination of benefits
- Network contracting and development including long-term care, home infusion, Indian/tribal/urban pharmacies
- Claims processing
- Mail service/specialty
- Formulary development, P&T review
- Reporting
- Rebate processing and billing
- Electronic prescribing
- Compliance/audit

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Formulary Development: Role of the Pharmacy and Therapeutics Committee

- Formulary must be developed and reviewed by a P&T committee
- Base clinical decisions on the strength of scientific evidence and standards of practice
- Include adequate coverage of the types of drugs most commonly needed by Medicare Part D enrollees, as recognized in national treatment guidelines

Required coverage: a majority of drugs in the following categories

- Immunosuppressants
- Antineoplastics
- Antiretrovirals
- Antidepressants
- Antipsychotics
- Anticonvulsants



Therapy Management Programs and Drug Utilization

- Optimizing therapeutic outcomes for targeted beneficiaries by improving medication use and reducing adverse drug events.
- Targeting: The beneficiaries targeted for medication therapy management program (MTMP)
- Clinical content
- All eligible Part D beneficiaries meeting the targeting criteria are considered enrolled in the MTMP
- Physicians prescribe **1.26% fewer Beers drugs** after e-prescribing, compared with those without e-tools (7.87% versus 9.13%, $p < 0.0001$).*

*Source: Hutchins MBA MHSA DS, Lewis M. e-Prescribing reduces Beers prescribing among the elderly. Submitted to the Academy of Managed Care Pharmacy for its annual meeting April 2006.

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Challenges: Medicare Part B Versus Part D Coverage

- A covered drug under Medicare Part A or Medicare Part B, “as it is being prescribed and dispensed or administered” with respect to the individual, is excluded from the definition of a Part D drug.
- **Regional differences** in Medicare Part B coverage policies for drugs can occur in the absence of a national coverage decision



Challenges: Coverage of Dual Eligibles

- **Duals:**
 - Use prescriptions at a substantially higher rate
 - Impact of utilization tools will be limited
- **PDP** age distributions and utilization patterns will more closely mirror that of Medicaid today, due to dual auto-enrollment
- **MA plans** will continue to attract healthier beneficiaries as they have historically done

The **distribution of duals** to PDPs (in the absence of cost-neutral risk adjusters) could negatively impact the PDPs competitively versus MAPDs in structuring bids



Challenges: Physician Issues

- Medicare Part D knowledge
- Time:
 - To explain benefit to patients
 - To change prescriptions to comply with Part D formularies
- Office systems to support the benefit