



The Third National Medicare Congress

Marketplace Assessment of Drug Plan Options: MA-PDs and PDPs

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Agenda

- Introduction – the MemberHealth CCRx Team
- Part D to date – Beneficiaries and Enrollment
- Part D – By the Numbers 2006 and 2007
- Prospects for enrollment 2006 and beyond
- CMS Data and Initiatives
- Pharmacy's role in Part D Administration
- MemberHealth Initiatives
- Strategic Initiatives – PDPs and MA-PDs



The MemberHealth, Inc. Community Care Rx Part D Team

- **MemberHealth, Inc.** - one of the nation's most innovative pharmacy benefit administrators with over 61,000 pharmacies in its nationwide network. MemberHealth is the 4th largest Part D PDP and one of only 10 national Part D PDPs in 2006.
(one of 17 in 2007)
- **National Community Pharmacists Association**
 - represents the pharmacist owners, managers, and employees of nearly 25,000 independent community pharmacies across the United States. Independent pharmacists - more than 60,000 nationwide - dispense the majority of the nation's retail prescription drugs
- **NACDS Chain Members**



Community Care Rx

- Strong relationship with NCPA and NACDS members
- Auto enrollment in 23 regions in 2006; will retain/qualify for duals in 27 regions in 2007
- Broad network (61,000+ pharmacies)
- Broad formulary
- Aligned incentives
- Leveraging and strengthening the relationship between pharmacist and beneficiary



Where are the Medicare Beneficiaries?

- 43,404,884 TOTAL Medicare Beneficiaries
 - 10.1 signed up with PDPs (Rx only)
 - 6.3 in MA-PD (Medicare Advantage)
 - 6.1 Dual Eligibles (auto enrolled in PDPs)
- 22.5 Total enrolled in Part D
 - 6.9 in Employer Plans (creditable coverage)
 - 3.5 Federal Retirees (Tricare, VA etc.)
 - 5.4 additional sources of creditable coverage
- 15.8 Total other coverage
- 38.2 TOTAL with Drug Coverage
- 4.4 Est # of beneficiaries with no creditable drug coverage. 3.25M may be LIS elig.



Where's the Enrollment?

Organization	# of Enrollees	% of Total Enrollment
United/Pacificare	4,458,473	27.5%
Humana	3,421,835	21.1%
Wellpoint	1,105,311	6.8%
MemberHealth	964,312	5.9%
Wellcare	872,362	5.4%

Source: CMS as of 7/1/06



Where's the Enrollment?

Organization	# of Enrollees	% of Total Enrollment
"Top 11" PDPs	13,242,300	81.7%
All PDPs	16,213,157	72.1%
MA-PDs	6,278,020	27.9%
TOTAL Part D	22,491,177	

Source: CMS as of 7/1/06



Part D Plans – 2006 By The Numbers

- **PDP**
 - 1429 total plans
 - 28.2% with a premium below \$30
 - 58.4% with zero deductible
- **MA-PD**
 - 314 HMO and Local PPO plans
 - 96.2% beneficiaries with access to an MA-PD



Part D Plans – 2007 By The Numbers

- **PDP**

- 2,844 total plans (nearly double 2006)
- All states except AK and HI have > 50 plans
- 17 National Plans (up from 11)
- 83% of beneficiaries will have access to a lower premium
- Avg premium \$24 (same as 2006 and 40% less than est.)
- Median premium \$33.40 in 2007 vs \$36.01 in 2006
- 4,390 meds in average formulary; up 13%
- Fewer prior authorization and other formulary management tools
- More gap coverage (generics in every state)

Part D Plans – 2007 By The Numbers

- **MA-PD**
 - (# to be announced)
 - Expect dramatic increase in SNP options
 - Expect nearly 100% of beneficiaries will have access to an MA-PD
 - MA-PDs offer competitive premium against PDPs
 - MA-PD enrollment expected to triple to 15.3 million by 2013



PDP vs MA-PD Avg. Premiums - 2006

- PDP \$37
- Regional PPO \$21
- Local PPO \$27
- Local HMO \$16
- Local fee-for-service \$17



Prospects for Enrollment – 2006 and Beyond - Target Markets

- Coverage Gap Beneficiaries
- Low Income Subsidy
- Employers
- MA-PDs
- SNPs
- Dual Eligibles (new)
- SPAP's
- New Beneficiaries

The Coverage Gap Beneficiary

- Generally favorable impression of Part D among enrollees – will they still be happy in the gap?
- 8% or 3.4 million beneficiaries will be fully responsible for payment in the gap
- 38% have coverage from outside Part D (employer, etc.)
- 23% are LIS and have no \$\$ outlay in the gap
- 6% chose enhanced plans with some gap coverage
- 16% will never reach the gap (spending below \$2250)

Importance of Duals/LIS to Plans

- 14 million duals and LIS eligibles – one third of all Medicare beneficiaries
- LIS enrollment key CMS focus
- Low application rate; ineligible because of asset test
- 3.25 million yet to enroll
- Risk adjustment should limit risk associated with higher costs for duals
- Retention - need to provide good service to keep dual/LIS enrollees

Employers and Coalitions

- 11 million covered under Employer/Union plans
- 77% took the federal subsidy in 2006
- 6% were in other plans, including wraparounds
- 17% were in Employer/Union programs
 - 9.3% MA-PDs
 - 4.6% PDO
 - 1.2% direct
- 2006 82% somewhat or very likely to take subsidy
- 2010 50% or less projected likely to take subsidy

MA-PD Market – What will they choose?

- Largely income and illness driven
 - Medicare Advantage MSAs (high income)
 - Medicare Advantage PPOs
 - Medicare Private fee-for-service plans
 - Medicare Advantage HMOs
 - Medicare Advantage Specials Needs Plans
(the low income high illness patient)



New Part D Data Released - 7/28/06

- CMS posted plan-level Medicare Advantage (MA), Cost, PACE, Demo, and Prescription Drug Plan (PDP) enrollment data.
- Data reflects enrollment counts paid for the month of July 2006.
- **Plan-level data will be posted once a year** during the month following the conclusion of the MA open enrollment season.
- **All other months of the year, CMS will post MA and Part D enrollment data at the contract level.** Additionally, CMS will post a summary of enrollment by organization type.
- Annual Report by Plan available in the "downloads" section at:
http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/02_EnrollmentData.asp

CMS Publishes Complaint Data

- Overall Complaints (June '06) 2.3/1000
 - PDPs 2.6/1000
 - MA-PDs 1.4/1000

<u>Complaint Type</u>	<u>PDP</u>	<u>MA-PD</u>
• Benefits/Access	0.2	0.1
• Enrollment/Disenrollment	1.7	1.1
• Pricing/Coinsurance	0.4	0.1
• Other	0.3	0.1

Estimated Part D Prescriptions Filled

• Jan thru May Est. Rxs	#	%
– PDP	92.3	17.3
– MA-PD	75.9	14.2
– Duals	144.5	27.1
– Retiree subsidy	95.3	17.8
– Fed retirees	49.1	9.2
– Alt. creditable cvrg	76.8	14.4
• TOTAL	533.9	

Pharmacies Role in Part D Administration

- Under Part D Pharmacists can Educate and Inform – cannot steer; cannot enroll patients
 - Compliance will be strictly enforced by CMS and Plans
- Pharmacists have a key educational role as the most frequently visited and most trusted healthcare professional
- Assisting patients in understanding Part D and educating them on choices and how to enroll
- Transition Period Management, Formulary Management



MemberHealth Initiatives

- Medication Review as part of transition
- Medication Therapy Management
- Formulary Management Tools
- Outreach to States (SPAPs, AAAs, etc.)
- Exploring ways to assist with LIS applications
- MA – PD
- Employer Groups
- e-Prescribing



Welcome to CCRx Medication Review

- Part of transition plan
- Face-to-face review of new enrollees' medications with community pharmacist
- Address both clinical and cost issues
- Initiate exceptions processes if needed
- No cost to enrollee
- For any new enrollee after June 1



CCRx Medication Therapy Management (MTM)

- Focused on Pharmacist-Patient Relationship
- Delivered through new industry communications system – *Community MTM Services, Inc.*
 - *Larger opportunity for Medicaid programs to connect with pharmacists to improve patient care management*

Formulary Management Tools

- Fears of formulary instability unfounded
- 2007 Formularies had to be submitted before much data gathered
- New generic availability the largest factor
- Changes will focus on tiering strategy related to 2007 bid strategy

Strategic Initiatives – PDPs and MA-PDs

- Market Consolidation – 2007 and on
- Driven by:
 - Enrollment
 - Marketshare
 - Revenue Management
 - MA-PDs left a lot on the table; PDPs could not
 - Risk Corridors
 - Risk Adjusters
 - Cost Management
 - Member Service and Retention
 - Who can Prove Value and Cost Management?



QUESTIONS

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