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Managed Markets: MEDICARE
Medicare Part D: The Next Push

ALTHOUGH MEDICARE'S PART D PRESCRIPTION DRUG PROGRAM HAS BEEN A SUCCESS IN MANY WAYS, LEGISLATORS ARE CONSIDERING TINKERING WITH THE PROGRAM AND COULD ADD A REQUIREMENT ALLOWING THE GOVERNMENT TO NEGOTIATE PRICES FOR PRESCRIPTION DRUGS.

More of America's seniors have access to prescription drugs than they did two years ago — and at less cost than first predicted. Still, many experts say Medicare's prescription drug plan, while better than what many beneficiaries had previously, doesn't go far enough to ensure affordable access to prescription drugs for older Americans.

In January, the House of Representatives approved legislation requiring the Secretary of Health and Human Services to negotiate lower drug prices on behalf of Medicare beneficiaries.

The legislation, H.R. 4, deletes a clause in the law known as the "noninterference provision," which prohibits the secretary of Health and Human Services from participating in negotiations between drug manufacturers and insurers that sponsor Medicare plans.

Jeffrey L. Thomas, VP and managing director at Ventiv Access Services, says such legislation isn't necessary.

"If there is a program in place that is successfully addressing the majority of individuals needs, what makes the government think it can do a better job of negotiating price and managing the process relative to distribution and adjudication?" he asks. "I can't cite a situation where the government has been more cost efficient than private industry. I believe CMS itself has stated that it doesn't have the capacity to undertake this process."

Any changes will likely impact formulary management and benefit design, says Christopher Messner, product management director, pharma solutions, at Wolters Kluwer Health.

"If CMS negotiates with pharmaceutical companies to establish prices this will eliminate the leverage held by payers for rebates and other items that dictate benefit design and formulary management," he says.

KARISSA LAUR
AstraZeneca

Including what the government is providing combined with manufacturer-based assistance programs, there is a great deal of value for the Part D beneficiaries.

According to Jack Fyock, Ph.D., VP of Market Strategies, the bill is unlikely to go anywhere, especially in the short term.

"The Senate will water the legislation down even more," he says. "President Bush will veto it, and Congress doesn't have the votes to override it."

While he predicts it is only a matter of time before pharma companies will be required to negotiate prices for Medicare Part D directly with a federal entity, it's not on the immediate horizon.

PHARMA COMPANIES ARE OFFERING PATIENT ASSISTANCE PROGRAMS

At least three pharmaceutical companies — AstraZeneca, GlaxoSmithKline, and Eli Lilly and Co. — recently began offering assistance programs specifically for the Medicare Part D population.

With Lilly's program, which was launched in December 2006, patients can receive a 3-day supply of Lilly medicines for $25 as long as they meet certain eligibility requirements. These include: income at or below 200% of the poverty level; not eligible for Medicaid; and proof of low-income subsidy denial. Medications will be mailed directly to the patient's home.

Three products are available through the program: Forteo, which is a treatment for osteoporosis, Zyprexa, which is a treatment for bipolar disorder, and Humatrope, which is a treatment for growth failure.

"The medicines that we're providing to this program are more sophisticated, costly medicines," says Edward Sagebiel, manager of corporate communications and a spokesman for Lilly. "We anticipated that these would be the products this patient population would have trouble affording. We want to see the Medicare Part D program succeed. Part of that success is making sure that patients remain on our products and they have access to those products."

In November 2006, AstraZeneca launched a new patient assistance program specifically for Medicare Part D beneficiaries. Enrollees pay no more than $25 for a typical 30-day supply of AstraZeneca medicines available through Medicare Part D. This program is different from Lilly's in that it is retail based. Qualifying beneficiaries can enroll over the telephone and can get an AstraZeneca product at the pharmacy generally within 15 minutes, says Karissa Laur, director of patient assistance programs at AstraZeneca.

To qualify for the program, applicants must meet the following criteria: be enrolled in Medicare Part D; have an annual individual income at or below $30,000 ($40,000 per couple); and have spent at least 3% of annual household income on prescription drugs during the calendar year.

"We recognize that there are going to be some seniors who would have some financial challenges affording their medicines," Ms. Laur says. "We set up this program in particular as a way to help them."

At the end of December 2006, the program enrolled 1,100 people, and 896 patients used the card, which yielded close to $185,000 in savings, she says.

"AstraZeneca has a long history in patient assistance," Ms. Laur says. "We've been doing this for about three decades. We look closely at the people who use our patient assistance programs and determine what can be done to better meet their needs."

GlaxoSmithKline launched its program, GSK Access, in January 2007. Eligibility is based on annual household income and proof that the applicant has spent $600 or more for prescription medicines for the year.

This program is also retail based. A pharmacy card will be mailed to the applicant and it may be used at any retail pharmacy to pick up GlaxoSmithKline medicines at no cost.

In 2008, there will probably be more incentive for the government to revisit the coverage gap.

Most agree that Medicare Part D is a success story. That said, affordability issues still exist for some.

LOWER COSTS AND HIGHER SATISFACTION

The HHS announced in January that independent estimates for the Medicare Part D prescription drug benefit for fiscal year 2008 show that net Medicare costs are 30% less — $189 billion lower — than were originally predicted in 2003.

There are two factors that lowered the estimated cost of Part D payments to plans: lower growth in drug costs in general and lower enrollment than originally expected.

Medicare prescription drug plans achieved higher-than-expected savings of 29% during 2006 and are on track to save Medicare and its beneficiaries $469 billion during the 2006 to 2015 period, if current performance is maintained, according to analysis from PricewaterhouseCoopers released in January 2007 by the Pharmaceutical Care Management Association (PCMA).

Additionally, Medicare Part D beneficiaries are satisfied with their benefits. A survey released in November 2006 found that most people (75%) who are enrolled in a drug plan say they are satisfied with their current plan. This is according to a WSJ Online/Harris Interactive Health-Care Poll.

The majority of respondents say their plans have been easy to use (82%) and have saved them money (70%). The survey findings suggest that, in part, many seniors are saving money because they are asking their doctors to switch them to generic medications (40%) or have been advised to do so by their doctors (35%).

Another study, this one by Market Strategies Inc. (MSI), found that prescription drug plan-enrolled beneficiaries continue to experience few problems in obtaining their medications and, overall, express strong satisfaction with the Part D program. These are the key findings of a report released in October 2006 from MSI's latest tracking study of more than 8,000 Medicare beneficiaries.

Medicare Part D has been a success with people who enrolled and especially those with high prescription drug costs, Dr. Fyock says.

"The jury is still out, however, on Medicaid crossover," he says. "Yet for many people, it is better than the coverage they had before."

COVERAGE GAP

By the end of 2006, between 30% and 35% of all Medicare Part D enrollees, or about 4 million to 5 million people, reached the doughnut hole, the coverage gap in the Medicare plan, according to Wolters Kluwer Health.

Those who fell into the doughnut hole chose to discontinue therapy 16% of the time across all nonacute therapeutic categories. Some discontinuance rates were considerably higher; for example, antiarthritics experienced a 33.4% drop in usage.

"The Medicare population really didn't understand the benefit very well," Mr. Messner says. "In order for them to save money, they were dropping some therapies — in essence, picking and choosing which therapies to remain on."

Mr. Thomas says those who have reached the coverage gap are the least likely to be able to afford their medications.

"My concern is that a number of patients have stopped taking their medications because of that gap in their coverage," he says. "The individuals who would have hit the donut hole have comorbidities and other issues. If they quit taking their medications, it is going exacerbate the overall costs to the system."

Lynn Sheppard, senior VP and managed markets practice leader at Vox Medica's Healthcare Public Relations Group, recognizes that problems remain.

"Most people agree that Medicare Part D is a success story," she says. "That said, affordability issues still exist for some, particularly when you look at beneficiaries' responsibilities in terms of both Part D and Part B. There are some areas that are still being worked on to help lower-income beneficiaries address financial challenges. For example, some companies are looking at patient assistance programs that work alongside the benefit for those enrolled in Part D. We're also seeing some companies continue to support Medicare education and outreach initiatives that help seniors make more informed decisions based on the coverage options that are right for their situation." ✦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

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