



MEDICARE'S PROTECTED CLASSES POLICY ENSURES PATIENT ACCESS TO MEDICATIONS WHILE DRIVING HIGH RATES OF GENERIC UTILIZATION

Avalere Study: Part D Plans Use Controls to Keep Costs Low

A new study performed by Avalere Health, a leading strategic advisory company, and sponsored by the Partnership for Part D Access provides new insights into the tools Medicare Part D plans are currently employing to manage utilization of drugs under Medicare's protected classes policy. The protected classes policy is designed to ensure that Medicare patients with some of the most serious health conditions — cancer, HIV, transplant recipients, epilepsy, and mental illness among others — have access to the full range of medicines recommended by their physician.

The past several years has seen a renewed interest in the price of prescription medications. Amidst the furor over drug pricing are claims that the protected classes policy makes it hard for Part D plans to negotiate favorable pricing for these drugs. The results of this new study, however, highlight the need to preserve this important patient protection. Critics of the protected classes policy also fail to consider that reforming the policy could have a detrimental effect on the health and wellbeing of patients and could result in higher health care cost for patients and the Medicare program.

Evidence highlighted in the Avalere study demonstrates that Part D health plans are employing a range of utilization management and other tools such as formularies, coinsurance, and "fail first" policies to encourage the use of lower-costing medications for both brand and generic medications across the protected classes. For example, nearly three-quarters of all drugs in the protected classes are placed in a non-preferred or specialty category, with 78% of branded products categorized as non-preferred or specialty and 66% of generics also subject to placement on the higher tiers. Part D plans place drugs from the protected classes on high tiers (non-preferred or specialty) 73% of the time. For brand drugs, plans use this high tier placement 78% of the time and 66% of the time for generics.

Plans are directing Part D enrollees who may not necessarily need a particular formulation of a medication to the lowest cost option available. For the Medicare patients who need a particular formulation of a drug, the protected classes policy ensures they are able to access the medication their physician prescribes. Yet, even with these protections, patients must overcome layers of restrictive barriers that plans put in place to limit access to needed medications.

KEY FINDINGS AND CONCLUSIONS

The majority of all prescriptions filled for drugs in the protected classes are for generic products.

- Across all protected classes, 35% of covered drugs are generic, but 91% of prescriptions filled in 2016 were for generic products.

Key Takeaway: Part D plan benefit design for drugs in the protected classes results in much higher utilization of generic drugs than brand drugs.

A small number of Medicare beneficiaries depend on medications that are on the highest tiers.

- Only 1% of all the prescriptions filled for drugs across the protected classes were for products that are always placed on high tiers (non-preferred or specialty).

Key Takeaway: The protected classes policy ensures access to all unique medications and encourages the use of lower cost options.

On average, plans cover just over two-thirds of drugs across all six of Medicare's protected classes.

- Across all classes, plans cover 67% of drugs (brand and generic combined) and 60% of the available brand name products, on average.

Key Takeaway: While Part D plans are required to cover all unique products in the protected classes, this requirement does not result in universal coverage of brands when clinically equivalent generic drugs are available.

Tier placement is the primary tool plans use to manage access and utilization of medications in the six protected classes.

- The average Part D beneficiary is enrolled in a plan that places drugs from the protected classes on high tiers (non-preferred or specialty) 73% of the time. Specifically, branded products are placed on high tiers 78% of the time and generics 66% of the time.

Key Takeaway: Part D plans already can — and do — use tier placement to manage utilization and encourage greater use of generic drugs.

For the average Part D enrollee, most drugs in the protected classes are placed on tiers with coinsurance and with other restrictions.

- Nearly 60% of the time, beneficiaries are enrolled in plans where drugs in the protected classes require coinsurance; for brand name products specifically, beneficiaries face coinsurance 80% of the time.
- Plans place utilization management on the drugs in the protected classes nearly 40% of the time.

Key Takeaway: When beneficiaries are subjected to coinsurance, which requires them to pay a percent of total costs, that may result in higher out-of-pocket expenses than when a copayment is assessed, depending on the benefit design. In addition, utilization management requirements placed on drugs in protected classes can add access barriers for the Medicare Part D enrollees.