



Reviewing Prescription Drug  
Coverage: Policies and Practices  
Across Several Health Systems

The U.S. Perspective – Medicare  
Part D

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June 23, 2006



## Medicare Part D: Market-Driven, Plus Oversight

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1. Voluntary enrollment
2. Federal government does not set prices, premiums, or formularies
3. Federal government and plans share financial risk
4. Plans compete for enrollees
5. Regional variation
6. Beneficiary protections



## Variety of Plan Designs Used to Attract Enrollees

### Lowest-Premium Options for Six Plan Sponsors with Highest Enrollment

Sponsor	Premium	Deductible	# of drugs covered	% of drugs with PA	Cost-sharing per tier
<b>PacifiCare</b>	\$19.02-\$34.88	\$0	1,064	25.2%	\$7, \$22, \$47-53, 33%
<b>United</b>	\$22.85-\$30.18	\$0	2,391	2.4%	\$5, \$28, \$55-56, 25%
<b>Humana</b>	\$1.87-\$17.91	\$250	3,665	7.3%	25%
<b>WellPoint</b>	\$17.18-\$31.30	\$250	1,403	5.7%	\$5, \$25, 25%, 25%
<b>Member Health</b>	\$26.25-\$33.31	\$250	1,774	4.6%	\$0, 25%, 45%
<b>WellCare</b>	\$17.13-\$32.73	\$0	952	8.8%	\$0, \$0, \$62-73, \$62-73, 30-33%

Source: Avalere Health analysis using DataFrame™, a proprietary database of Medicare Part D plan features. Data from February 2006.



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Slide 3



## CMS Sets Formulary Design Standards

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- USP's Medicare Model Guidelines
- CMS formulary review standards:
  - » Formularies (drug list, beneficiary management tools, cost-sharing)
  - » P&T committee membership
  - » Grievances, exceptions and appeals processes
- CMS prohibited from instituting a national formulary or negotiating drug prices



## CMS May Shape Part D Benefits In Other Ways

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- CMS, AHRQ partnership on drug comparative effectiveness research?
- Use of Medicare Part D and medical data?
- Communication to beneficiaries on appropriate drug use?

