Minimizing Part D Costs for Medicare Beneficiaries: Not Just a Drop in the Bucket

Rajul A. Patel  
*University of the Pacific*, rpatel@pacific.edu

Kate M. O’Dell  
*University of the Pacific*, kodell@pacific.edu

Kim-Anh Vo  
*University of the Pacific*

Tiffany Chu  
*University of the Pacific*

Kenneth Wang  
*University of the Pacific*

See next page for additional authors

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Authors
Rajul A. Patel, Kate M. O’Dell, Kim-Anh Vo, Tiffany Chu, Kenneth Wang, Shu Lu, Joseph A. Woelfel, Sian M. Carr-Lopez, Suzanne M. Galal, and Berit Gundersen

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Minimizing Part D Costs for Medicare Beneficiaries: “Not Just a Drop in the Bucket”

Rajul A. Patel, PharmD, PhD, Kate M. O'Dell, PharmD, Kim-Anh Vo, PharmD Candidate, Tiffany Chu, PharmD Candidate, Shu Lu, PharmD Candidate, Kenneth Wang, PharmD Candidate, Joseph A. Woelfel, PhD, RPh, Sian M. Carr-Lopez, PharmD, Suzanne M. Galal, PharmD, Berit Gundersen, PharmD

University of the Pacific-Thomas J. Long School of Pharmacy & Health Sciences Stockton, CA
Presenter Disclosures

• The following personal financial relationships with commercial interest relevant to this presentation existed during the past 12 months:

• **No Relationships to disclose**
Background

• 50.7 million Medicare beneficiaries
  o 43.1 (85%) are 65+ years of age (seniors)

• 50% of beneficiaries have annual incomes <$22,000\(^1\)

• % of seniors with incomes <100% of Supplemental Poverty Threshold\(^2\)
  o National Average = 15%
  o California = 20% (highest in the country)

• 13 (41%) of 32 million beneficiaries with a Part D plan receive/qualify for the Low-Income Subsidy

Methods

- Twelve outreach events were held in 6 cities across Northern/Central California during the fall of 2012
- Student pharmacists assisted beneficiaries during individualized counseling sessions
  - Cost minimization strategies
    - Part D Plan Optimization
    - Low-Income Subsidy
    - Pharmaceutical Assistance Programs
    - Therapeutic Interchange
- Potential out-of-pocket (OOP) cost reduction was analyzed
- Demographic and Interventional data were collected
<table>
<thead>
<tr>
<th>Demographic and Clinical Characteristics</th>
<th>n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex, No. (%); n=589</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>368 (61.4)</td>
</tr>
<tr>
<td>Male</td>
<td>221 (36.9)</td>
</tr>
<tr>
<td>Age, No. (%); n=573</td>
<td></td>
</tr>
<tr>
<td>&lt;65</td>
<td>34 (5.9)</td>
</tr>
<tr>
<td>65-74</td>
<td>255 (44.5)</td>
</tr>
<tr>
<td>75-84</td>
<td>180 (31.4)</td>
</tr>
<tr>
<td>85+</td>
<td>104 (18.2)</td>
</tr>
<tr>
<td>Mean ± SD</td>
<td>75.5 ± 9.0</td>
</tr>
<tr>
<td>Race, No. (%); n=586</td>
<td></td>
</tr>
<tr>
<td>White/Caucasian</td>
<td>368 (61.3)</td>
</tr>
<tr>
<td>Non-White/Non-Caucasian</td>
<td>219 (36.6)</td>
</tr>
<tr>
<td>Hispanic/Latino, No. (%); n=581</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>526 (90.5)</td>
</tr>
<tr>
<td>Yes</td>
<td>55 (9.5)</td>
</tr>
<tr>
<td>Preferred Language, No. (%); n=583</td>
<td></td>
</tr>
<tr>
<td>English</td>
<td>423 (72.6)</td>
</tr>
<tr>
<td>Non-English</td>
<td>160 (27.4)</td>
</tr>
<tr>
<td>Highest Level of Education Completed, No. (%); n=585</td>
<td></td>
</tr>
<tr>
<td>8th Grade or Less</td>
<td>56 (9.6)</td>
</tr>
<tr>
<td>Some High School (9th-12th grade)</td>
<td>47 (8.0)</td>
</tr>
<tr>
<td>High School Diploma or Equivalent</td>
<td>94 (16.1)</td>
</tr>
<tr>
<td>Some College or Associate Degree</td>
<td>144 (24.6)</td>
</tr>
<tr>
<td>Mean ± SD</td>
<td>8.8 ± 2.0</td>
</tr>
</tbody>
</table>

### Prescription Drug Coverage Type, No. (%); n=599

<table>
<thead>
<tr>
<th>Prescription Drug Coverage Type</th>
<th>n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Part D Stand-Alone Prescription Drug Plan (PDP)</td>
<td>426 (71.1)</td>
</tr>
<tr>
<td>Medicare Advantage Prescription Drug Plan (MA-PDP)</td>
<td>86 (14.4)</td>
</tr>
<tr>
<td>Creditable Coverage</td>
<td>49 (8.2)</td>
</tr>
<tr>
<td>No Coverage</td>
<td>38 (6.3)</td>
</tr>
</tbody>
</table>

### Prescription Drug Subsidy Status, No. (%); n=502

<table>
<thead>
<tr>
<th>Prescription Drug Subsidy Status</th>
<th>n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Subsidy</td>
<td>311 (62.0)</td>
</tr>
<tr>
<td>Medicaid or Low-Income Subsidy</td>
<td>191 (38.0)</td>
</tr>
</tbody>
</table>

### Prescriptions, No. (%); n=569

<table>
<thead>
<tr>
<th>Prescriptions</th>
<th>n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>28 (4.9)</td>
</tr>
<tr>
<td>1-2</td>
<td>100 (17.6)</td>
</tr>
<tr>
<td>3-4</td>
<td>142 (24.9)</td>
</tr>
<tr>
<td>5-6</td>
<td>123 (21.6)</td>
</tr>
<tr>
<td>&gt;6</td>
<td>176 (30.9)</td>
</tr>
<tr>
<td>Mean ± SD</td>
<td>5.2 ± 3.4</td>
</tr>
</tbody>
</table>
Cost Minimization Strategies

- Therapeutic Interchange
- Low-Income Subsidy
- Part D Plan Optimization
- Pharmaceutical Assistance Programs
Therapeutic Interchange

- **Therapeutic Interchange** - a medication that is chemically different, but therapeutically similar to another medication
  - Potential for significant cost savings through therapeutic interchange.

- Based on information available on the Medicare website and the knowledge of assisting student pharmacists (under supervision of licensed pharmacists)

- **OOP cost savings** = Part D plan cost pre- and post-therapeutic interchange
Therapeutic Interchange

\[ n = 7 \]

Mean Interventional Savings ($) \( \pm \) SD

\[ $1,299 \pm 899 \]

Total Interventional Savings ($)

\[ $9,093 \]
Low-Income Subsidy (LIS)

- **LIS eligibility** was determined by asking the beneficiary about their income and assets.
  - **OOP cost savings** = The difference in Part D Plan Costs as a function of subsidy.
  - This was determined through the Medicare website.

![Image of a clipboard with a checklist and a table]

1. **ASK THE PATIENT:** "How many people live in your household?"  

2. **ASK THE PATIENT:** "Based on the number of people in your household, which of the following ranges best describes your average annual household income?"  

<table>
<thead>
<tr>
<th># of people in household</th>
<th>Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; $16,755</td>
</tr>
<tr>
<td>1</td>
<td>$16,756 - $85,000</td>
</tr>
<tr>
<td>2</td>
<td>$22,696 - $170,000</td>
</tr>
<tr>
<td>3</td>
<td>$28,636 - $170,000</td>
</tr>
<tr>
<td>4</td>
<td>$34,576 - $170,000</td>
</tr>
</tbody>
</table>

**NOTE:** After sharing the above table (information) with the patient → Go to Section B.

3. **ASK THE PATIENT:** "Based on the number of people in your household, which of the following best describes your combined savings, investments and real estate assets (other than your home, car, and personal possessions)?"  

<table>
<thead>
<tr>
<th># of people in household</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;$13,070</td>
</tr>
<tr>
<td>&gt;2</td>
<td>$13,071</td>
</tr>
</tbody>
</table>

**NOTE:** Resources include such things as in bank accounts, stocks, and bonds. A person’s home, car, and personal possessions DO NOT count as resources.
Low-Income Subsidy
n=16

Mean Interventional Savings ($) ± SD
P: $628 ± $727
F: $823 ± $895

Therapeutic Interchange
n=7

$1,299 ± $899

Total Interventional Savings ($)

P: $11,936
F: $15,629
$9,093
Pharmaceutical Assistance Programs (PAPs)

- **Drug-specific PAPs** were identified when the beneficiary indicated have difficulty paying for certain brand-name medications.
  - **OOP cost savings** = Difference in cost for the drug(s) in question under the PAP program as compared to the current medication cost.
Pharmaceutical Assistance Programs (PAPs) - Brand

- Low-Income Subsidy
  - n=16
  - P: $628 ± $727
  - F: $823 ± $895
  - Mean Interventional Savings ($): $1,299 ± $899

- Therapeutic Interchange
  - n=7
  - P: $11,936
  - F: $15,629
  - Mean Interventional Savings ($): $35,808

Total Interventional Savings ($): $9,093
Part D Plan Optimization

- **Part D plan optimization** was performed via the Medicare website (www.medicare.gov)
- **OOP cost savings** = 
  - \([\text{EAC}(\$) \text{ of Current Plan in 2013} - \text{EAC}(\$) \text{ of Least Expensive PDP in the 2013}]\) where EAC = Estimated Annual Cost
Part D Plan Optimization
n=535

Pharmaceutical Assistance Programs
n=28

Low-Income Subsidy
n=16

Therapeutic Interchange
n=7

Mean Interventional Savings ($) ± SD
P: $628 ± $727
F: $823 ± $895

$1,299 ± $899

$1,334 ± $3,125

$1,274 ± $1,301

$713,502

$35,808

$9,093

Total Interventional Savings ($)
Part D Plan Optimization
n=535

Pharmaceutical Assistance Programs
n=28

Low-Income Subsidy
n=16

Therapeutic Interchange
n=7

Mean Intervventional Savings ($) $1,334 ± $3,125

Total Interventional Savings ($) $713,502

Annual Savings ($) $0

P: $628 ± $727
F: $823 ± $895

P: $11,936
F: $15,629

$9,093

n = 45 (23.6%)
n = 55 (18.8%)
Part D Plan Optimization

- n=535
- Pharmaceutical Assistance Programs
  - n=28
  - Mean Interventional Savings ($) + SD
    - P: $628 ± $727
    - F: $823 ± $895
  - Low-Income Subsidy
    - n=16
    - Mean Interventional Savings ($) + SD
      - P: $11,936
      - F: $15,629
  - Therapeutic Interchange
    - n=7
    - Mean Interventional Savings ($) + SD
      - P: $1,299 ± $899
      - F: $9,093

- Total Interventional Savings ($) + SD
  - $9,093 ± $899

- Annual Savings ($)
  - n = 4 (2.1%)
    - $400-$999
  - n = 14 (7.3%)
    - $100-$399
  - n = 81 (27.6%)
    - $1-$99
  - n = 45 (23.6%)
    - $0

- Subsidy recipient
  - n = 83 (43.5%)
  - Mean Interventional Savings ($) + SD
    - $1,274 ± $1,301
  - $713,502

- Non-subsidy recipient
  - n = 27 (9.2%)
  - Mean Interventional Savings ($) + SD
    - $1,334 ± $3,125
  - $35,808

- $0

- $1,299 ± $899

- $1,299 ± $899

- $1,299 ± $899

- $1,299 ± $899
Part D Plan Optimization

- **n=535**
- **Pharmaceutical Assistance Programs**
  - **n=28**
  - **Low-Income Subsidy**
    - **n=16**
  - **Therapeutic Interchange**
    - **n=7**

---

Mean Interventional Savings ($) ± SD

- **P: $628 ± $727**
- **F: $823 ± $895**

Total Interventional Savings ($) ± SD

- **P: $11,936 ± $15,629**
- **F: $9,093 ± $899**

Annual Savings ($) ± SD

- **P: $11,936 ± $15,629**
- **F: $9,093 ± $899**

- **n = 20 (10.5%)**
  - **n = 42 (14.3%)**
  - **n = 54 (18.4%)**
  - **n = 81 (27.6%)**
  - **n = 83 (43.5%)**
  - **n = 85 (29.5%)**
  - **n = 87 (28.6%)**

- **n = 10 (5.2%)**
  - **n = 10 (3.4%)**
  - **n = 15 (7.9%)**
  - **n = 15 (7.9%)**
  - **n = 15 (7.9%)**

- **n = 14 (7.3%)**
  - **n = 14 (7.3%)**
  - **n = 14 (7.3%)**

- **n = 4 (2.1%)**

- **n = 15 (7.9%)**

- **n = 10 (5.2%)**

- **n = 20 (10.5%)**

- **n = 42 (14.3%)**

- **n = 54 (18.4%)**

- **n = 81 (27.6%)**

- **n = 83 (43.5%)**

- **n = 85 (29.5%)**

- **n = 87 (28.6%)**

- **n = 3000+**

- **n = 2000-$2999**

- **n = 1000-$1999**

- **n = 400-$999**

- **n = 100-$399**

- **n = 1-$99**

- **n = 0**
Conclusion

- OOP Savings from Cost-Minimization Strategies
  - **Aggregate**: ~$770,000
  - **Average**: ~$1,440/beneficiary

- Targeted assistance can significantly lower beneficiary OOP costs.

- The majority (~80%) of beneficiaries, regardless of subsidy-status, can save money by annually re-evaluating Part D plan offerings.
Conclusion

• Advocates can potentially help lower beneficiary OOP costs through assistance with the LIS and PAP applications.

• (Student) pharmacists can help lower beneficiary OOP costs by making recommendations for cheaper therapeutic alternatives without sacrificing the drug’s intended effects.

• Cost-minimization strategies can potentially lower OOP costs, decrease cost-related medication non-adherence and improve quality-of-life