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

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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
  - 43.1 (85%) are 65+ years of age (seniors)
- 50% of beneficiaries have annual incomes <$22,000\textsuperscript{1}
- % of seniors with incomes <100% of Supplemental Poverty Threshold\textsuperscript{2}
  - National Average = 15%
  - California = 20% (highest in the country)
- 13 (41%) of 32 million beneficiaries with a Part D plan receive/qualify for the Low-Income Subsidy

\textsuperscript{2}Current Population Survey 2009-2011 Annual Social & Economic Supplement
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><strong>Sex, No. (%); n=589</strong></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><strong>Age, No. (%); n=573</strong></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><strong>Mean ± SD</strong></td>
<td>75.5 ± 9.0</td>
</tr>
<tr>
<td><strong>Race, No. (%); n=586</strong></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><strong>Hispanic/Latino, No. (%); n=581</strong></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><strong>Preferred Language, No. (%); n=583</strong></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><strong>Highest Level of Education Completed, No. (%); n=585</strong></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><strong>Prescriptions, No. (%); n=569</strong></td>
<td></td>
</tr>
<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><strong>Mean ± SD</strong></td>
<td>5.2 ± 3.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prescription Drug Coverage Type, No. (%); n=599</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><strong>Creditable Coverage</strong></td>
<td>49 (8.2)</td>
</tr>
<tr>
<td><strong>No Coverage</strong></td>
<td>38 (6.3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prescription Drug Subsidy Status, No. (%); n=502</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>
Cost Minimization Strategies

- Therapeutic Interchange
- Low-Income Subsidy
- Pharmaceutical Assistance Programs
- Part D Plan Optimization
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 ($) ± SD

$1,299 ± 899$

Therapeutic Interchange

$n=7$

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
Low-Income Subsidy
n=16
P: $628 ± 727
F: $823 ± 895

Therapeutic Interchange
n=7
P: $1,299 ± 899

Mean Interventional Savings ($) ± SD

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: n=28
Low-Income Subsidy: n=16
Therapeutic Interchange: n=7

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

$1,274 ± $1,301
$1,299 ± $899

$35,808
$9,093
Total Intervenotional Savings ($)
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

Total Interventional Savings ($)
$713,502

$35,808

$9,093
Part D Plan Optimization

- Pharmaceutical Assistance Programs: n=28
  - Mean Interventional Savings: $1,274 ± $1,301
  - P: $628 ± $727
  - F: $823 ± $895
- Low-Income Subsidy: n=16
  - Mean Interventional Savings: $1,299 ± $899
  - P: $11,936
  - F: $15,629
- Therapeutic Interchange: n=7
  - Mean Interventional Savings: $9,093
- Total Interventional Savings: $9,093

Part D Plan Optimization: n=535
- Mean Interventional Savings: $1,334 ± $3,125

Total Annual Savings: $0

- Subsidy recipient: n=45 (23.6%)
  - Mean Interventional Savings: $11,936
- Non-subsidy recipient: n=55 (18.8%)
  - Mean Interventional Savings: $15,629
Part D Plan Optimization

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

**Mean Interventional Savings ($) ± SD**
- **Total Interventional Savings ($)**: $713,502
- **Annual Savings ($)**
  - **$0**: n = 81 (27.6%)
  - **$1-$99**: n = 14 (7.3%)
  - **$100-$399**: n = 54 (18.4%)
  - **$400-$999**: n = 4 (2.1%)

**Interventional Savings Breakdown**
- **P: $628 ± $727**
- **F: $823 ± $895**
- **P: $11,936**
- **F: $15,629**
- **$9,093**
- **$1,274 ± $1,301**
- **$1,334 ± $3,125**
- **$1,299 ± $899**
Part D Plan Optimization

- Mean Interventional Savings ($) $1,334 ± $3,125
- Pharmaceutical Assistance Programs n=28
  - P: $628 ± $727
  - F: $823 ± $895
- Low-Income Subsidy n=16
  - P: $11,936
  - F: $15,629
- Therapeutic Interchange n=7
  - $9,093

Total Interventional Savings ($) $713,502

- (8.2%) n = 24
- (3.4%) n = 10
- (14.3%) n = 42

Annual Savings ($)

- $0
- $1-99
- $100-$399
- $400-$999
- $1000-$1999
- $2000-$2999
- $3000+

- (2.1%) n = 4
- (7.9%) n = 15
- (7.3%) n = 14
- (27.6%) n = 81
- (18.4%) n = 54
- (9.2%) n = 24
- (23.6%) n = 45
- (18.8%) n = 55
Conclusion

• OOP Savings from Cost-Minimization Strategies
  o **Aggregate:** ~$770,000
  o **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