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Medicare Program Improves Gap Coverage, Access to Brand-Name Drugs for Millions of Beneficiaries in 2011

Avalere Health Analysis Also Shows Significant Improvements in Part D Benefit for Low-Income Beneficiaries

Washington, D.C. – Avalere Health LLC today released further analysis of the Centers for Medicare and Medicaid Services (CMS) Medicare Part D landscape file for 2011 showing that millions of Medicare beneficiaries will see improved gap coverage next year as a result of CMS policies and the Affordable Care Act. One-third of prescription drug plans are offering some form of gap coverage in 2011, up from 20 percent in 2010.

“Increased gap coverage offered by plans will greatly improve beneficiaries’ access to affordable medications in 2011 – and significantly lessen the impact of the donut hole experienced by many seniors, particularly those with multiple chronic illnesses,” said Avalere Health CEO Dan Mendelson. “On average, beneficiaries will have a choice of 11 different plans that offer gap coverage.”

In addition, the number of prescription drug plans (PDPs) offering coverage of brand name drugs in the coverage gap has increased from 2010 to 2011. In 2011, three times as many plans will offer gap coverage for brand name drugs as in 2010. In all, 106 PDPs (10 percent of the market) will offer gap coverage for “few” or “some” brand name drugs, up from just 35 PDPs (two percent) in 2010. CMS defines “few” as greater than 0 but less than 10 percent of formulary drugs, and “some” as greater than or equal to 10 percent, but less than 65 percent of formulary drugs.

For 2011, there is a significant increase in the number of PDPs offering coverage for “some” brand name drugs in the gap: 106 PDPs have “some” branded coverage. Aetna and Coventry (through its First Health plan) offer a PDP with some brand name drug coverage in the gap in all 34 PDP regions.

The increase in coverage for brand drugs in the gap is due in part to CMS’ new meaningful differences policy. Under the policy, plan sponsors may offer two enhanced plans in a given PDP region if one enhanced plan has a higher value than the other enhanced plan and that plan also offers coverage of at least some brand name drugs in the gap. On top of this new insurance availability, the Affordable Care Act brings a new 50 percent discount to drugs purchased in the donut.

Increased Choice for Low-Income Part D Beneficiaries

The new Avalere analysis also shows that the number of plan options available for low-income beneficiaries will increase for the first time since the program began – rising by eight percent in 2011. These plans are available at no premium cost to the approximately 9 million Medicare beneficiaries enrolled in stand-alone prescription drug plans who receive extra help paying their premiums and cost sharing through the low-income subsidy program.

“The Part D market for low-income beneficiaries is much more stable in 2011 as a result of CMS’ implementation of the Affordable Care Act policy improvements,” said Mendelson. “The number of low-income beneficiaries who must be reassigned to a different plan in 2011 has decreased by 57 percent as a result of these changes. This will significantly reduce confusion and potential for disruptions in care for

millions of vulnerable beneficiaries. This is a critical protection for low-income older Americans who often need the most health care assistance. ”

The analysis shows that in 2011, 332 prescription drug plans will offer \$0 premium coverage to beneficiaries receiving the low-income subsidy. Low-income beneficiaries in most states will be able to choose from between nine and 12 plans that offer coverage with \$0 premium. Including the District of Columbia, the number of plans eligible for the auto-enrollment of full-subsidy dual eligible beneficiaries will rise in 31 states, while the number of plans will drop in 14 states. Six states will see no change. For 2011, all states will have at least four \$0 premium plans.

NOTE: The analysis is conducted using the CMS landscape file and Avalere Health’s DataFrame, a proprietary database of all stand-alone prescription drug plans and Medicare Advantage prescription drug plans.

Avalere Health is an advisory services company whose core purpose is to create innovative solutions to complex healthcare problems. Based in Washington DC, the firm delivers research, analysis, insight, and strategy for leaders in healthcare business and policy. Avalere's experts span 140 staff drawn from the federal government (e.g., CMS, OMB, CBO, and the Congress), Fortune 500 healthcare companies, top consultancies, and nonprofits. The firm offers deep substance in areas ranging from healthcare coverage and financing to the changing role of evidence in healthcare decision-making. Its focus on strategy is supported by a rigorous, in-house analytic research group that uses public and private data to generate quantitative insight. Through events, publications, and interactive programs, Avalere also translates real-time healthcare developments into actionable information.