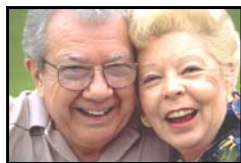




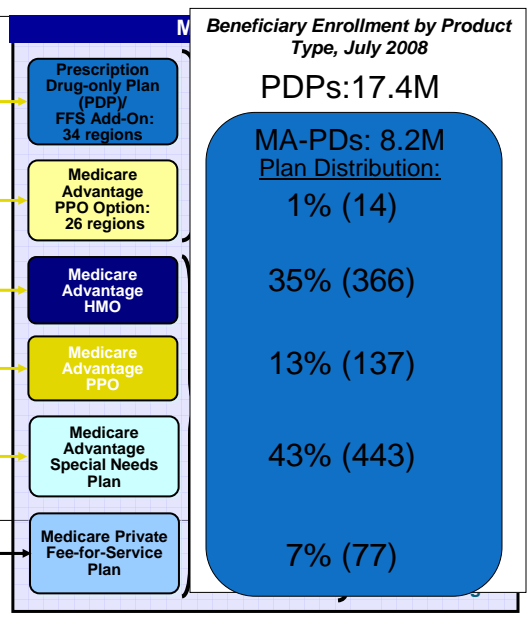
This Is Not Your Mother's Medicare

Debra S. Devereaux MBA, FASHP

The Enrollment

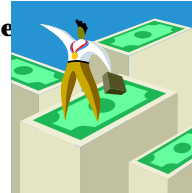


Source: Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Contract Report . CMS, July 2008



The Winning Benefit Design for Part D in 2008

- **Monthly premium less than \$22**
- **No deductible**
- **At least generic coverage through the donut hole**
- **3-5 tier formulary**
- **13% more compounds on formulary**
- ***If benefits/pricing are noncompetitive, must excel at service***



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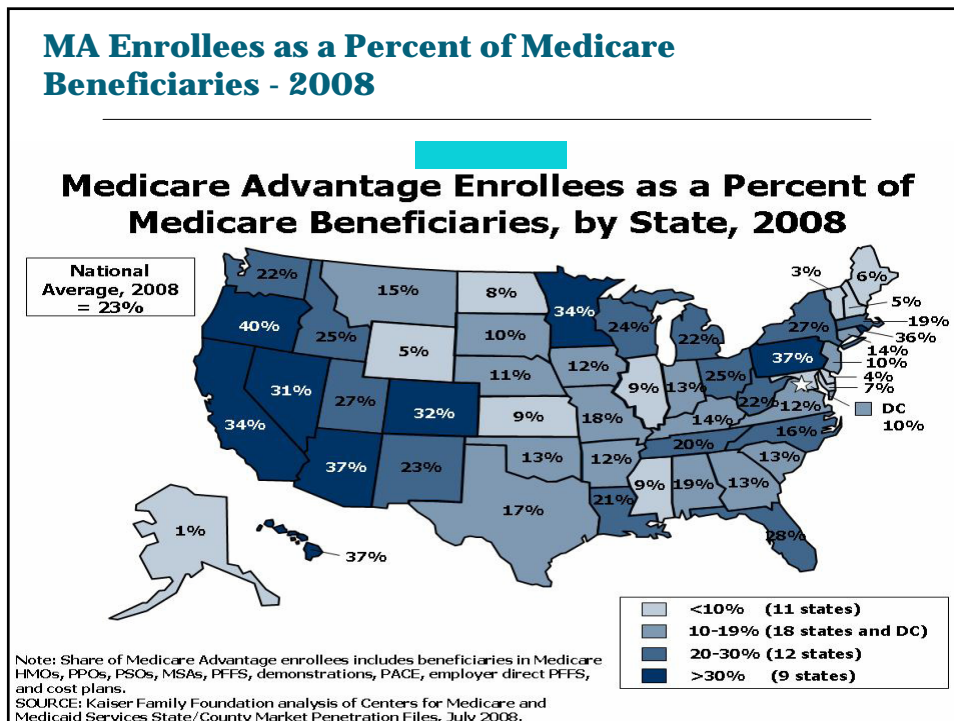
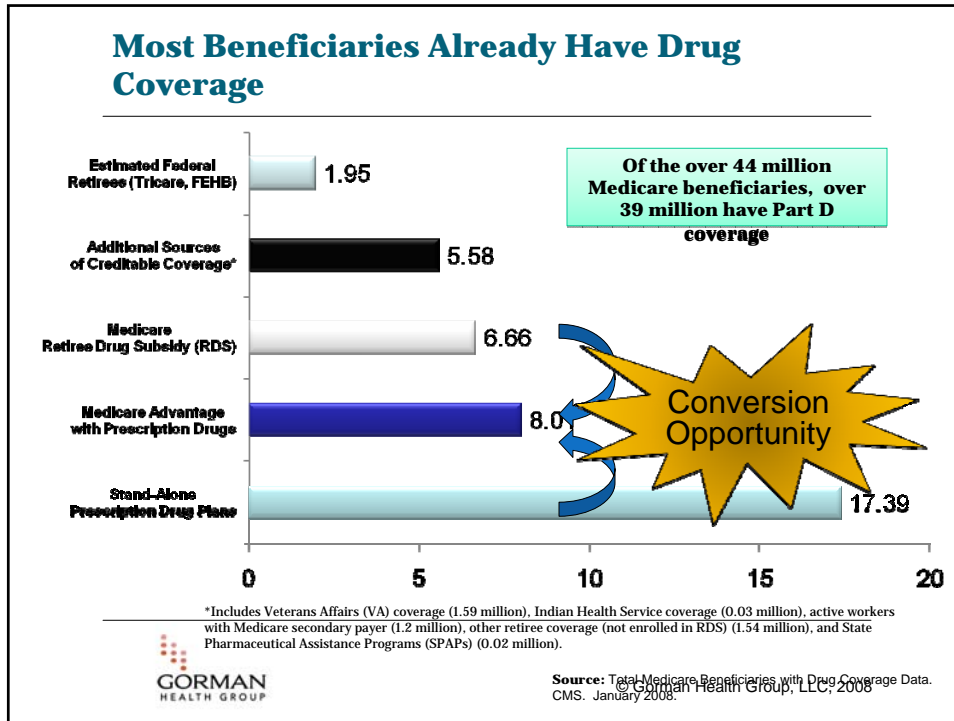
Distribution of Beneficiaries by No. of Chronic Conditions

NO. OF CHRONIC CONDITIONS	% BENEFICIARIES	RX FILLS	AVE. DRUG SPENDING IN 2006	% WITH \$2000+ IN RX SPENDING
0	8.2%	8	\$1,346	18%
1	15.1%	12	\$1,819	27%
2	21.4%	18	\$2,543	43%
3	21.2%	24	\$3,426	56%
4	16.4%	30	\$4,046	66%
5 OR MORE	17.7%	40	\$5,673	75%



Source: Urban Institute, 2004.

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Medicare PDPs by Total Enrollment in Parent Organization

As of September 1, 2008 payment:

PARENT ORGANIZATION	# ENROLLED	% OF TOTAL
United HealthCare Group, Inc.*	4,103,427	23.7%
Humana Inc.*	3,091,579	17.9%
Universal American Financial Corp.	1,840,085	10.6%
Wellpoint, Inc.*	1,391,311	8.0%
WellCare Health Plans, Inc.*	989,571	5.7%
Coventry Health Care Inc.*	909,124	5.3%
CVS-Caremark, Inc.*	558,715	3.2%
Health Net, Inc.*	530,040	3.1%
Longs Drug Stores Corporation*	460,077	2.7%
Medco Health Solutions, Inc.*	423,257	2.4%
Aetna Inc.*	370,117	2.1%
CIGNA*	326,307	1.9%
Health Care Service Corporation	327,136	1.9%
HealthSpring, Inc.	272,469	1.6%
Torchmark Corporation	141,690	0.8%
Total Other	1,558,619	9.0%
GRAND TOTAL	16,476,440	100.0%

* Indicates national contracts



Source: Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plans Coverage Enrollment – Monthly Enrollment Report by Contract, CMS, September 2008
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Gap Coverage

Gap Coverage Offered By 2008 National Medicare Stand-Alone PDPs

From CMS data on plans current as of Sept. 25, 2007 and company benefits information.

Sponsor	Plan	Drugs Covered	Copay (one month supply at retail)	Monthly Premium
UnitedHealth Group	AARP MedicareRx Enhanced	Preferred generics	\$7	\$58.90-\$71.40
Humana	Humana PDP Complete	Preferred generics	\$4	\$84.00-\$107.50
MemberHealth	Community Care Rx Gold	All generics	\$5	\$20.80-\$85.90
Universal American Financial Corp.	Prescription Pathway Platinum	All generics	\$6	\$56.80-\$73.50
Coventry Health Care	AdvantraRx Premier Plus	Preferred generics	\$15	\$44.90-\$51.20
Aetna	Aetna Medicare Rx Premier	All generics	Not available	\$70.70-\$107.00
CVS Caremark	SilverScript Complete	All generics	\$2-\$7*	\$26.00-\$56.10
Medco	Medco Medicare Prescription Plan Access	All generics	\$6	\$62.00-\$87.90
CIGNA	CIGNA Medicare Rx Plan 3	Some generics	25% coinsurance	\$51.90-\$88.50
Rx America	Advantage Allegiance Plan	Preferred generics	25% coinsurance	\$34.70-\$55.80
Sterling Life Insurance	Sterling Rx Plus	All generics	\$0	\$63.10-\$84.50
EnvisionRx	EnvisionRx Plus Gold	Preferred generics	Not available	\$97.50-\$100.00

* Firm offers \$2 copay on selected "value" generics, \$7 copay on other generics.



Source: Medicare Gap Coverage for Generics Offered by 12 National Sponsors
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In 2008, Medicare Drug Focus, Vol. 3, No. 41, October 8, 2007.

Prescription Claims Data

Estimated Prescriptions Filled for Medicare Beneficiaries with Drug Coverage^A

	Stand-Alone PDP	MA-PD	Medicare-Medicaid (Auto-Enrolled)	Medicare Retiree Drug Subsidy	Est. Federal Retirees (Tricare, FEHB)	Est. Alternative Creditable Coverage	TOTAL
Jan. 06	11,448,945	14,841,225	29,258,415	19,505,610	9,752,805	16,395,200	101,202,200
Feb. 06	15,282,320	15,282,320	29,665,680	19,777,120	9,888,560	16,126,500	106,022,500
Mar. 06	19,708,500	15,954,500	29,093,500	18,770,000	10,323,500	16,074,265	109,924,265
Apr. 06^B	21,793,355	14,528,905	27,968,585	18,161,130	9,340,010	14,010,015	105,802,000
May 06	24,024,330	15,288,210	28,528,870	19,110,265	9,828,135	14,196,190	110,976,000
June 06	26,633,410	15,219,090	28,514,610	18,480,330	9,240,160	12,501,400	110,589,000
July 06	24,886,305	14,220,740	27,604,575	17,268,040	8,634,020	11,681,320	104,295,000
Aug. 06	26,382,570	15,075,750	28,514,610	18,306,270	9,153,140	12,383,660	109,816,000
TOTAL	170,159,735	120,410,740	229,148,845	149,378,765	76,160,330	113,368,550	858,626,965

- A. Estimated normalized monthly prescription drug claims are based on adjusting extrapolated data on total claims for the 65 and over population to reflect what would be expected for the population of beneficiaries with drug coverage, based on actual month.
- B. According to experts, there has historically been a 5.5% decrease in prescription drug claims volume between March and April due to seasonality. This decrease was partially offset by an increase in enrollment.
- Sources for claims data for the 65 and over population: Per-Se Technologies



Source: Prescription Claims Data as of August 31, 2006. CMS Part D Enrollment Data website.
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Generic Dispensing Rate

TYPE	2006Q1	2006Q2	2006Q3
MA-PD and PDP Combined	58.6%	58.9%	61.0%
PDP Aggregate	55.9%	56.9%	59.2%
MA-PD Aggregate	66.3%	65.7%	67.6%



Source: Plan Reported Data per 2006 Medicare Part D Plan Reporting Requirements. CMS. Released Feb. 8, 2007.
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Medicare Part D and MA Plan Report Cards

- **Medicare Part D plan performance metrics will be posted to CMS website on Nov. 15, 2007**
- **CMS is developing report cards to enhance “transparency” and help beneficiaries choose an appropriate prescription drug plan for 2008**
- **Current plan performance measures include generic dispensing rate, call center performance, and complaint rates**
- **Expanded plan performance metrics may include MTM services, patient safety, dis-enrollment and patient satisfaction**

Source: Part D Generic Dispensing Rates Among Upcoming Plan Performance Metrics. Medicare Drug Focus, Vol. 3, No. 40. Oct. 1, 2007.



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MTM Criteria #1: Multiple Chronic Diseases

- **Range: 2 to 5**
- **Majority of programs set the min. no. of chronic diseases as 2**

Min. No. of Chronic Diseases	# of MTMPs	% of MTMPs
2	297	48.5%
3	219	35.7%
4	57	9.3%
5	40	6.5%
Total	613	100.0%



Source: The Evolution of MTMPs in Medicare Part D: 2006 to 2007. Michelle Ketcham, Division of Clinical and Economic Performance, Medicare Drug Benefit Group. May 1, 2007. © Gorman Health Group, LLC, 2008

Which Chronic Diseases Apply?

- 10.8% indicated that any chronic disease applies
- 89.2% of programs indicated that specific chronic diseases apply

Top 10 Chronic Diseases that apply:

- | | |
|-------------------------|--------------------------------|
| 1. Diabetes | 6. Dyslipidemia |
| 2. Heart Failure | 7. Rheumatoid Arthritis |
| 3. Hypertension | 8. Osteoporosis |
| 4. Asthma | 9. Depression |
| 5. COPD | 10. Osteoarthritis |



Source: The Evolution of MTMPs in Medicare Part D: 2006 to 2007. Michelle Ketcham, Division of Clinical and Economic Performance, Medicare Drug Benefit Group, May 1, 2007. © Gorman Health Group, LLC, 2008

MTM Criteria #2: Multiple Part D-Covered Drugs

- **Range: 2 to 23**
- **Criteria based on monthly or quarterly counts**
- **Majority indicated any covered Part D drug qualifies toward MTMP**

Min. No. of Covered Part D Drugs	# of MTMPs	% of MTMPs
2	62	10.1%
3	56	9.1%
4	37	6.0%
5	126	20.6%
6	82	13.4%
7	81	13.2%
8	92	15.0%
9	13	2.1%
10+	64	10.4%
Total	613	100.0%



Source: The Evolution of MTMPs in Medicare Part D: 2006 to 2007. Michelle Ketcham, Division of Clinical and Economic Performance, Medicare Drug Benefit Group, May 1, 2007. © Gorman Health Group, LLC, 2008

Recipient of MTM Interventions

- **A program may be designed to include any type or combination of MTM interventions**
- **The recipient of the interventions includes: beneficiary, provider, pharmacy, and authorized representative**

Intervention Recipient	# of MTMPs	% of MTMPs
Beneficiary alone	42	6.9%
Provider alone	1	0.2%
Any combination*	570	93.0%
Total	613	100.0%

Includes any combination of intervention recipients including beneficiary, provider, pharmacy, or authorized representative.



Source: The Evolution of MTMPs in Medicare Part D: 2006 to 2007. Michelle Ketcham, Division of Clinical and Economic Performance, Medicare Drug Benefit Group, May 1, 2007. © Gorman Health Group, LLC, 2008

Provider of MTM Services

- **May be furnished by pharmacists or other qualified providers**
- **Plans may utilize internal or outside personnel (e.g. PBM, MTM vendor, DM vendor, community pharmacists, LTC pharmacists)**

Provider of MTM Services	# of MTMPs	% of MTMPs
In-house staff	299	48.8%
Outside personnel	163	26.6%
Combination of above	151	24.6%
Total	613	100.0%



Source: The Evolution of MTMPs in Medicare Part D: 2006 to 2007. Michelle Ketcham, Division of Clinical and Economic Performance, Medicare Drug Benefit Group, May 1, 2007. © Gorman Health Group, LLC, 2008

2006 Top 15 Classes: National vs. Medicare Part D

Vector One®: Payer

2006 Top 15 Classes: National vs. Medicare D VERISPAN

National Rank			Medicare Part D Rank		
2006 Rank by Volume	USC Class	% TRx	2006 Rank by Volume	USC Class	% TRx
1	CODEINE & COMB NON-INJ	5.1%	1	HMG-COA REDUCT INHIB	5.4%
2	HMG-COA REDUCT INHIB	3.9%	2	BETA-BLOCKERS	4.9%
3	BETA-BLOCKERS	3.5%	3	ACE INHIB, ALONE	4.1%
4	ANTIDEPRESSANTS SSRI	3.3%	4	CALCIUM BLOCKERS	3.9%
5	ACE INHIB, ALONE	3.1%	5	CODEINE & COMB NON-INJ	3.7%
6	THYROID SYNTHETIC	2.6%	6	PROTON PUMP INHIB	3.2%
7	PROTON PUMP INHIB	2.5%	7	THYROID SYNTHETIC	2.8%
8	SEIZURE DISORDERS	2.4%	8	ANTIDEPRESSANTS SSRI	2.7%
9	CALCIUM BLOCKERS	2.3%	9	DIURETICS LOOP	2.6%
10	O/C ESTR/PROGEST	2.3%	10	SEIZURE DISORDERS	2.6%
11	BENZODIAZEPINES	2.3%	11	POTAS SUPPL CHLORIDE	1.9%
12	ANTIARTHRCS SYS PLN	2.0%	12	DIURETICS THIAZIDE AND RELATED	1.8%
13	AMINOPENICILLINS	1.7%	13	ANGIO II ANTAG, ALONE	1.7%
14	DIURETICS THIAZIDE AND RELATED	1.5%	14	BISPHOSPHONATES	1.7%
15	EXT SPECTRUM MACROIDE	1.4%	15	SULFONYLUREAS	1.6%
TOTAL National TRx = 3,308,436,040			TOTAL Medicare D TRx = 313,119,368		

Not in Medicare Part D Top 15

Not in National Top 15



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KRC Research Survey on Beneficiary Satisfaction October 2007 (n=1,001)

- **Nearly two years into the program, seniors report continued—and growing—satisfaction with Medicare Rx.**

- Satisfaction has grown 11 percentage points since the start;
- 96% feel fortunate to be covered;
- 94% say their plan works well;
- 85% say their plan is delivering what it said it would;
- 68% feel better off now than before they had a Medicare plan;
- 65% have lowered the amount they spend on medications; and
- 1 in 4 now get medications they once had to skip or ration.

- **Nearly 80% percent expect to keep the Medicare Rx plan they have because they're happy with it.**



Source: Survey conducted KRC Research through a grant from PhRMA, October 2007. © Gorman Health Group, LLC, 2008

Common Deficiencies Cited in CAPs Show That Plans Are Making it Easy for CMS to Ding Them

Plans Cited	Finding
94%	Chapter 13 (Organization Determinations, Appeals/Grievances).
61%	Failed to provide proper notice of termination of hospital, Skilled Nursing Facility (SNF) or Home Health Agency (HHA) services.
62%	Marketing issues including engaging in activities that "mislead, confuse or misrepresent" beneficiaries.
84%	Failed to meet formulary transition process requirements (Chapter 7).
83%	Failed to meet Pharmacy & Therapeutics (P&T) Committee requirements.
76%	Deficiencies in Provider Communication (Chapter 2).



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