Xcenda
AmerisourceBergen

Making Part D Access Affordable

Impact of Part D Redesign on Type II Diabetic Patient

February 2020

AmerisourceBergen

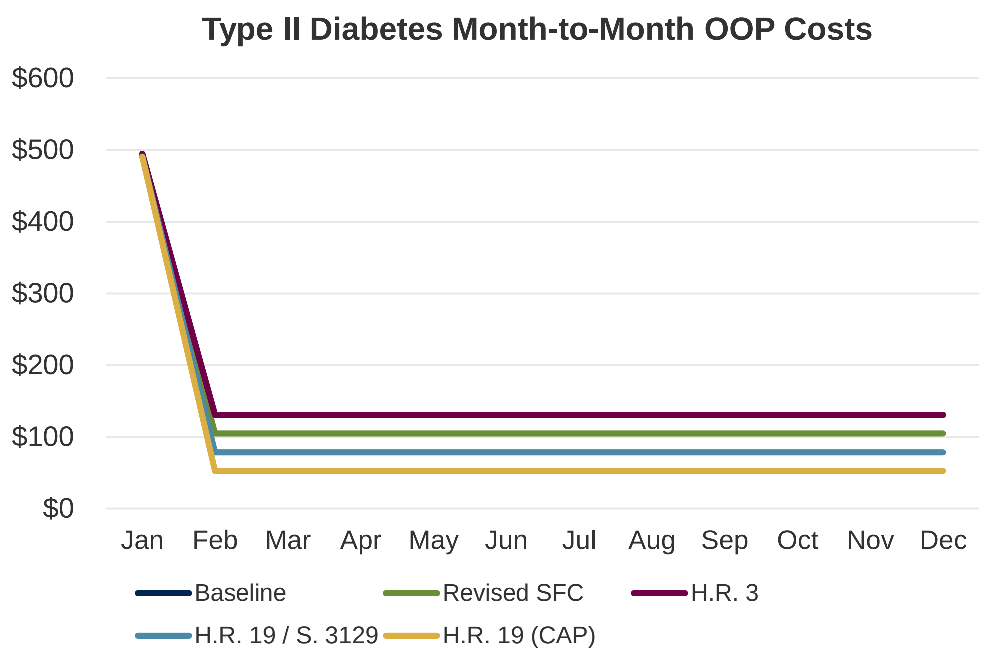
Type 2 Diabetes Mellitus

Patient	Tim, age 72 from Chicago, Illinois
Disease Profile	In addition to diabetes, Tim has high cholesterol and high blood pressure
Medications	• Branded product for diabetes • Generic products for diabetes, renal protection, high blood pressure, and high cholesterol

Estimated Total Patient Out-of-Pocket Costs for 2022

Baseline 2022	Revised SFC	Title III, H.R. 3	H.R. 19/ S. 3129 (Redesign only)	H.R. 19/ S. 3129 (w/cap)*
$1,930	$1,645	$1,930	$1,355	$1,065
Cost Savings Compared to Baseline				
Baseline	*-$285*	*$0*	*-$575*	*-$865*

* $50 a month post-deductible out-of-pocket (OOP) cap on insulin



Methodology: Potential Impact of Changes on Patient OOP

- In order to gauge the impact of the various proposals on patient OOP, Xcenda built patient profiles of example patients with various conditions
- Assumptions
  - Pharmaceutical profile was built by a pharmacist
  - Premiums were not factored into OOP
  - Drug prices were obtained through Medicare.gov using the 2020 standard benefit design for standalone prescription drug plans (PDPs) in the example patient profile's area
    - 2020 drug prices were increased by 11.8% to estimate drug costs in 2022. This reflects the increase seen in the benefit design in the Medicare Trustees Report.
  - Parameters are considered fully phased-in in 2022 (ie, reinsurance liability represents parameters for "2024 and subsequent years")
  - Impacts of other provisions of the bills (such as Title 1 of H.R. 3, potential spreading out beneficiary OOP liability over multiple months) and other provisions/implications (impact on innovation) are not reflected in the profiles unless noted otherwise

CMS. The 2019 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2019.pdf.

Part D Benefit Design Reform Bills

	Revised SFC	Title III, H.R. 3	H.R. 19/S. 3129 (Redesign only)	H.R. 19/S. 3129 (w/cap)*
OOP Cap	Eliminates coverage gap and reduces beneficiary cost sharing prior to catastrophic to 20% from 25%. Creates $3,100 out-of-pocket cap.	Eliminates coverage gap, but keeps beneficiary cost sharing the same prior to catastrophic. Creates $2,000 out-of-pocket cap.	Eliminates coverage gap, and reduces beneficiary contribution to 15%, which is the lowest compared to all other bills in this analysis. Creates $3,100 out-of-pocket cap.	The same as "H.R. 19/ S. 3129 (Redesign only)", except there is a $50 a month post-deductible out-of-pocket (OOP) cap on insulin.
Manufacturer Rebate	Brand manufacturers would be required to pay a 7% discount in initial coverage phase and a 14% discount in catastrophic. Discounts would be paid on LIS and non-LIS.	Brand manufacturers would be required to pay a 10% discount in initial coverage phase and a 30% discount in catastrophic. Discounts would be paid on LIS and non-LIS.	Brand manufacturers' contribution is set at 10% in both initial coverage period and catastrophic period. Discounts would be paid on LIS and non-LIS.	
Plan Liability	Plan liability would be set at 73% in initial coverage phase (lower than their current liability, but higher than their liability in current coverage gap for brand medicines).	Plan liability would be set at 65% in initial coverage phase (lower than their current liability, but higher than their liability in current coverage gap for brand medicines).	Plan liability is the same compared to their current liability in initial coverage phase at 75%.	
Government Reinsurance	For brand medicines in catastrophic phase, government reinsurance is reduced from 80% under current law to 20%, while plan contribution increases from 15% to 66%.	For brand medicines in catastrophic phase, government reinsurance is reduced from 80% under current law to 20%, while plan contribution increases from 15% to 50%.	For brand medicines in catastrophic phase, government reinsurance is reduced from 80% under current law to 20%, while plan contribution increases from 15% to 70%.	

Thank you

This work was done on behalf of the Council for Affordable Health Coverage. Editorial control was maintained by Xcenda.