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# “A Conversation About Drug Coverage And Healthcare Reform”

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# How will Healthcare Reform change access to prescription medication?

- Healthcare Reform is intended to provide more convenient and economical healthcare which includes affordable prescription drug coverage
- There are a number of provisions in the legislation and mandates which apply to prescription benefits and an array of plans being offered in the marketplace
- For consumers/patients, pharmacists and prescribers, there are challenges:
  - Great variability between plans offered in different states
  - Significant differences in copays, premiums and coverage through Bronze, Silver, Gold and Platinum plan coverage
  - Assessment of clinical and financial aspects of the plans, their formularies and prescribing guidelines to determine what is permissible and in the best interest of the beneficiary/patient

# Are bronze plans the best value to enroll in?

- Plans can be purchased and enrolled in through web-based insurance exchanges in each state or directly from the plan administrators
- Among the Platinum, Gold, Silver and Bronze plans to choose from, Bronze plans are meant to be the least expensive
  - While the premiums are less, the level of coverage is not as generous
  - The list of covered prescription drugs covered by Bronze plans may be shorter than those covered by the higher scale plans
  - Prescription drug copays may be higher in Bronze plans than plans with higher premium levels (Platinum, Gold, Silver)
  - Platinum plans presumably offer the deepest benefits but require higher monthly premiums

# What happens if a beneficiary moves to another state?

- Coverage from one state's plan is not portable nor duplicative
- Beneficiaries can't transfer their plan or plan coverage from one state to another, they must enroll in one of the plans offered in their new state
  - They may have significant differences from the previous plan –including copays, coverage and premiums
  - A person's prescription medicine may not necessarily be covered under the plan in their new state or its copay may be higher
  - Medical coverage may differ as well

## Are all prescription drugs covered?

- There is not a provision in healthcare reform which mandates all prescription drugs have to be covered by plans
- Some drugs will be excluded entirely, there is not a requirement as in Medicare Part D that at least one drug from each category be represented in a plan's formulary
- Some drug classes may have only one or two preferred agents to choose from in a particular class or may not offer a certain category of therapies at all

# How can a beneficiary have a drug added or copay changed?

- In the future, there are administrative processes planned to be in place for individuals to advocate a drug be included in a plan's coverage
  - It can be expected to be a lengthy process as care and cost measures will be closely assessed
- To advocate a copay change for a specific therapy, this is expected to be an equally challenging process
- If a claim/copay is incorrectly processed, it is difficult to determine how long it will take for a beneficiary to receive their refund, this will depend on the particular plan and its administrator

# Will Persons Have To Pay More For Medicare?

- **Some persons will have higher Medicare premiums**
  - **Premiums will increase slightly for individuals earning over \$85,000 annually and couples jointly earning over \$170,000 annually**
- **Conversely, Medicare beneficiaries who reach the Medicare gap in prescription drug coverage (known as the “donut hole) will receive:**
  - **47.5% discount on Medicare Part D brand prescription drugs and a 21% discount on Medicare Part D generic prescription drugs**
  - **The donut hole is expected to be completely closed (covered with standard Medicare coverage copays for enrollees) by 2020**
  - **Part D copays will be eliminated for persons eligible for Medicare and Medicaid (“dual eligibles”) and who are receiving home- and community-based services**



# How will Medicare Advantage plans be affected?

- **Some Medicare Advantage plans will receive lower payments and they may reduce optional benefits like dental or vision.**
- **Medicare Advantage plans offering higher quality benefits may be eligible for a bonus from the government (part of which must be spent on improving enrollee benefits)**
- **In 2014, Medicare Advantage plans are required to spend at least 85% of each dollar they receive on healthcare –this will likely impact the profit margin of plan administrators**

# Summary

- Drug coverage is not the same from state to state, if beneficiaries move, their prescriptions may not have the same copay or coverage terms
- There is a wide array of drug coverage/formularies, beneficiaries are not guaranteed access to all therapeutic classes of “retail” or “specialty” drugs
- Beneficiaries enrolled in bronze plans may pay less in monthly premiums but may pay larger shares of drug costs (higher copays) than silver, gold or platinum plans
- As healthcare reform measures are implemented moving forward, Medicare may experience additional changes due to the evolving healthcare marketplace
- The lack of standardization may increase management costs for beneficiaries, plans and the U.S. government

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