



Convenient Access to Retail Pharmacies - Analysis on Preferred Cost-Sharing Pharmacy Networks



December 16 & 17, 2014

Division of Benefit Purchasing
and Monitoring

Background

- Section 1860D-4(b)(1)(c) of the Social Security Act states that the Secretary shall establish rules for convenient access to in-network pharmacies that are no less favorable to enrollees than the TRICARE requirements as of March 23, 2003.
- CMS codified the TRICARE standards for urban, suburban, and rural areas in regulation at 42 C.F.R. § 423.120(a)(1).
- A Part D sponsor may identify within its network a subset of preferred cost-sharing pharmacies (PCSP) that offer lower cost-sharing levels to beneficiaries.
- To date, CMS evaluated the convenient access standard by reviewing a Part D sponsor's entire contracted retail network, without distinguishing between network pharmacies that offer preferred cost-sharing and those that offer standard cost-sharing.
- Under the statute and CMS' regulations, sponsors must provide uniform benefits, including uniform cost-sharing, throughout a plan's service area. They must also offer access to in-network pharmacies with lower cost-sharing in a way that does not discourage enrollment by beneficiaries residing in certain geographic areas.

The Standard for Convenient Access to Retail Pharmacies

The standard for convenient access to a network retail pharmacy is dependent on the characteristics of the approved service area:

- Urban: 90% of beneficiaries have access to network pharmacies within 2 miles of their residence,
- Suburban: 90% of beneficiaries have access within 5 miles of their residence, and
- Rural: 70% of beneficiaries have access within 15 miles of their residence.

42 C.F.R. § 423.120(a)(1)

Preferred Cost-Sharing Study Purpose

- The number of Part D sponsors offering plans with preferred cost-sharing at a subset of network pharmacies has grown in recent years.
 - In 2014, offered by more than 70% of PDPs and more than 15% of MA-PDs.
 - In 2015, offered by more than 86% of PDPs and more than 27% of MA-PDs.
- In the 2015 Call Letter, CMS stated its concern that PCSP offerings may be influencing beneficiaries to enroll in plans in which they do not have meaningful and/or convenient access to preferred cost-sharing.
- We indicated we would conduct a study to evaluate beneficiaries' access to network pharmacies offering preferred cost-sharing.
- We also indicated that we would continue to take appropriate action regarding any plan that offers too little meaningful access to pharmacies offering preferred cost-sharing.

Study Methodology

- Identified Prescription Drug Plans (PDPs) and Medicare Advantage Prescription Drug Plans (MA-PDs) with preferred cost-sharing based on their plans' approved 2014 benefit as it appears in HPMS. (Excluded PACE, MMPs, and employer-only plans.)
- Obtained necessary data:
 - Plans' 2014 approved service area as it appears in HPMS.
 - Medicare Plan Finder (MPF) data, as submitted by plans on March 17, 2014.
 - MPF data was chosen because it:
 - Is the basis for beneficiaries' plan selection,
 - Is provided to CMS by plans, and
 - Provides an updated snap-shot of the plans' pharmacy networks.
 - Used two fields from the MPF price files:
 - National Provider Identifier (NPI) data, and
 - Preferred cost sharing flag.
 - NCPDP pharmacy address file.
 - Matched with the MPF data to determine every pharmacy address. Where specific pharmacy NPI numbers were absent from the NCPDP file, used the NPPES dataset to identify the pharmacies' business addresses.
 - 2014 Medicare-eligible beneficiary count data (posted to cms.gov, February 13, 2014).
 - Appendix includes more details on data sources.

Study Methodology, cont.

For plans identified as offering a pharmacy network with a preferred cost-share benefit in the MPF data set (and cross-checked with the approved plan benefit), loaded the data into Quest Analytics[®] software as follows:

- Network pharmacy names and addresses,
- Plans' approved service area,
- Medicare-eligible beneficiary counts by ZIP code.

Utilized Quest Analytics[®] software to geo-code beneficiaries' distance to network pharmacies for all applicable portions of plans' service areas that are urban, suburban, and/or rural.

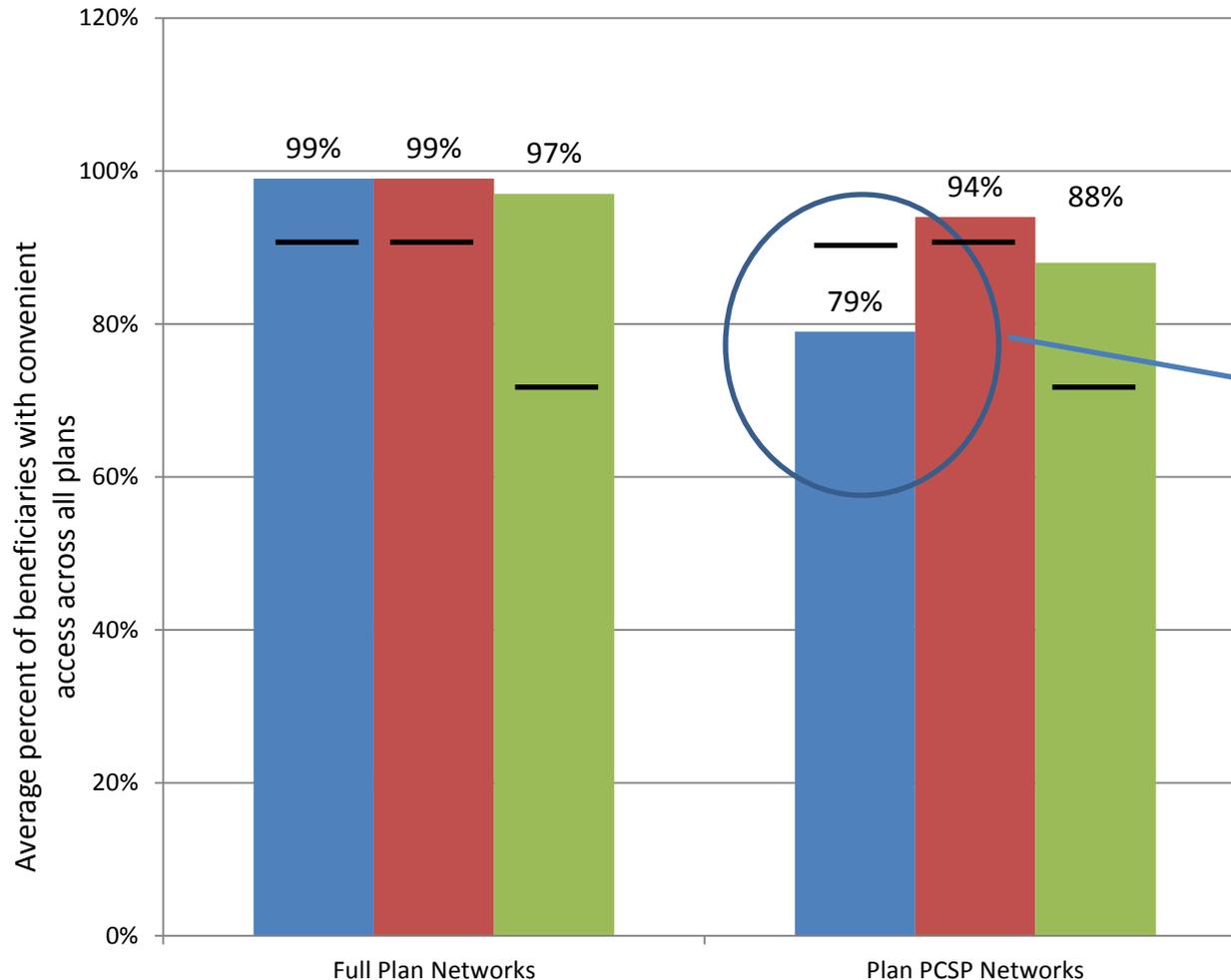
Study Methodology, cont.

- Quest Analytics[®] software coded all plans' service areas as geographic type urban, suburban, and/or rural.
- Only plans with service areas including specific geographic types, such as urban, were included in the overall analysis of that geographic type.
 - i.e., in order for a plan's network to be analyzed in the urban category, that plan's service area must have a portion identified as urban. This is also true for suburban and rural areas.

Key Findings

- 1,203 plans (or PBPs) across 43 parent organizations offer preferred cost-sharing arrangements at network pharmacies.
- The average retail pharmacy network (full network) of those plans consists of:
 - 66,986 total pharmacies, and
 - Of those, 14,380 pharmacies offer preferred cost-sharing (approximately 20%).
- Convenient Access to a PCSP:
 - *Suburban and Rural – The great majority of plans provide convenient access to a PCSP.*
 - *Urban – Some plans do not provide convenient access to PCSPs.*

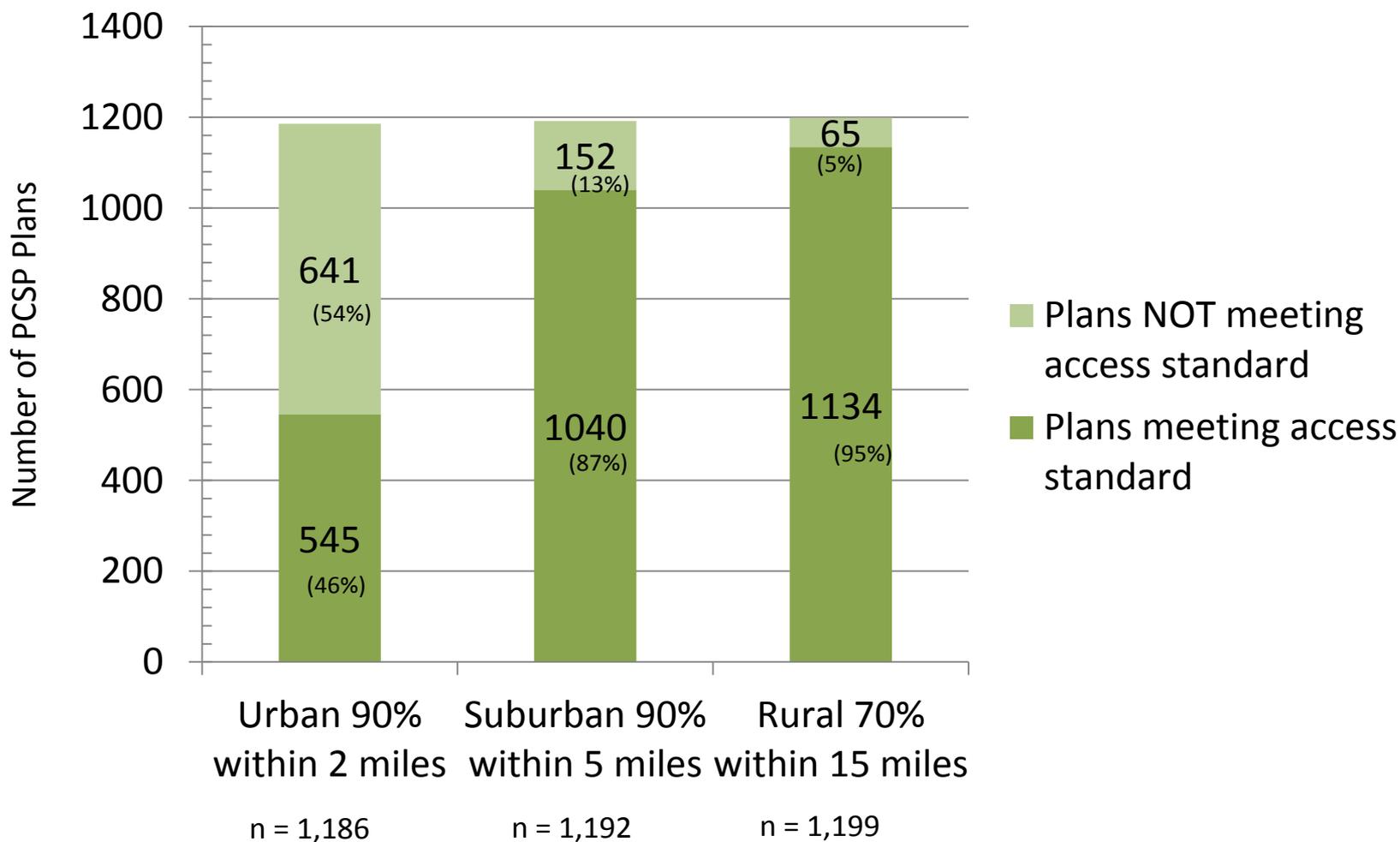
Fewer Urban Beneficiaries have Convenient Access to Pharmacies Offering Preferred Cost-Sharing than Beneficiaries in Suburban and Rural Areas



On average, across plans, beneficiaries' access to network pharmacies exceeds the convenient access standards (bars on left). We find that access to a pharmacy offering preferred cost-sharing in suburban and rural areas also exceeds the convenient access standards, but not so in the urban areas (bars on right). **On average, access to a PCSP in urban areas is substantially below the convenient access standard.**

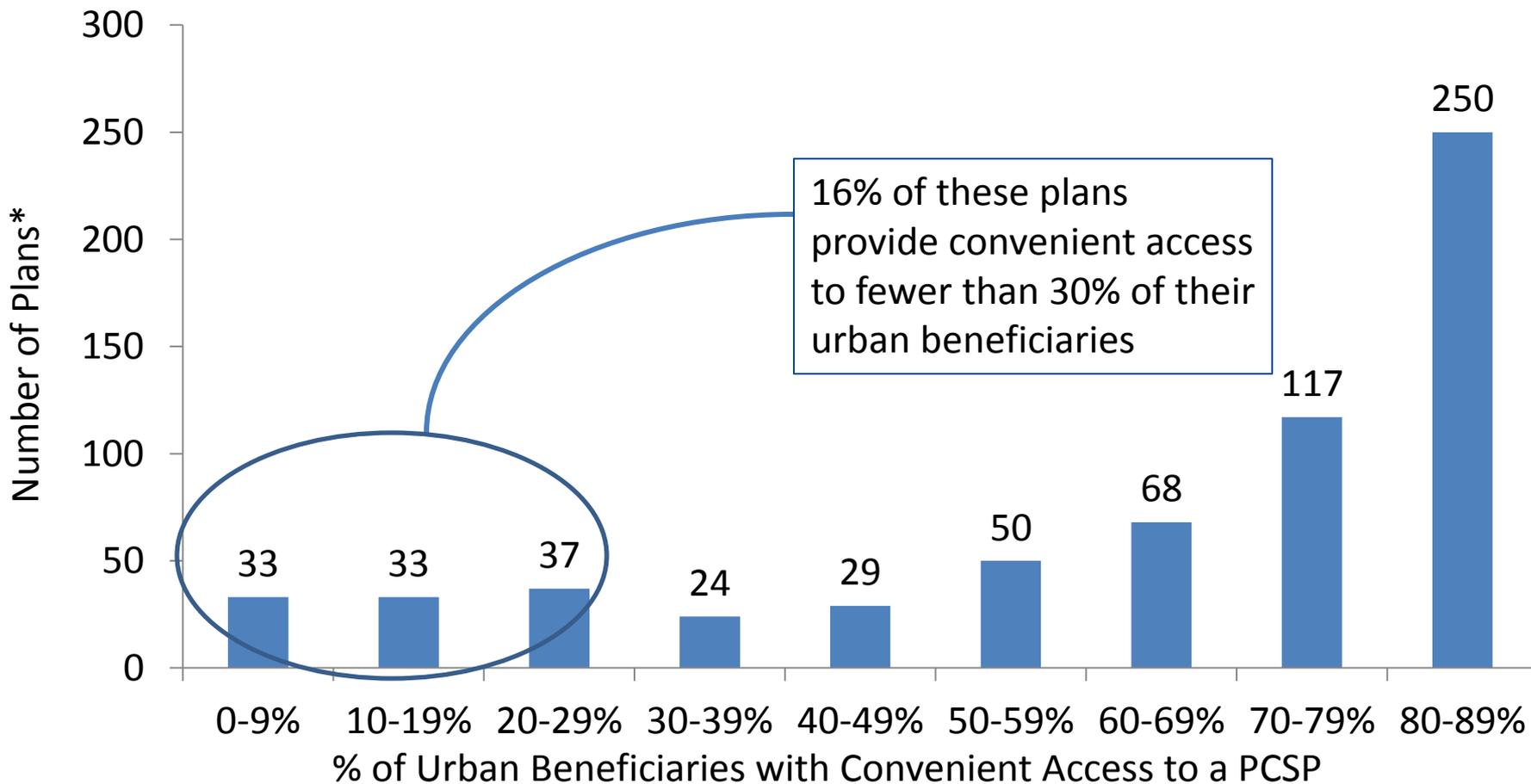
- Urban Mean Share of Benes within 2 miles of a pharmacy
- Suburban Mean Share of Benes within 5 miles of a pharmacy
- Rural Mean Share of Benes within 15 miles of a pharmacy

When Existing Convenient Access Standards are Applied to the PCSPs, Most Plans Meet Those in Suburban and Rural Areas



Urban Access is a Problem

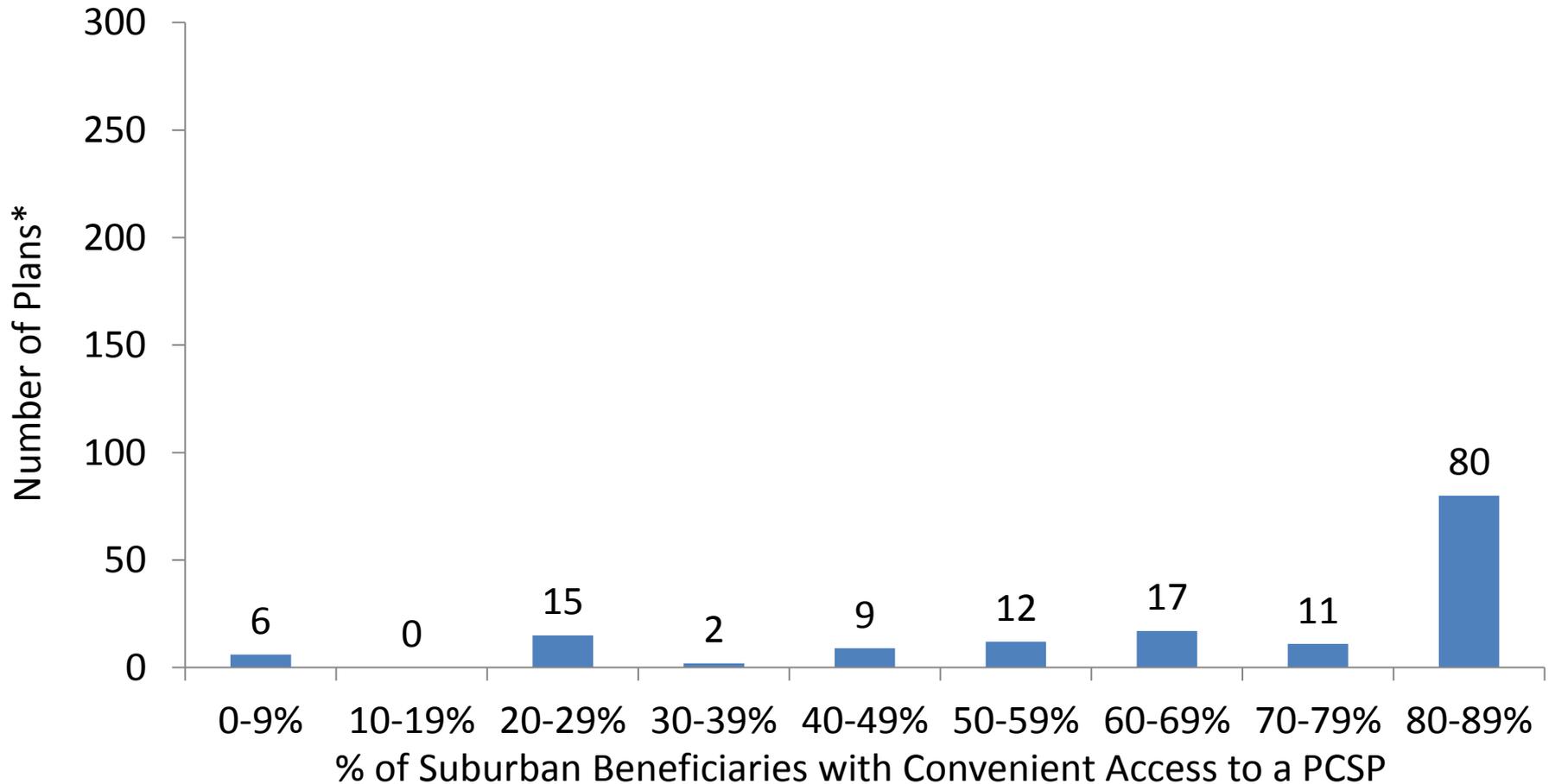
Of the 54% of plans (n=641) *not* meeting the 90% standard, some plans provide extremely low convenient access to a pharmacy with preferred cost-sharing.



*Excludes 545 plans meeting the urban access standard of 90%

Suburban Access is Less of a Problem

Only 13% of plans (n=152) miss the 90% standard.
A number of these plans provide low convenient access.

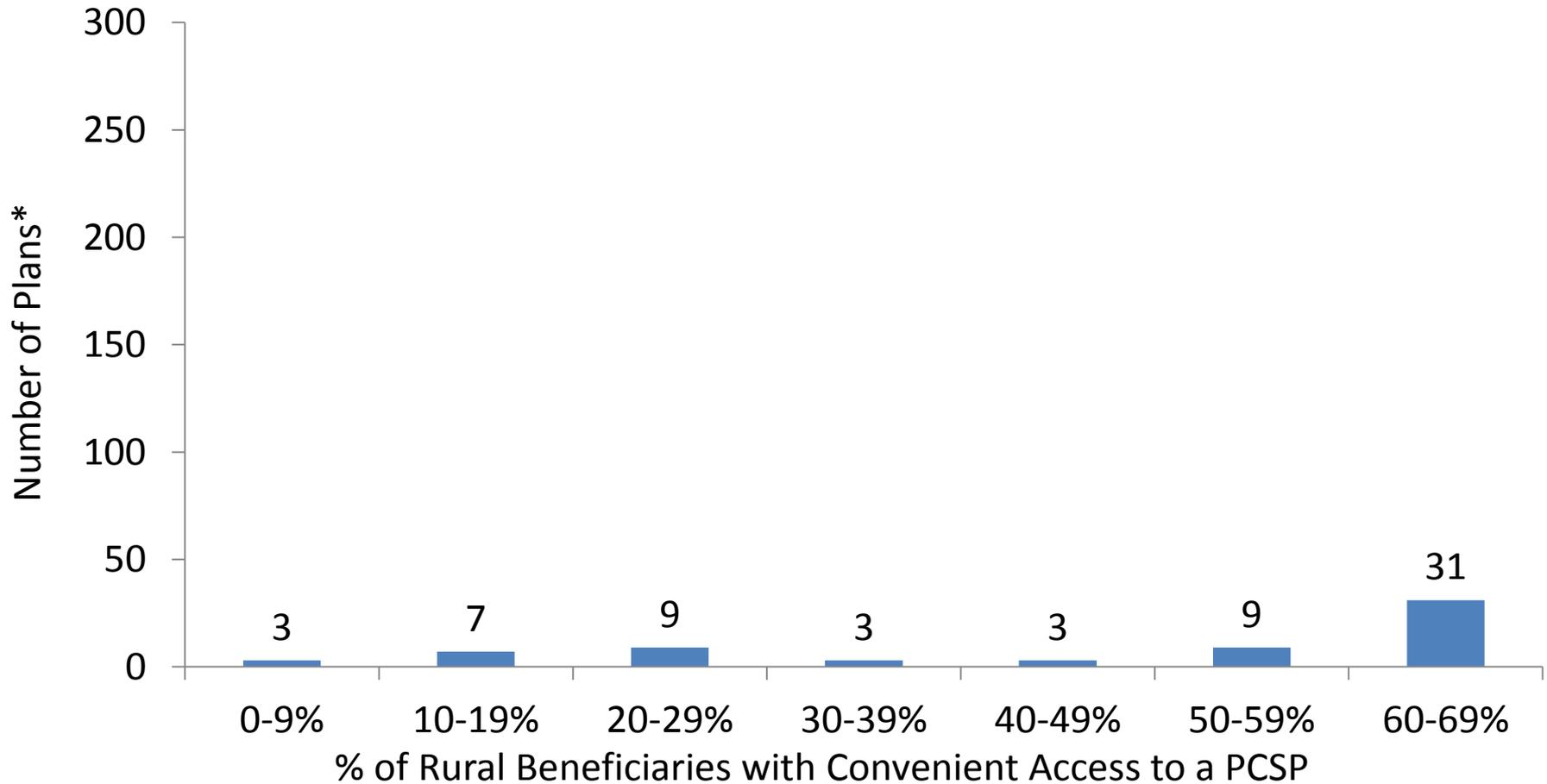


*Excludes 1,040 plans meeting the suburban access standard of 90%

Even Fewer Plans Don't Meet the Existing Rural Standard

Only 5% of plans (n=65) miss the 70% standard.

A number of these plans provide low convenient access.



*Excludes 1,134 plans meeting the suburban access standard of 70%

Conclusions

- The great majority of plans' PCSP networks meet existing convenient access standards in suburban and rural areas.
- Some plans are not providing convenient access to preferred cost-sharing in urban areas.
- While we appreciate the importance of providing lower costs to beneficiaries, these findings reinforce CMS' concern that plans are offering access to pharmacies with lower cost-sharing in a way that may be misleading to beneficiaries, in violation of CMS requirements.
- In addition to providing meaningful levels of access, plan sponsors must also provide a uniform set of benefits throughout the plan service area.

Next Steps

- Provide organizations with their own results.
- Hold discussions with outliers.
 - CMS will examine more closely those plans providing low levels of access to urban, suburban, and rural beneficiaries.
- Continue monitoring complaints and access levels.
- Publish study results.
- Consider future policy options.

Appendix: Data Source Details

- Medicare Plan Finder (MPF) Output Data
 - The 2014 MPF data, as submitted by Part D sponsors, is used to populate the MPF website to assist beneficiaries in choosing plans. This same file (extracted on March 17, 2014) was used in this analysis and was the source of the list of all plans' network pharmacies, including each pharmacy's preferred cost-sharing status and National Provider Identifiers (NPIs).
 - Sponsors' Medicare Plan Finder submissions are cross-checked with approved Plan Benefit Package (PBP) data to ensure consistency between the plan finder data and the approved benefit structure (HPMS memos dated 06/14/2014 and 10/3/2014).

Appendix: Data Sources, cont.

- National Council for Prescription Drug Programs (NCPDP) National Provider Identifier (NPI) address file
 - Provides the business location for each network pharmacy. This database is used by the Medicare Plan Finder website and is expected to have the most accurate and up-to-date address information for network pharmacies.
- National Plan and Provider Enumeration System (NPPES) business address file
 - Augments the address information from the NCPDP data, as not all pharmacies listed in the MPF data are identified in the NCPDP data. For pharmacies that are not in the NCPDP data, we use the business address information from the NPPES data.

Appendix: Data Sources, cont.

- BeneficiaryCount2014.zip file (as of February 13, 2014), posted on http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/RxContracting_ApplicationGuidance.html
 - Contains the count of Medicare-eligible beneficiaries by ZIP code, and are used to calculate geographic access measures for evaluating compliance with pharmacy access standards.
- 2014 Approved Service Area data from HPMS
 - Contains plans' Part D region names & codes (PDPs) and state, county names & codes (MA-PDs),
 - Used to designate which geographic categories (urban/suburban/rural) are applicable to plans' service areas, and identify the geographic areas for measuring compliance with pharmacy access standards.

Notes

- Slide 9– Average percent of beneficiaries with convenient access across all plans (Y axis) =

$$\sum \left(\frac{\text{(# of beneficiaries with convenient access to a PCSP in each plan service area category*)}}{\text{Total \# of beneficiaries in each plan service area category*}} \right)$$

Total number of plans in that service area category*

*Urban, Suburban, and/or Rural