Chapter 7: Medicare Part D Prescription Drug Coverage in Patients With CKD

- Approximately 69% of CKD patients are enrolled in Medicare Part D, including both the stand-alone and Medicare Advantage plans. This is slightly higher than the Part D enrollment in the general Medicare population (66%), and slightly lower than enrollment in the ESRD population (74%).
- Compared to Whites (23%), higher proportions of Asian (71%) and Black (53%) patients qualify for Part D coverage with the Low-income Subsidy (LIS) in CKD populations.
- The percentage of patients who receive the LIS is higher for CKD patients across all age and race categories than among their general Medicare counterparts.
- In 2013, per patient per year Medicare Part D spending for CKD patients was 46% higher than for general Medicare patients, at $3,675 as compared to $2,509.
- Total spending for Part D-covered medications in 2013 was more than twice as high for CKD patients with the LIS ($6,088) than for those without ($2,873). In addition, out-of-pocket costs represented only 1-2% of total expenditures, compared to 28-32% in each of the non-LIS populations.
- Statin, beta blocker, and renin-angiotensin-system (RAS)-acting agents were each prescribed to more than 50% of the CKD patient group during 2013, and over one third had at least one claim for a calcium channel blocker. Among these four drug classes, renin-angiotensin-system (RAS)-acting agents ranked first in terms of Medicare spending, followed closely by statins.

Introduction

The optional Medicare Part D prescription drug benefit has been available to all beneficiaries since 2006. Part D benefits can be managed through a stand-alone prescription drug plan (PDP) or through a Medicare Advantage (MA) managed care plan, which provides medical as well as prescription benefits. Chronic Kidney Disease (CKD) patients can choose to enroll in an MA plan; ESRD patients, in contrast, are precluded from entering an MA plan if they are not already enrolled in one when they reach ESRD. Enrollment data presented in this chapter encompass both types of plans, while the spending data focus on stand-alone plans. In December 2013, approximately 22.4 million Medicare-enrolled elderly and disabled people, as well as individuals with ESRD were enrolled in a stand-alone Medicare Part D PDP (Kaiser, 2015). An additional 14.0 million Medicare beneficiaries received drug coverage through an MA plan.

Before 2006, these patients obtained drug coverage through various avenues—insurance plans, state Medicaid programs, pharmaceutical assistance programs, or samples received from physicians. Those with none of these options paid for their medications out-of-pocket. After 2006, however, the majority of Medicare enrollees obtained Part D coverage. The premiums for Part D coverage are partially subsidized; beneficiaries who delay voluntary enrollment yet lack other creditable coverage at least equivalent to Part D are charged higher premiums once they do enroll. Consequently, 66% of general Medicare, 69% of CKD, and 74% of ESRD patients were enrolled in Part D in 2013. Other Medicare-enrolled CKD patients choose to obtain outpatient medication benefits through retiree drug subsidy plans or other creditable coverage that is equivalent to or better than Part D, including employer group health plans, Veterans Administration benefits, Medicaid wrap-around programs, and state kidney programs. Some enrollees remain uninsured

and pay out-of-pocket for their outpatient prescription medications.

The percentage of CKD patients with Part D coverage increased from 59 to 69% between 2011 and 2013. The proportion of CKD patients with no known coverage was 11.8%, lower than the 14.8% seen in the general Medicare population.

Part D does not cover all medications prescribed to Medicare enrollees. Several drug categories—including over-the-counter medications, barbiturates, benzodiazepines, anorexia and weight loss or gain medications, prescription vitamins (except for prenatal vitamins), and cough and cold medications—are excluded from the Part D program formulary. This results in a lack of coverage for some drugs commonly prescribed to treat CKD, including oral iron, ergocalciferol, and cholecalciferol; oral calcitriol, doxercalciferol, and paricalcitol are covered. In January, 2013, Medicare Part D coverage was expanded to include benzodiazepines with no restrictions, and barbiturates when prescribed for specific indications.

Prior to the start of the Medicare Part D program in 2006, patients dually-enrolled in Medicare and Medicaid received prescription benefits under state Medicaid programs. The Part D program, however, offers a substantial Low-income Subsidy (LIS) benefit to enrollees with limited assets and income, including those who are dually-enrolled. The LIS provides full or partial waivers for many out-of-pocket cost-sharing requirements, including premiums, deductibles, and copayments, and provides full or partial coverage during the Part D coverage gap ("donut hole"). In 2013, 42% of CKD patients enrolled in Part D qualified for the LIS, compared with 38% of general Medicare patients and 63% of ESRD patients (see Figure 7.1). Among Medicare Part D enrollees, 81% of Asian patients with CKD received the LIS, compared to 69% of Blacks/African Americans and 34% of Whites. Net Part D expenditures[1] for identified CKD patients rose from $5.4 billion in 2011 to $7.1 billion in 2013—an increase of 32%, compared to the lesser cost growth of 15 and 28% for general Medicare and ESRD patients, respectively.

Out-of-pocket (OOP) Part D costs for CKD patients were higher than for general Medicare patients, at $541 versus $400 per person per year (PPPY) in 2013. CKD patient OOP costs relative to total Part D costs were proportionally lower than those in the general Medicare population due to a higher rate of LIS coverage for these persons. Under the Affordable Care Act, the coverage gap ("donut" hole) in the Part D benefit will be phased out by 2020. As part of the phase-out, pharmaceutical manufacturers have provided a 50% discount to non-LIS patients on the price of brand-name drugs purchased in the coverage gap, and the Part D plans paid an additional 2.5% of brand name costs in the gap. Plans paid 21% of the cost of generics purchased by non-LIS patients in the coverage gap.

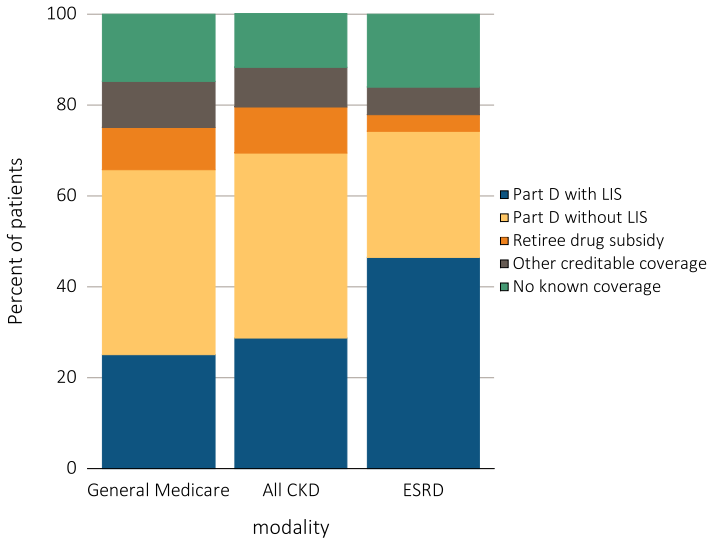
Analytical Methods

See the CKD Analytical Methods chapter for an explanation of analytical methods used to generate the figures and tables in this chapter.

Part D Enrollment Patterns

Approximately 69% of CKD patients were enrolled in Medicare Part D (including both stand-alone and MA plans) in 2013, slightly higher than enrollment in the general Medicare population and slightly lower than enrollment in the ESRD population. Compared to the general population, however, a higher percentage of CKD patients qualified for the LIS (Figure 7.1).

vol 1 **Figure 7.1 Sources of prescription drug coverage in Medicare enrollees, by population, 2013**

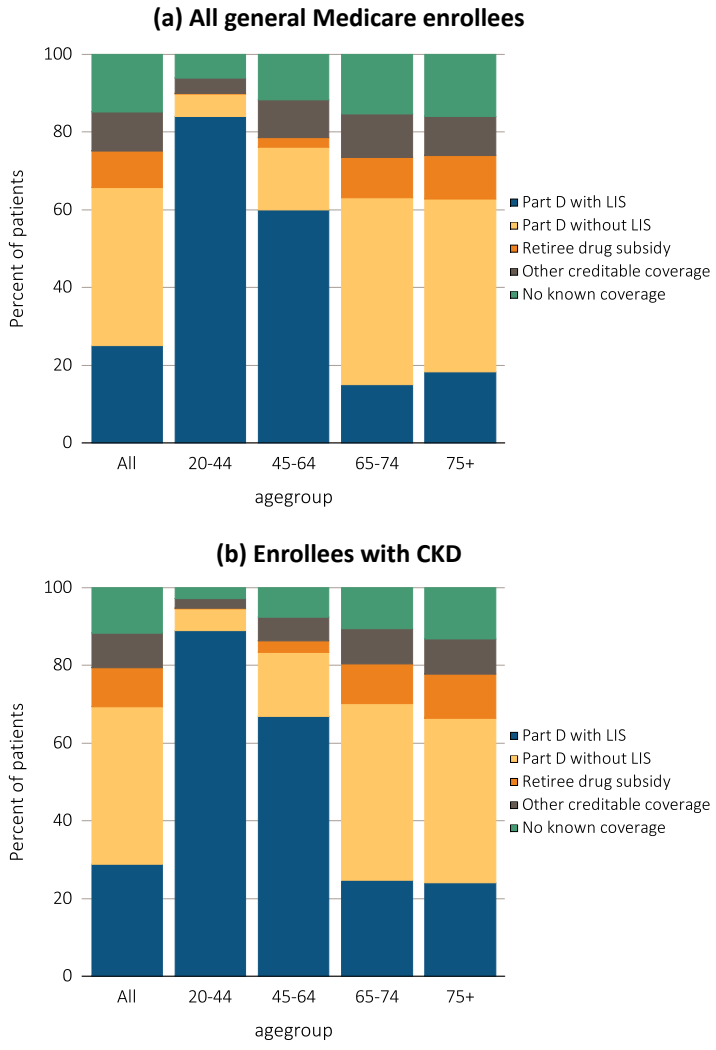


Data source: Medicare 5 percent sample. Point prevalent Medicare enrollees alive on January 1, 2013. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; LIS, Medicare Low-income Subsidy; Part D, Medicare prescription drug coverage benefit.

[1] *Net Part D spending represents the sum of the Medicare covered amount and the Low-income Subsidy amount.*

Among both general Medicare beneficiaries and those with CKD, the percentage of patients enrolled in Part D generally declines with age. This decline is largely attributable to the high share of LIS eligibility among beneficiaries whose Medicare eligibility arises from disability rather than age, many of whom are automatically enrolled in a Part D plan. Eighty-nine percent of CKD patients aged 20–44 received the LIS in 2013. It is important to note that patients in the two younger age groups are disabled. In the two older age groups, similar proportions of general Medicare and CKD patients were enrolled in Part D, at 63–70%. The proportion of patients with LIS declined with age in both populations (with the exception of those aged 75 and older in the general Medicare population), but CKD patients in each age category were more likely to receive this subsidy (Figure 7.2).

vol 1 Figure 7.2 Sources of prescription drug coverage in Medicare enrollees, by age, 2013

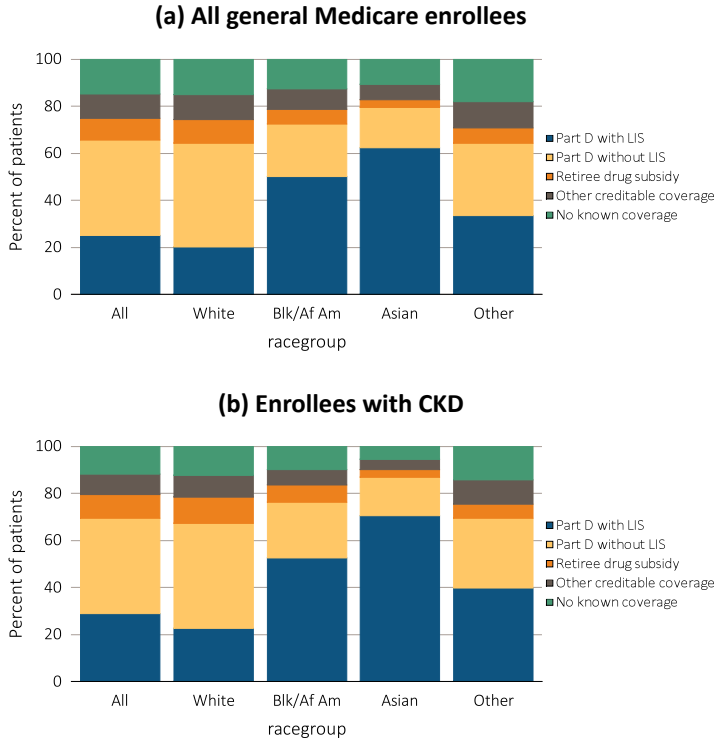


Data source: Medicare 5 percent sample. Point prevalent Medicare enrollees alive on January 1, 2013. Abbreviations: CKD, chronic kidney disease; LIS, Medicare low income subsidy; Part D, Medicare prescription drug coverage benefit.

Patterns of coverage by race were similar in the general Medicare and CKD populations (Figure 7.3). Compared to Whites, a higher portion of Asian patients and Black patients had Part D coverage with the LIS. Across all races, the percentage of patients with the LIS was higher for CKD patients than among their general Medicare counterparts.

Table 7.1 reports the percent of general Medicare and CKD enrollees who were eligible for the LIS, stratified by both age and race.

vol 1 Figure 7.3 Sources of prescription drug coverage in Medicare enrollees, by race, 2013



vol 1 **Table 7.1 Medicare Part D enrollees (%) with or without the Low-income Subsidy, by age & race, 2013**

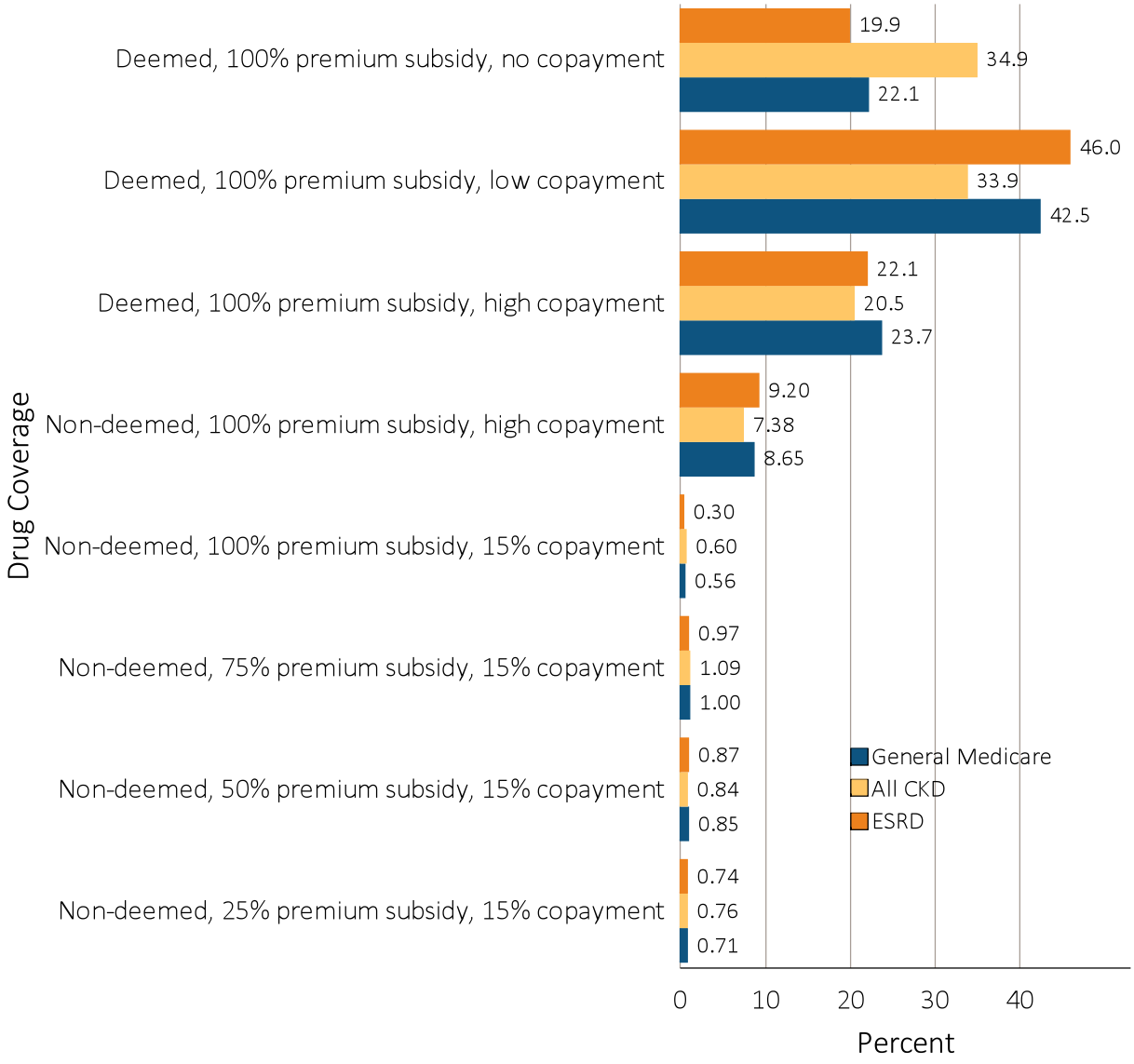
	General Medicare		All CKD	
	Part D with Low-income Subsidy	Part D remaining enrollees	Part D with Low-income Subsidy	Part D remaining enrollees
White				
All ages	31.4	68.6	33.8	66.2
20-44	93.0	7.0	93.9	6.1
45-64	76.1	23.9	77.8	22.2
65-74	18.3	81.7	28.1	71.9
75+	23.0	77.0	28.9	71.1
Black/African American				
All ages	69.2	30.8	68.9	31.1
20-44	95.5	4.5	94.5	5.5
45-64	85.9	14.1	84.7	15.3
65-74	51.4	48.6	59.9	40.1
75+	60.2	39.9	65.5	34.5
Asian				
All ages	78.3	21.7	81.3	18.7
20-44	92.3	7.7	100.0	0.0
45-64	85.5	14.6	85.4	14.6
65-74	71.7	28.3	77.1	22.9
75+	80.9	19.1	82.4	17.6
Other race				
All ages	52.1	47.9	57.3	42.7
20-44	93.0	7.0	93.8	6.3
45-64	78.1	21.9	81.9	18.1
65-74	36.8	63.2	43.9	56.1
75+	49.9	50.1	59.0	41.0

Data source: Medicare 5% sample. Point prevalent Medicare enrollees alive on January 1, 2013. Abbreviations: CKD, chronic kidney disease; Part D, Medicare prescription drug coverage benefit.

Data source: Medicare 5 percent sample. Point prevalent Medicare enrollees alive on January 1, 2013. Abbreviations: Blk/Af Am, Black/African American; CKD, chronic kidney disease; LIS, Medicare Low-income Subsidy; Part D, Medicare prescription drug coverage benefit.

Several categories of Medicare beneficiaries automatically qualify for LIS and Part D benefits, and are considered to be "deemed". These individuals include full-benefit Medicare/Medicaid dual eligible individuals, partial dual eligible individuals, Qualified Medicare Beneficiaries (QMB-only), Specified Low-income Medicare Beneficiaries (SLMB-only), Qualifying Individuals (QI), and people who receive Supplemental Security Income (SSI) benefits but not Medicaid. Other Medicare beneficiaries with limited incomes and resources that do not automatically qualify for LIS (non-deemed) can apply for LIS and have their eligibility determined by their State Medicaid agency or the Social Security Administration.

vol 1 **Figure 7.4 Distribution of Low-income Subsidy categories in Part D general Medicare, CKD, & ESRD patients, 2013** *Data source:*



Medicare 5% sample. Point prevalent Medicare enrollees alive on January 1, 2013. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; Part D, Medicare prescription drug coverage benefit.

The distribution of Part D enrollees receiving the LIS across benefit categories (premium subsidy, copayment) is described in Figure 7.4. The vast majority of LIS recipients were eligible for a full premium subsidy.

Part D Coverage Plans

The Centers for Medicare and Medicaid Services provide prescription drug plans (PDPs) with guidance on structuring a "standard" Part D PDP. The upper portion of Table 7.2 shows the standard benefit design for PDPs in 2008 and 2013. In 2013, for example, beneficiaries shared costs with the PDP (as co-insurance or copayments) until the combined total reached $2,970 during the initial coverage period. After reaching this level, beneficiaries went into the coverage gap, or "donut hole," where they paid 100% of costs.

Since 2011, the government has been providing non-LIS recipients reaching the coverage gap with more assistance each year. In 2013, patients received a 50% discount on brand name drugs from manufacturers plus 2.5% coverage from their Part D plans, and plans paid 21% of generic drug costs in the gap. Beneficiaries who paid a yearly out-of-pocket drug cost of $4,750 reached the catastrophic coverage phase, in which they paid only a small copayment for their drugs until the end of the year.

vol 1 **Table 7.2 Medicare Part D parameters for defined standard benefit, 2008 & 2013**

	2008	2013
Deductible After the deductible is met, the beneficiary pays 25% of total prescription costs up to the initial coverage limit.	$275	$325
Initial coverage limit The coverage gap ("donut hole") begins at this point. The beneficiary pays 100% of their prescription costs up to the out-of-pocket threshold	$2,510	$2,970
Out-of-pocket threshold The total out-of-pocket costs including the "donut hole"	$4,050	$4,750
Total covered Part D prescription out-of-pocket spending: (including the coverage gap). Catastrophic coverage begins after this point.	$5,726.25	$6,733.75
Catastrophic coverage benefit		
Generic/preferred multi-source drug	$2.25	$2.651
Other drugs	$5.60	$6.601
[1]plus a 52.50% brand name medication discount		
2013 Example:		
$325 (deductible)	$275	$325
+(($$2970-$325)*25%)(initial coverage)	$558.75	$652.50
+(($6733.75-$2970)*100%)(coverage gap)	$3,216.25	$3,763.75
Total (maximum out-of-pocket costs prior to catastrophic coverage, excluding plan premium)	$4,050.00	$4,750.00

The catastrophic coverage amount is the greater of 5% of medication cost or the values shown in the chart above. In 2013, beneficiaries were charged $2.65 for those generic or preferred multisource drugs with a retail price less than $53, and 5% for those with a retail price over $53. For brand name drugs, beneficiaries paid $6.60 for those drugs with a retail price less than $132, and 5% for those with a retail price over $132. Table adapted from http://www.q1medicare.com/PartD-The-2013-Medicare-Part-D-Outlook.php.

PDPs have the latitude to structure their plans differently from what is presented here; companies offering non-standard plans must show that their coverage is at least actuarially equivalent to the standard plan. Many have developed plans with no deductibles or with drug copayments instead of the 25% co-insurance, and some plans provide generic and/or brand name drug coverage during the coverage gap.

Among general Medicare beneficiaries, patients with CKD, and those with ESRD, enrollment in Medicare Part D rose between 2011 and 2013 (Table 7.3). In each year, enrollment was slightly higher for those with CKD than in the general Medicare population; enrollment has been greatest for patients with ESRD.

vol 1 **Table 7.3 General Medicare, CKD, & ESRD patients enrolled in Part D (%)**

	General Medicare	All CKD	All ESRD
2011	55.8	59.4	68.9
2012	57.6	60.5	71.9
2013	65.7	69.4	74.2

Data source: Medicare 5 percent sample. Point prevalent Medicare enrollees alive on January 1. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; Part D, Medicare prescription drug coverage benefit.

Spending Under Stand-alone Part D Plans

In 2013, the total Part D payment for patients with identified kidney disease (CKD patients not on dialysis, and ESRD patients) was $9.4 billion—about 20% of total Part D prescription drug costs, and a $2.2 billion increase from 2011 (Table 7.4). These costs do not include drugs contained under the ESRD prospective payment system in 2013 (e.g. ESAs, IV vitamin D, and iron) or billed to Medicare Part B (e.g. immunosuppressants).

vol 1 Table 7.4 Total estimated Medicare Part D costs for enrollees, 2011 & 2013

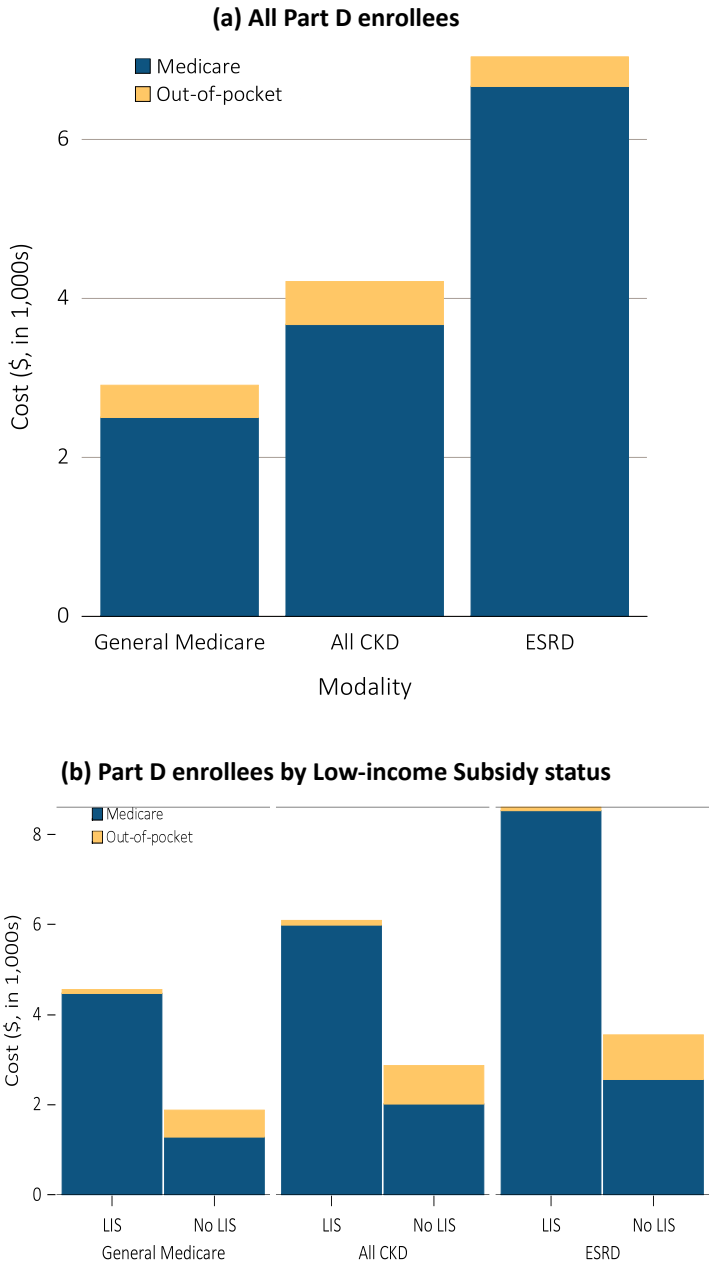
	General Medicare	All CKD	All ESRD
2011	41.39	5.38	1.80
2013	47.45	7.11	2.30

Data source: Medicare Part D claims. Medicare totals include Part D claims for Part D enrollees with traditional Medicare (Parts A & B). CKD totals include Medicare CKD patients, as determined from claims. ESRD totals include all Part D claims for Medicare ESRD patients with Medicare Part D stand-alone prescription drug plans. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; Part D, Medicare prescription drug coverage benefit.

In 2013, PPPY net Part D spending for CKD patients was 46% higher than for general Medicare patients, at $3,675 compared to $2,509. Similar to total Part D costs, out-of-pocket costs for CKD patients were 35% higher than general Medicare population. Due to the much higher proportion of LIS in the ESRD population, out-of-pocket costs represented a smaller share of total spending (5%) than in the other two groups (13% for CKD, and 14% for general Medicare) (Figure 7.5a).

Total spending for Part D-covered medications in 2013 was more than twice as high for patients with the LIS than for those without (Figure 7.5b). In the LIS population, however, out-of-pocket costs represented only 1-2% of these total expenditures, compared to 28-32% in each of the non-LIS populations.

vol 1 Figure 7.5 Per person per year Medicare & out-of-pocket Part D costs for enrollees, 2013



Data source: Medicare Part D claims. Medicare totals include Part D claims for Part D enrollees with traditional Medicare (Parts A & B). CKD totals include Medicare CKD patients as determined from claims. ESRD totals include all Part D claims for Medicare ESRD patients with Medicare Part D stand-alone prescription drug plans. Costs are per person per year for calendar year 2013. Medicare total is the sum of Medicare net payment plus Low-income Supplement amount. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; Part D, Medicare prescription drug coverage benefit.

Total per person per year Medicare Part D spending varied widely between those with and without the LIS (Table 7.5), excluding patient obligations. Overall, ESRD patients had the highest spending in both categories. Total PPPY Medicare-paid Part D costs in LIS and non-LIS patients varied from $4,476 and $1,282 PPPY in the general Medicare population to $5,985 and $2,018 among patients with CKD, and to $8,522 and $2,552 among those with ESRD. By race, PPPY spending in the general Medicare and CKD non-LIS populations was highest for Blacks, but in the general Medicare and CKD LIS populations was highest for Whites and Asians respectively. In each of the three populations, spending was highest in the ages 45-64 category, regardless of LIS status.

vol 1 **Table 7.5 Per person per year Part D costs ($) for enrollees, by Low-income Subsidy status, 2013**

	General Medicare		All CKD		All ESRD	
	Part D with Low-income Subsidy	Part D remaining enrollees	Part D with Low-income Subsidy	Part D remaining enrollees	Part D with Low-income Subsidy	Part D remaining enrollees
Age						
All	4,476	1,282	5,985	2,018	8,522	2,552
20-44	4,592	1,653	8,603	2,754	9,251	2,177
45-64	5,921	2,395	8,786	3,800	9,315	2,851
65-74	3,925	1,237	6,317	2,361	7,499	2,785
75+	3,424	1,204	4,479	1,733	5,889	2,049
Sex						
Male	4,380	1,339	6,215	2,149	8,554	2,548
Female	4,539	1,241	5,845	1,891	8,488	2,558
Race						
White	4,682	1,282	6,120	1,996	8,175	2,556
Black	4,021	1,338	5,541	2,230	9,039	2,539
Asian	4,229	1,133	6,418	2,038	8,816	2,663
Other race	4,001	1,270	5,918	2,163	6,162	2,065

Data source: Medicare Part D claims. All Medicare patients with Medicare Part D stand-alone prescription drug plans. CKD determined from claims. ESRD patients with Medicare Part D stand-alone prescription drug plans. Costs are per person per year for calendar year 2013. Medicare PPPY is the sum of Medicare net payment and the Low-income Supplement amount. LIS status is determined from the Part D enrollment. A person is classified as LIS if they are eligible for the LIS for at least one month during 2013. Abbreviations: CKD, chronic kidney disease; ESRD, end-stage renal disease; Part D, Medicare prescription drug coverage benefit.

Prescription Drug Therapy

Statin, beta blocker, renin-angiotensin-system (RAS)-acting agents were each prescribed to more than 50% of the CKD patient group during 2013, and over one third had at least one claim for a calcium channel blocker. Among these four drug classes, Renin-angiotensin-system (RAS)-acting agents ranked first in term of Medicare expenditures, followed closely by statins (Table 7.6).

vol 1 **Table 7.6 Common drug classes used by Part D-enrolled CKD patients, by percent of patients, drug class, and net cost, 2013**

	Percent of patients (%)	Net costs ($)
Statins	60.1%	230,603,390
Calcium channel blockers	34.6%	72,740,048
Beta blockers	57.8%	109,500,131
Renin-angiotensin-system (RAS)-acting agents	59.3%	235,885,110

Data source: Medicare Part D claims. CKD patients with Medicare Part D stand-alone prescription drug plans in the Medicare 5 percent sample. Net Part D spending represents the sum of the Medicare covered amount and the Low- income Subsidy amount. Renin-angiotensin-system (RAS)-acting agents contain three drug classes: angiotensin-receptor blockers (ARBs), angiotensin-converting enzyme inhibitors (ACE-inhibitors) and direct renin inhibitors.

References

The Henry J. Kaiser Family Foundation. Medicare Indicators: Prescription Drug Plans. Website. Retrieved October 13, 2015 from http://kff.org/state-category/medicare/prescription-drug-plans/enrollment-prescription-drug-plans-medicare/

Notes