



Impact of PDP Market Changes on Beneficiary Access

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Project Overview

Prior analysis Avalere completed for PAN found differing impacts of Part D benefit design changes on patient affordability and access

In a prior analysis, Avalere modeled the impact of potential behavioral responses to the 2025 Part D benefit changes. The analysis found that while these reforms may reduce OOP costs for some, other beneficiaries may face affordability challenges.

Although full benefit redesign does not go into effect until 2025, some changes to the Part D benefit were effective in 2024. Analyses of 2024 Part D plan data found that:



The number of available PDPs declined, specifically PDPs available to LIS beneficiaries for a \$0 premium (also known as “LIS benchmark PDPs”)



Premiums for standalone PDPs increased, with varying differences by plan



The share of drugs subject to coinsurance and utilization management increased, likely with variation by therapeutic area

Based on these data, PAN commissioned Avalere to explore the impacts of 2024’s PDP market changes on beneficiary access and affordability across 5 select TAs.

Avalere's new analysis begins to explore the impacts of changes in the 2024 PDP market on patient access and affordability

Avalere modeled the impact of changes in the 2024 standalone PDP market on patient access and affordability. As part of this analysis, Avalere evaluated PDP and LIS plan formularies for the 24 most frequently used single-source brand drugs* across 5 select TAs:

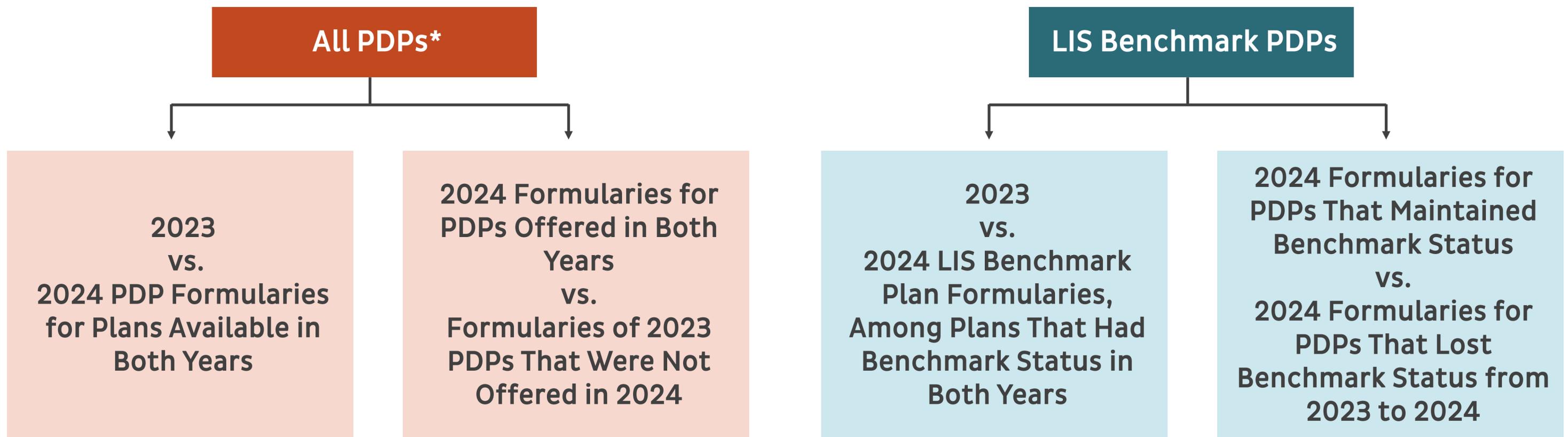


Analysis results include plan availability and enrollment, coverage, tiering and cost sharing, and utilization management.

*For each priority TA, Avalere aimed to include 5, top utilized single-source brand drugs because changes to these products on formularies could be the most impactful to patient out-of-pocket costs. Notably, only 4 single-source drugs were identified for anticoagulants (instead of 5, like the rest of the therapeutic areas).
PDP: Prescription Drug Plan; LIS: Low-Income Subsidy; TA: Therapeutic Area; COPD: Chronic Obstructive Pulmonary Disease

Avalere conducted a series of comparisons for two sets of PDPs— all PDPs and LIS benchmark PDP plans

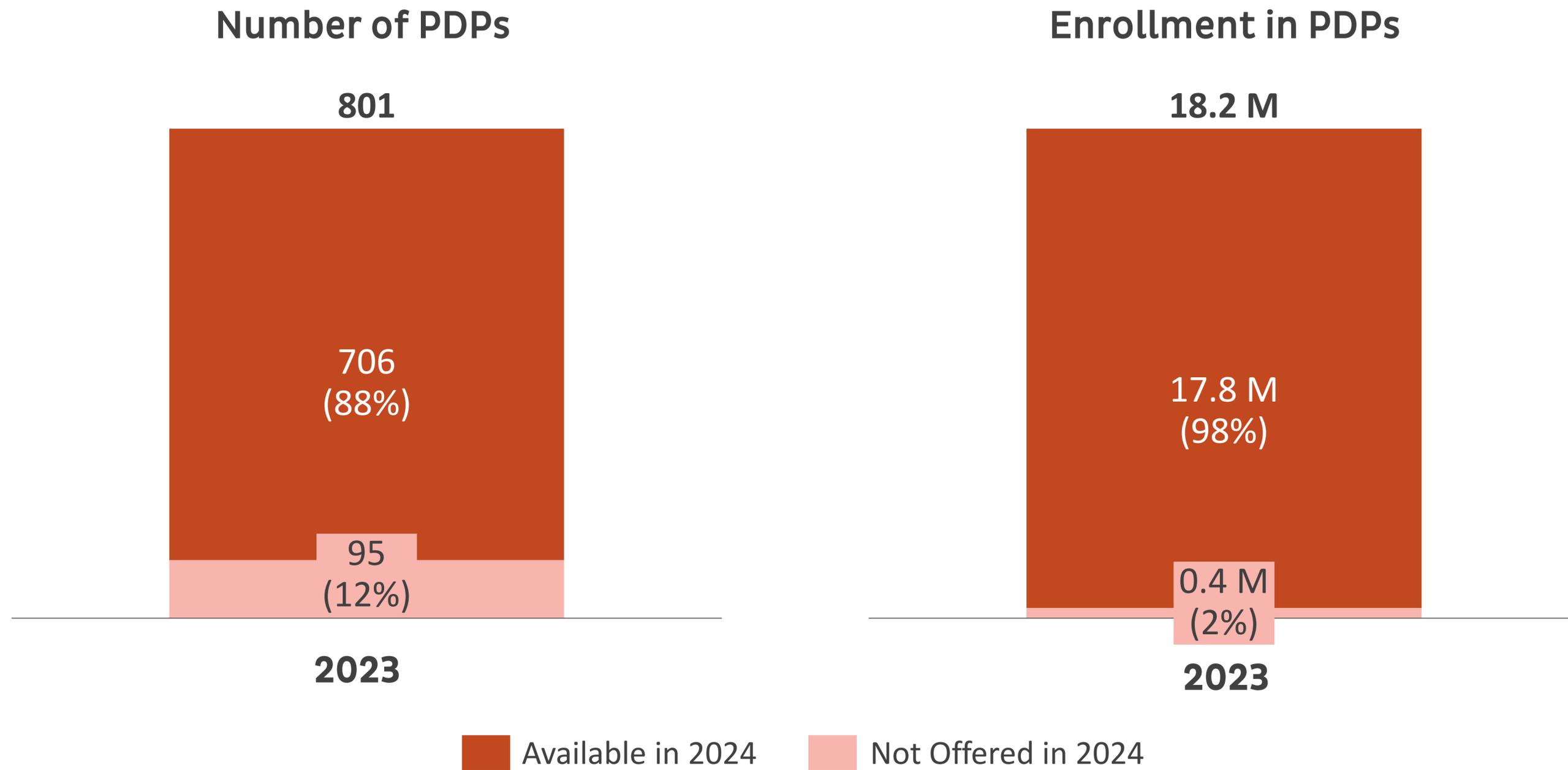
Avalere analyzed national and regional patterns in plan formulary changes for the following plan groups:



*Includes LIS benchmark plans
PDP: Prescription Drug Plan; LIS: Low-Income Subsidy

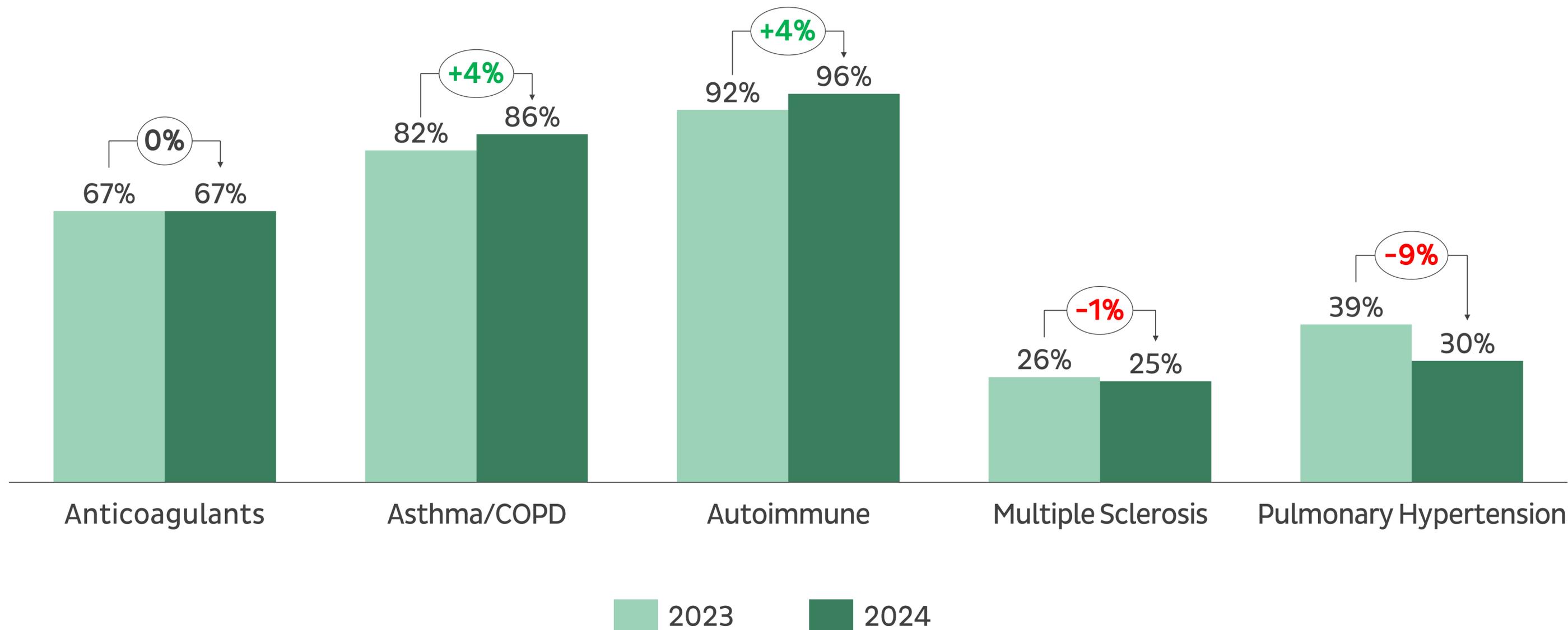
PDP Analysis Findings

Approximately 12% of PDPs available in 2023 are not available in 2024, accounting for 400,000 enrollees



Coverage in 2024 PDP formularies was substantially lower for top PH drugs and was slightly lower for MS drugs compared to 2023

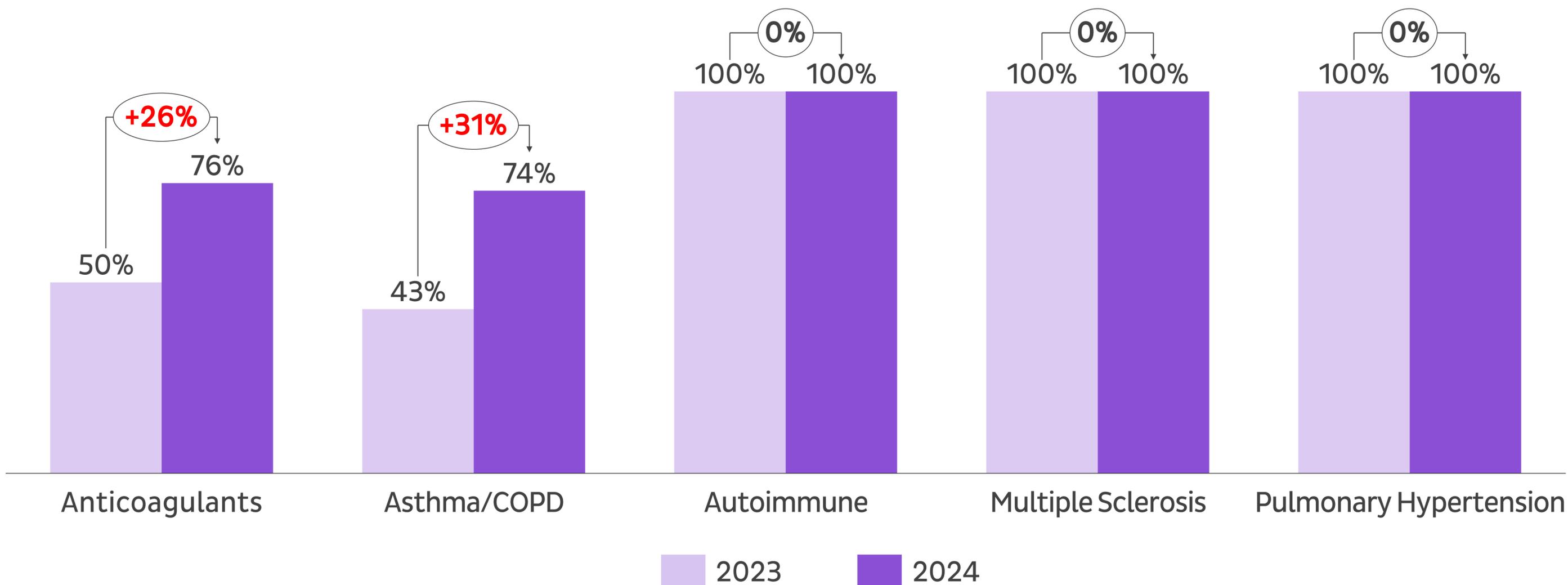
Percentage of Covered Drugs by Therapeutic Area in 2023 vs. 2024, Among PDPs Offered in Both Years



Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
PDP: Prescription Drug Plan; PH: Pulmonary Hypertension; COPD: Chronic Obstructive Pulmonary Disease

Use of coinsurance for anticoagulant and asthma/COPD drugs increased substantially between 2023 and 2024

Use of Coinsurance by Therapeutic Area for 2023 vs. 2024, Among PDPs Offered in Both Years

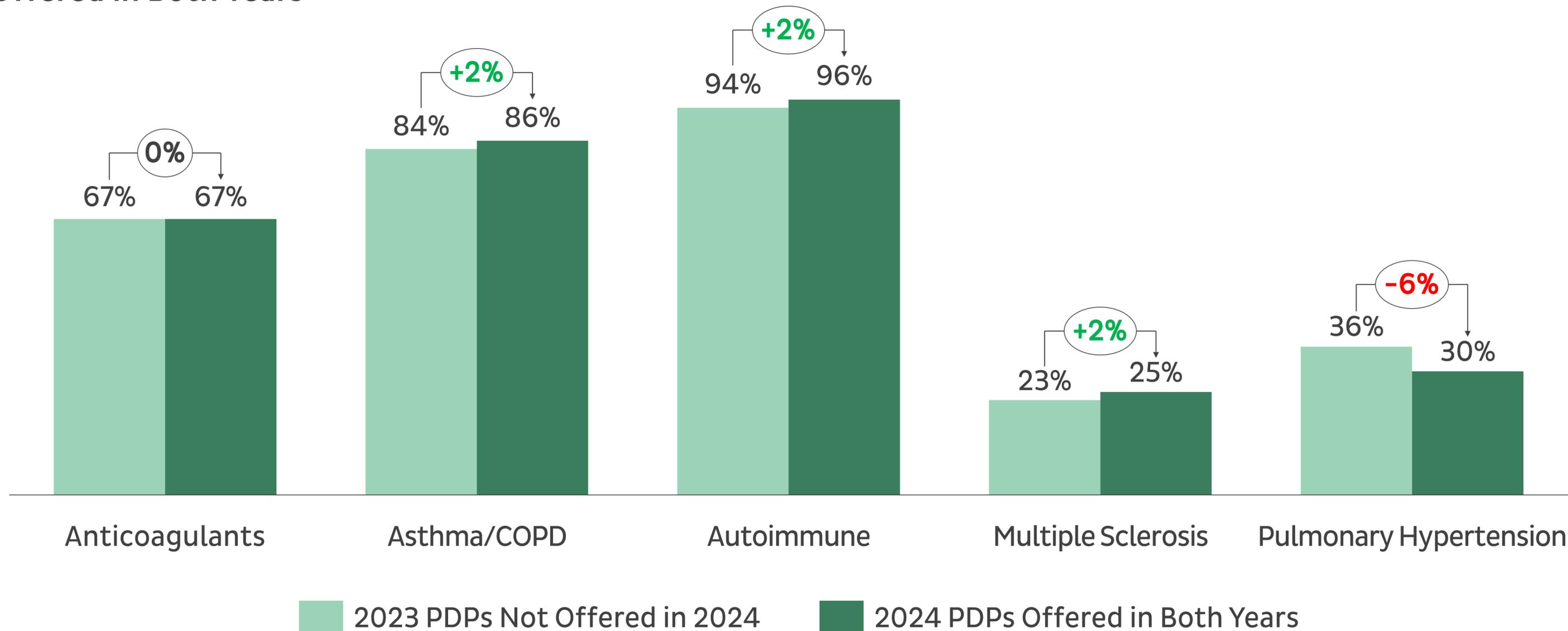


While tier placement for anticoagulants and asthma/COPD drugs remained relatively stable from 2023 to 2024, the increased use of coinsurance for these TAs was driven by more PDPs implementing coinsurance for the preferred brand tier in 2024.

Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
 PDP: Prescription Drug Plan; COPD: Chronic Obstructive Pulmonary Disease

For PH drugs, coverage was lower for 2024 PDPs that remained in the market compared to 2023 PDPs that exited

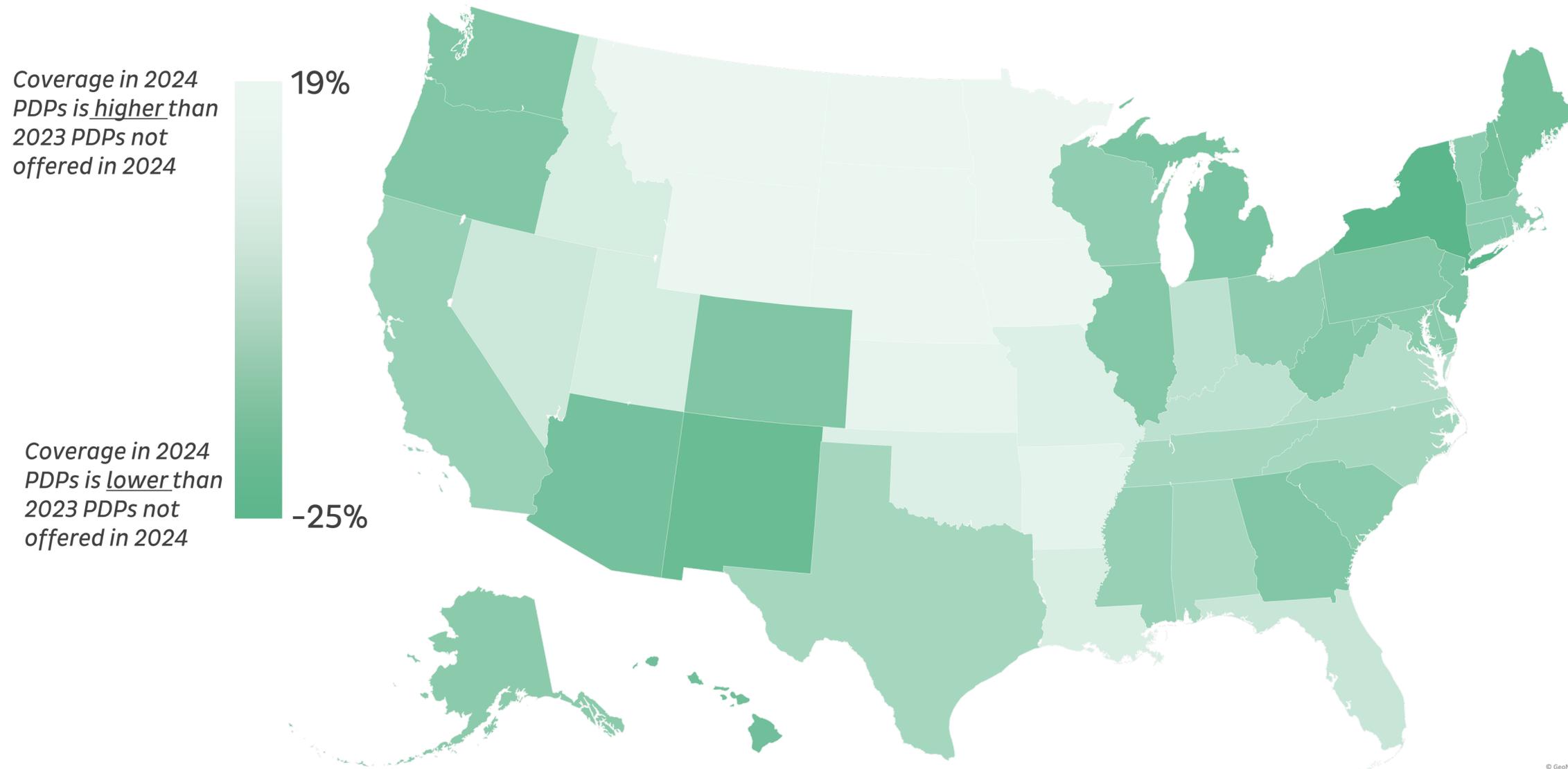
Percentage of Covered Drugs by Therapeutic Area Among 2023 PDPs Not Offered in 2024 vs. 2024 PDPs Offered in Both Years



Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
 PH: Pulmonary Hypertension; PDP: Prescription Drug Plan; COPD: Chronic Obstructive Pulmonary Disease

For MS drugs, there was regional variation between plans that remained in the market in 2024 and plans that exited the market

Difference in Coverage for 2024 PDPs Offered in Both Years vs. 2023 PDPs Not Offered in 2024, Multiple Sclerosis



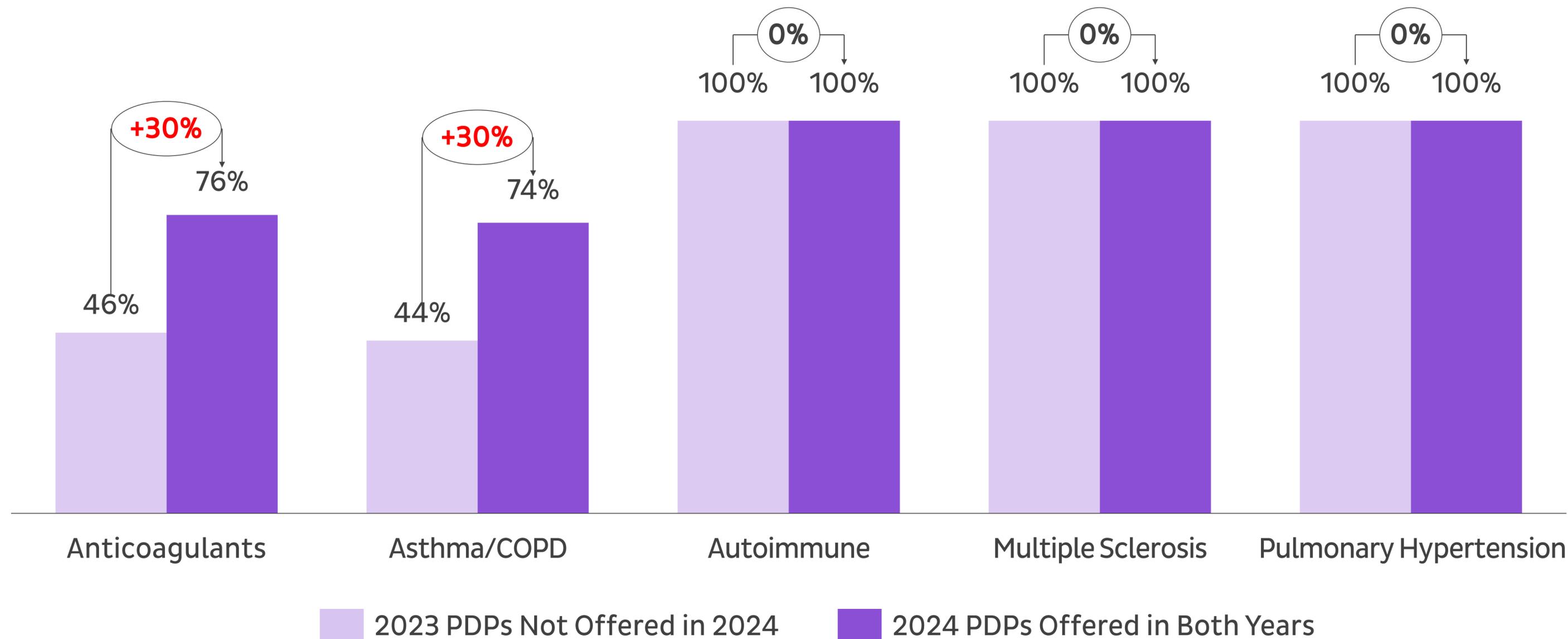
For plans that remained in the market in 2024:

- Coverage of MS drugs was **higher** by at least 5 percentage points compared to 2023 plans that exited the market in **13 PDP regions**
- Coverage of MS drugs was **lower** by at least 5 percentage points compared to 2023 plans that exited the market in **11 regions**

Similar patterns in regional change in coverage were found for pulmonary hypertension drugs.

Use of coinsurance for anticoagulants and asthma/COPD drugs was lower for 2023 PDPs that exited the market in 2024

Use of Coinsurance by Therapeutic Area for 2023 PDPs Not Offered in 2024 vs. 2024 PDPs Offered in Both Years

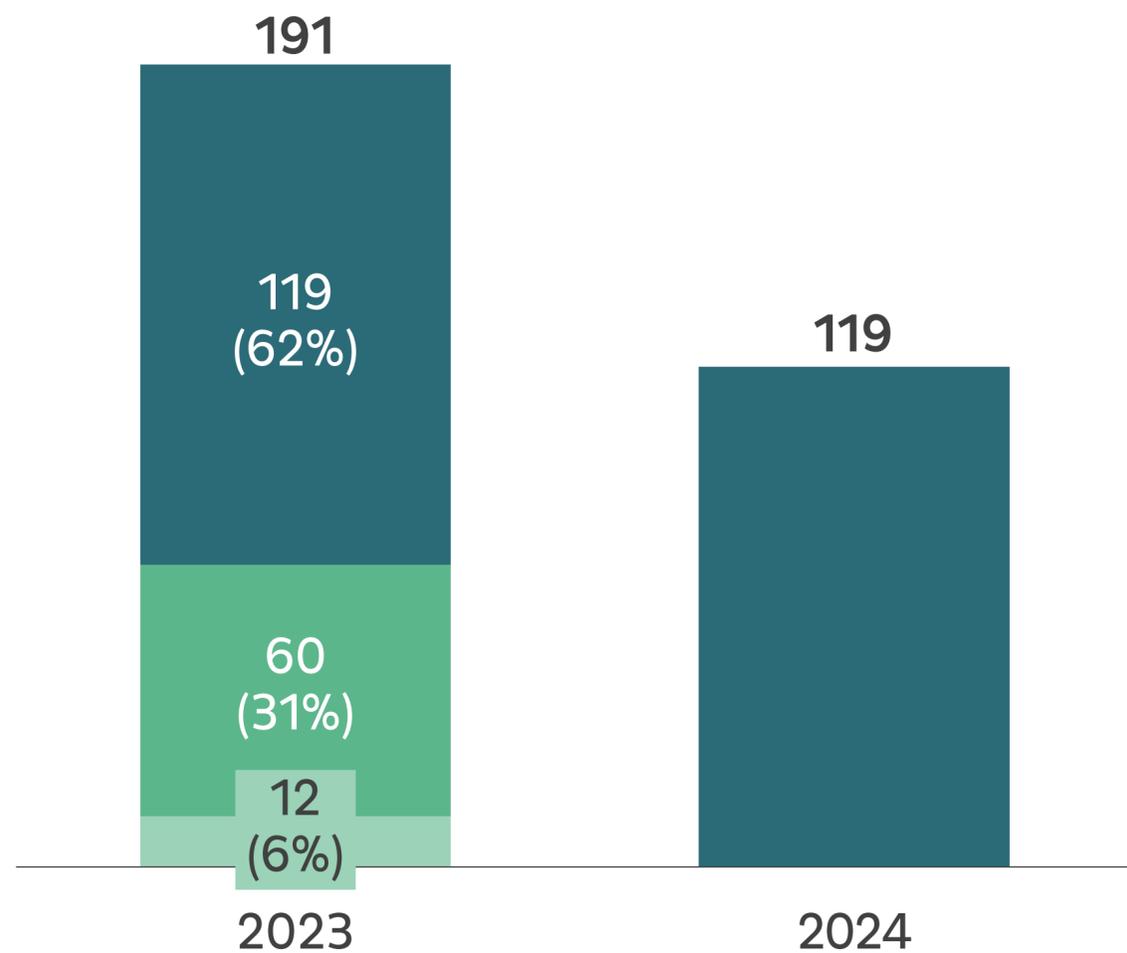


Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
COPD: Chronic Obstructive Pulmonary Disease; PDP: Prescription Drug Plan

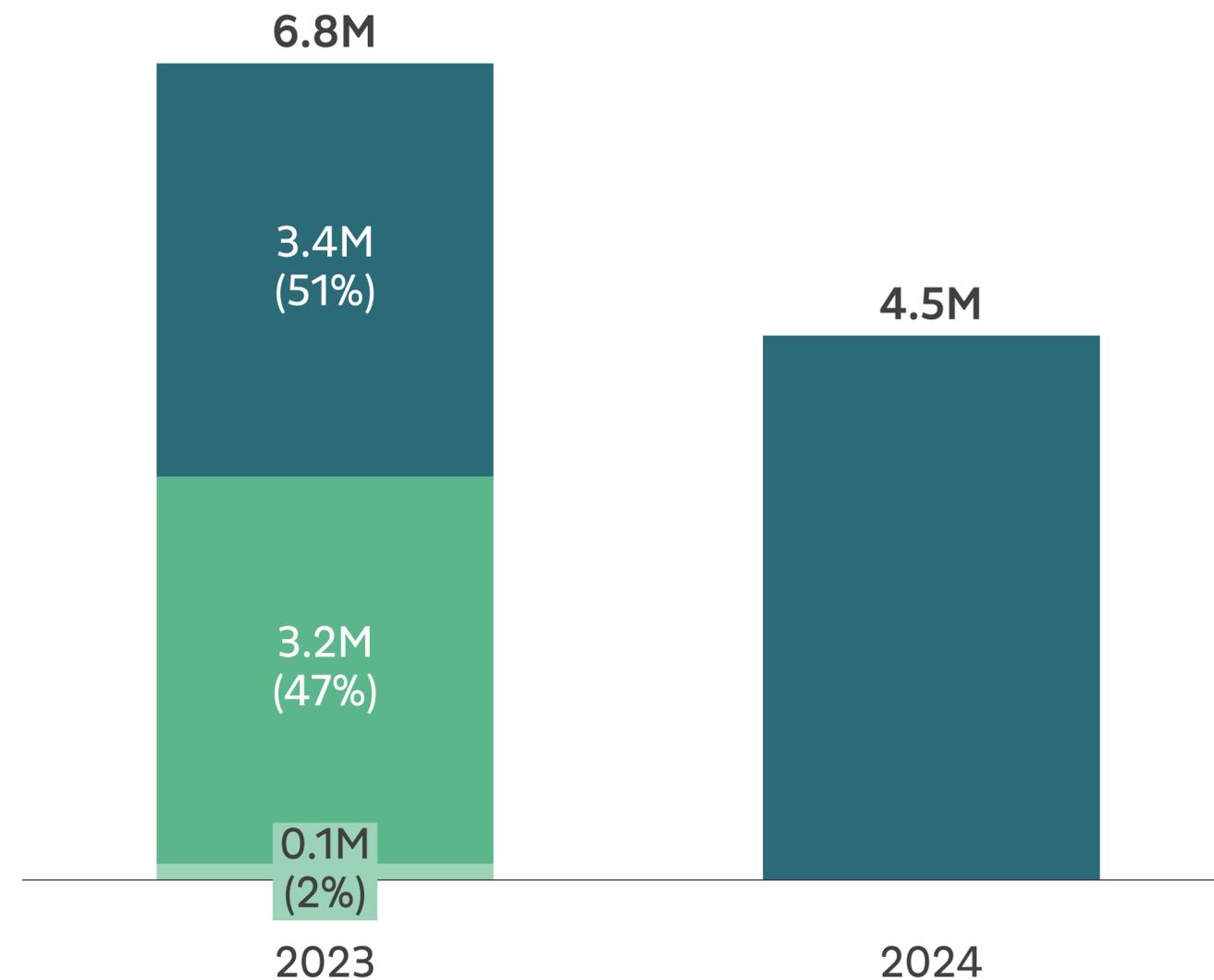
LIS Benchmark Plan Analysis Findings

31% of 2023 PDPs lost benchmark status in 2024, representing 3.2 million enrollees and nearly half of 2023 benchmark PDP enrollment

Number of LIS Benchmark PDPs



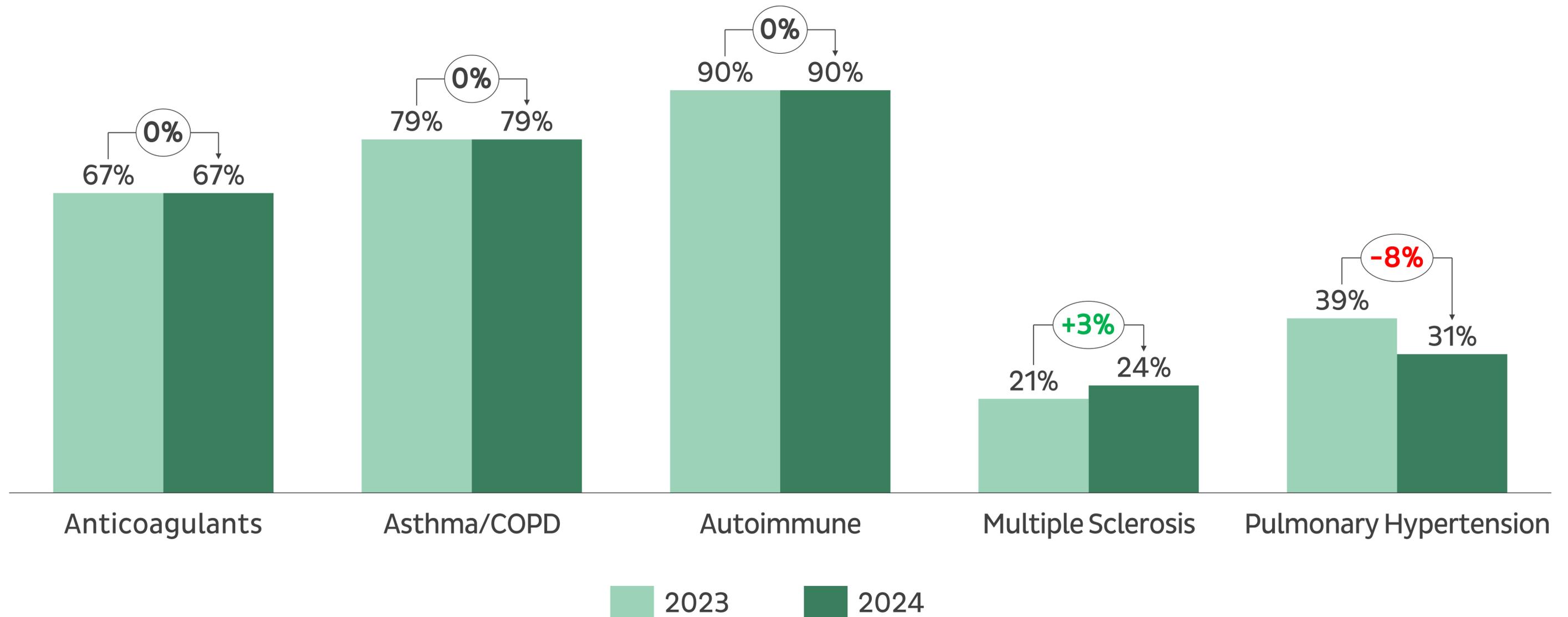
Enrollment



2023 LIS PDP, Not Offered in 2024 2023 LIS PDP, Lost Benchmark Status in 2024 LIS Benchmark PDP in 2023 & 2024

Coverage across TAs remained largely stable from 2023 to 2024 for PDPs that maintained LIS benchmark status

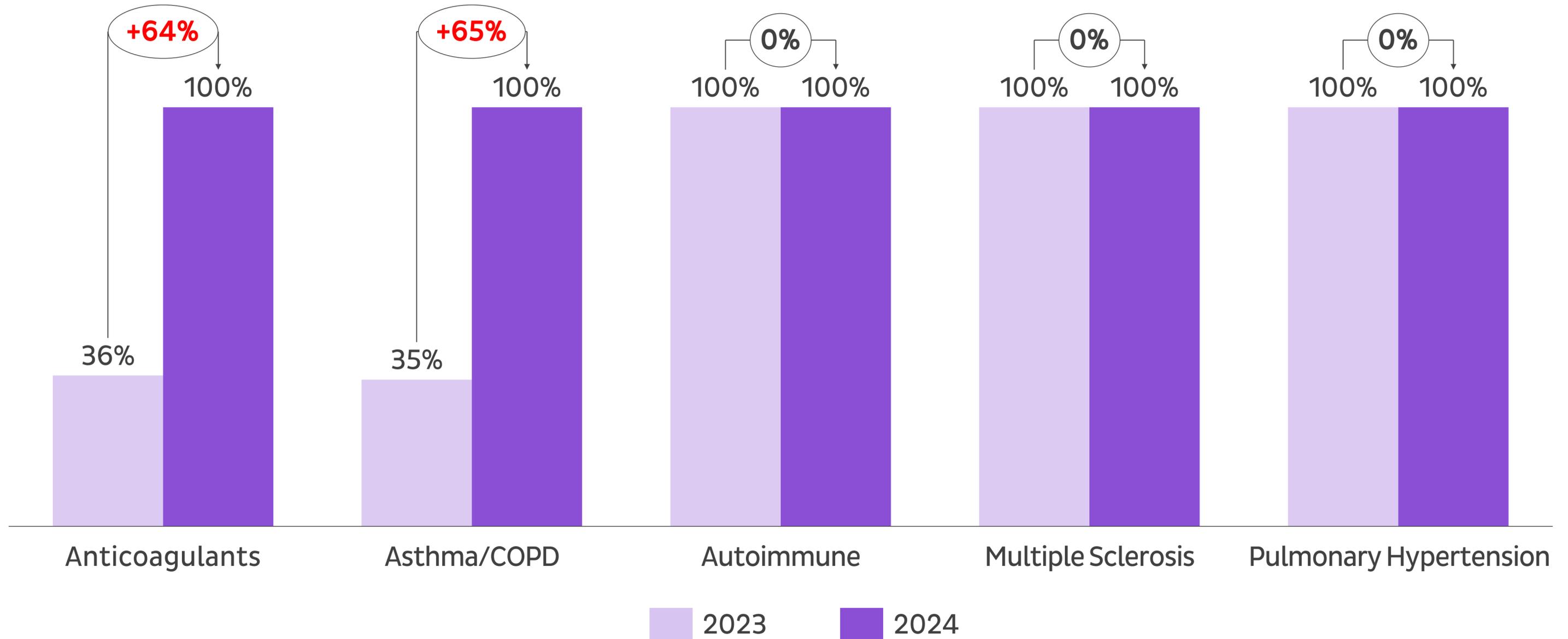
Coverage by Therapeutic Area Among LIS PDPs that Maintained Benchmark Status, 2023 vs. 2024



Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
 TA: Therapeutic Area; PDP: Prescription Drug Plan; LIS: Low-Income Subsidy; COPD: Chronic Obstructive Pulmonary Disease

Use of coinsurance increased for anticoagulants and asthma/COPD drugs in 2024 for PDPs that LIS maintained benchmark status

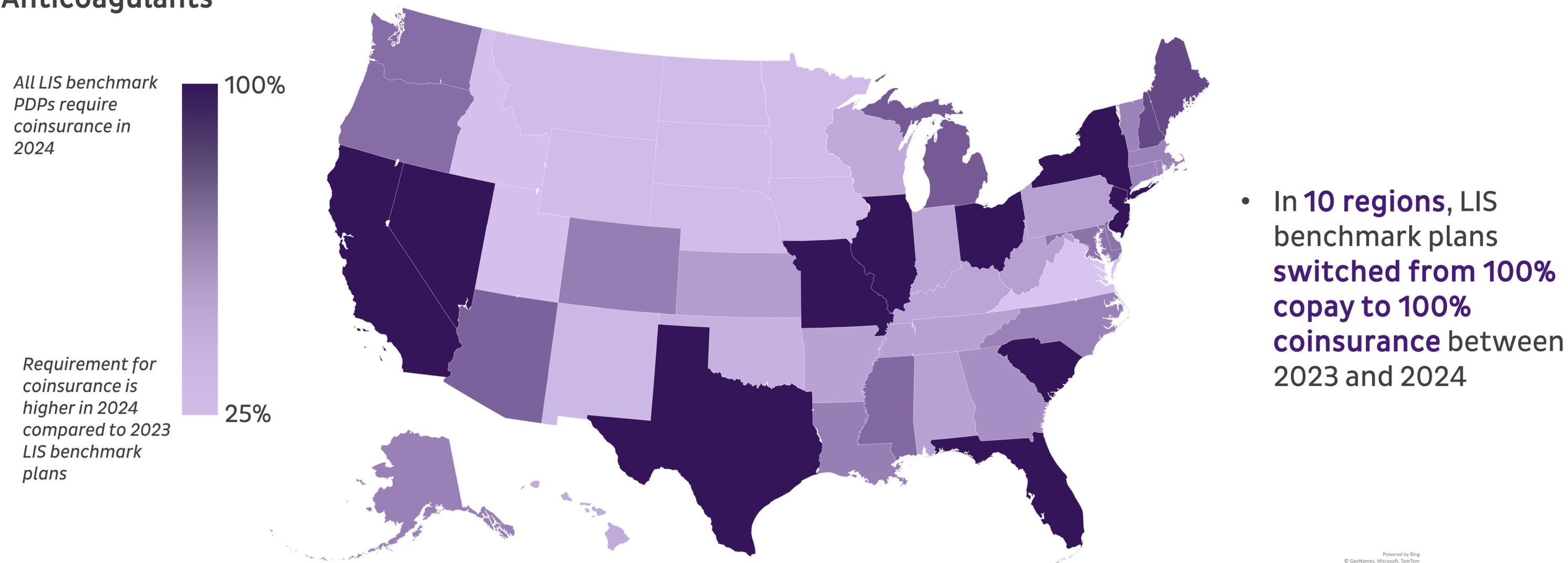
Use of Coinsurance by Therapeutic Area Among LIS PDPs that Maintained Benchmark Status, 2023 vs. 2024



Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
COPD: Chronic Obstructive Pulmonary Disease; PDP: Prescription Drug Plan; LIS: Low-Income Subsidy

Change in the use of coinsurance for anticoagulant drugs varies by region

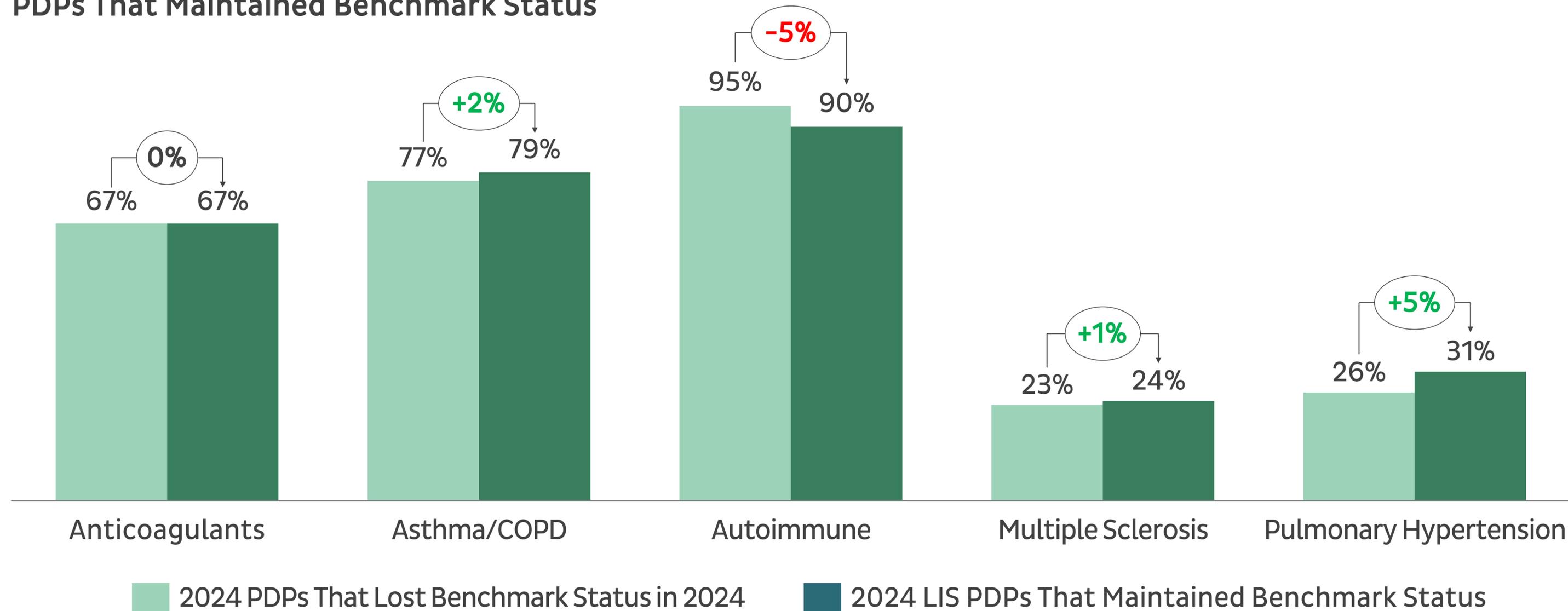
Percentage Point Difference in the Use of Coinsurance between 2023 and 2024 LIS Benchmark PDPs, Anticoagulants



Similar patterns in regional change in the use of coinsurance were found for asthma/COPD drugs.

Coverage for PDPs that maintained LIS benchmark status in 2023 and 2024 was higher than PDPs that lost benchmark status in most TAs

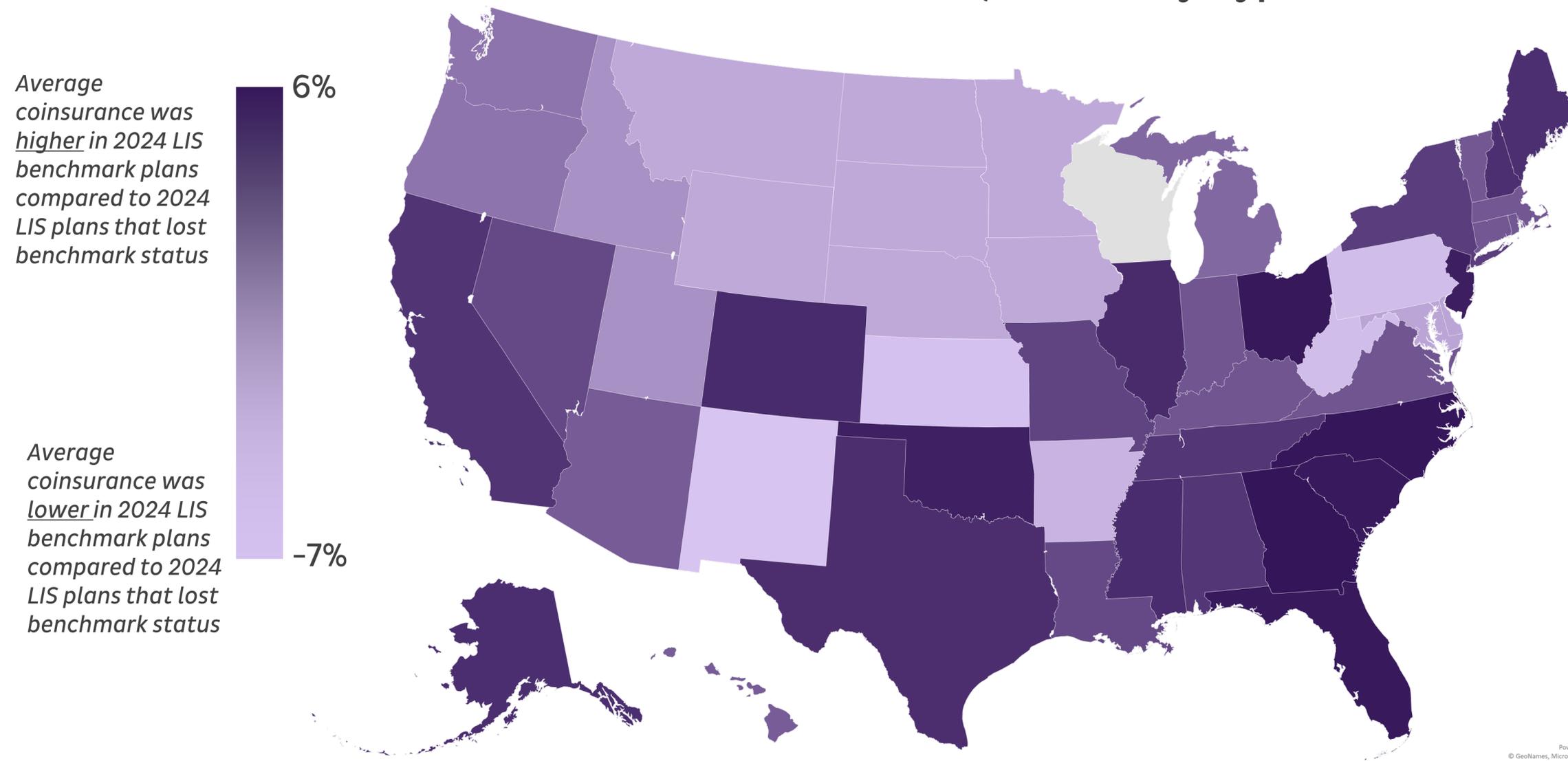
Percentage of Drugs Covered by Therapeutic Area for PDPs That Lost Benchmark Status in 2024 vs. 2024 LIS PDPs That Maintained Benchmark Status



Note: The percent differences noted at the top of each set of bars refers to percentage point changes.
PDP: Prescription Drug Plan; LIS: Low-Income Subsidy; TA: Therapeutic Area; COPD: Chronic Obstructive Pulmonary Disease

For PH drugs, there were also regional differences in average coinsurance for PDPs that maintained vs. lost LIS benchmark status

Percentage Point Difference in Average Coinsurance Between 2024 LIS PDPs That Maintained Benchmark Status vs. 2024 LIS Plans That Lost Benchmark Status, Pulmonary Hypertension



For 2024 LIS benchmark plans that maintained benchmark status:

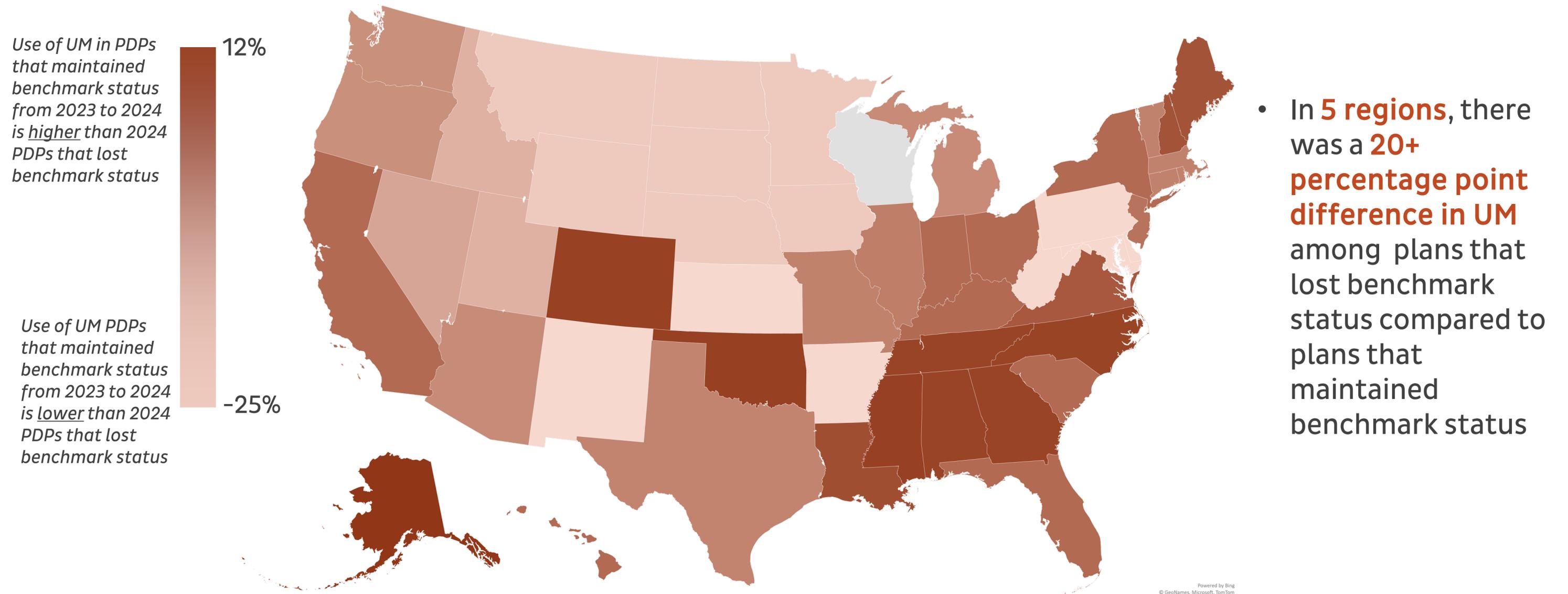
- The average coinsurance was at least 5 percentage points **higher in 8 regions** compared to LIS plans that lost benchmark status
- The average coinsurance was at least 5 percentage points **lower in 8 regions** compared to LIS plans that lost benchmark status

Similar patterns in regional change in average coinsurance were found for anticoagulant drugs.

Note: Wisconsin does not have any plans that lost benchmark status.
PH: Pulmonary Hypertension; PDP: Prescription Drug Plan; LIS: Low-Income Subsidy

For anticoagulants, there were substantial regional differences in UM among 2024 PDPs that maintained vs. lost benchmark status

Difference in Utilization Management Between 2024 LIS PDPs That Maintained Benchmark Status vs. 2024 LIS Plans That Lost Benchmark Status, Anticoagulants



Note: Wisconsin does not have any plans that lost benchmark status. Utilization management includes step therapy and prior authorization. PDP: Prescription Drug Plan; UM: Utilization Management; LIS: Low-Income Subsidy

Key Findings

Across all PDPs, the largest changes were seen for coverage and use of coinsurance, with trends varying by TA and PDP region

-  Coverage changes from 2023 to 2024 PDPs varied for each analyzed TA and by region, increasing for asthma/COPD and autoimmune drugs and decreasing for PH drugs
-  For MS and PH drugs, there was regional variation in coverage, with lower coverage in the midwestern and mountain regions among 2024 PDPs that remained in the market vs. 2023 PDPs that exited the market
-  From 2023 to 2024, use of coinsurance substantially increased for anticoagulants and asthma/COPD drugs

Because the analysis only focused on 5 select TAs, additional and potentially more significant variation may exist for other TAs that were not analyzed.

For LIS benchmark PDPs, changes were concentrated in certain TAs, with regional variation

-  47% of enrollees in LIS benchmark plans in 2023 were in plans that lost benchmark status in 2024. These enrollees had to choose a new plan or pay a premium in 2024.
-  For plans that maintained benchmark status in both years, coverage was lower for PH drugs in 2024
-  Coverage for 2024 LIS benchmark plans was lower than 2024 plans that lost benchmark status for autoimmune drugs, although it was higher for other TAs
-  While there were minimal national changes in UM, there was substantial regional variation for anticoagulants, with higher use of UM in southern regions among PDPs that maintained benchmark status vs. 2023 PDPs that lost benchmark status

Other variations in coverage and UM may exist for other TAs that were not included in the analysis.

Methodology

Methodology

Source

- Avalere used 2023 and 2024 CMS Part D Public Use Files (PUFs) for this analysis.
- Monthly Part D PUFs contain formulary, cost sharing, and utilization management information for the Medicare Prescription Drug Plans (PDPs).

Drug Identification

- For each of the 5 therapeutic areas included in this analysis, Avalere identified the top 5 most frequently used branded, single source drugs based on the 2022 utilization data available in the Medicare Part D drug dashboard.

Analysis

- Avalere analyzed and summarized coverage at the contract/plan level and averaged across all plans in each PDP region and nationally for each TA.
- Results are weighted based on plan enrollment.