Proximity of Medicare Part D Beneficiaries to Network Pharmacies in 2016-2017

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BACKGROUND

"Preferred cost sharing" occurs when beneficiaries receive lower out-of-pocket costs for prescription drugs when a beneficiary uses a designated subset of pharmacies in the network. Today, most standalone Part D prescription drug plans (PDPs) and a significant portion of Medicare Advantage prescription drug plans (MA-PDs) offer these preferred cost sharing pharmacy (PCSP) networks.

Geographic access standards follow those used for the TRICARE program: 90 percent of beneficiaries residing in an urban area must be within 2 miles of a plan pharmacy, 90 percent of suburban beneficiaries must be within 5 miles of a pharmacy, and 70 percent of rural beneficiaries must be within 15 miles of a Plan pharmacy.

OBJECTIVES

Our objective was to calculate quarterly geographic access measures for each entire Part D Plan network, as well as for the subset of PCSP networks when offered. These measures allow CMS to monitor compliance with the TRICARE standard for entire Plan networks and provide the measures and information necessary to meet new reporting requirements for plans with PCSP networks.

METHODS

We used a repeated cross-sectional study design to calculate distance from beneficiaries to both PCSP network and entire-network pharmacies in each quarter of 2016-2017. We then compared these distances to the TRICARE convenient access standard, and identified low-access outlier PCSP plans.

The study ultimately included 3,468 entire networks, with 2,101 PCSP networks included within them. We stratified the study by network type and urban/suburban/rural status. Pharmacies and their addresses were identified using the Medicare Plan Finder (MPF) Output Data, National Council for Prescription Drug Programs and National Plan and Provider Enumeration System. Prescription Drug Coverage Contracting Beneficiary Count Data were used to count Medicare beneficiaries by ZIP code. We used Quest Analytics software for geocoding and then calculated and evaluated beneficiaries' driving distances to network pharmacies against the Convenient Access Standard (Table 1).

Health Plan Management System data was used to identify network type. The quarterly analysis determines which plans meet or fail to meet the convenient access standards, and which PCSCP networks are outliers according to these standards.

FINDINGS

Convenient Access Standards:

Nearly all Entire Part D networks, and most of the PCSP networks, met the TRICARE convenient access standards. However, 14.5% of PCSP plans (311 out of 2,101) did not meet the access standard for Urban areas, while less than 1% (12) of plans' entire networks failed this standard. PCSPs did better at meeting the convenient access standard in suburban and rural areas than they did for urban access, as shown in Table 1.

Table 1: PCSPs Performance on Convenient Access Standard

Geography	Average driving distance (miles)	% of Networks Not Meeting Standard (Numbers not mutually exclusive)
Urban	1.05	14.5% (311 PCSPs)
Suburban	1.50	1.8% (38 PCSPs)
Rural	5.33	1.9% (40 PCSPs)

PCSP Outliers:

We find that, since the implementation of the new policy that identifies and requires publication of outlier status, PCSP outliers have decreased by 16 PCSPs (3.3 percentage points). For PCSPs serving urban areas, which was one of CMS's particular concerns, we find an even more pronounced decline in the number of PCSPs that are outliers, a decline of 20 PCPs (2.4 percentage points). Some of this is due to differences in the way that the software calculates differences, and some likely reflects actual impacts of the new policy.

Table 2: Change in PCSP Outliers Over Time (New outlier policy effective January 1, 2016)

	Q1 2016 (n=1319)	Q4 2017 (n=2101)
Number/Percentage of Outlier PCSPs in all geographies	88 (6.7%)	72 (3.4%)
Number/Percentage of Outlier PCSPs In Urban Areas	50 (3.8%)	30 (1.4%)
Number of "New" Outliers from Previous Quarter	2	2
Number of PCSPs Losing Outlier Status from Previous Quarter	8	5

CONCLUSIONS

The new outlier reporting requirement appears to be having some impact in identifying and publicizing outlier PCSPs. CMS's goal was to reduce PCSP network access disparities through better reporting. The new reporting requirements give CMS additional policy leverage for encouraging Part D plans to meet program requirements; outlier plans must publish this information in their marketing materials and may face other CMS interventions as well. Rather than imposing additional program rules or penalties, CMS is requiring more transparency to allow Part D consumers to choose PCSP plans with smaller disparities. Similar approaches may be effective in other regulated marketplaces.

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