

Evaluating Healthcare Costs and Demographics of Medicare Part D Beneficiaries Impacted by the Top 10 Drugs Selected for Price Negotiations Under the Inflation Reduction Act (IRA)

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Background

- On August 29th, 2023, the Center for Medicare and Medicaid Services (CMS) announced the top 10 drugs subjected to price negotiations under the Inflation Reduction Act (IRA). The law allows Medicare to negotiate directly with companies to lower the prices of high-expenditure single-source Part D drugs.¹
- The 10 drugs selected accounted for over \$50.5 billion in total Part D gross covered prescription drug costs from June 1st, 2022, to May 31st, 2023. ¹ Negotiated prices will take effect beginning in 2026.¹

Objective

- Analyze patient demographics, hierarchical condition category (HCC), patient liability (patient out-of-pocket [OOP], low-income subsidy (LIS) payments, and other payers), and other prescriptions taken by patients and total out-of-pocket cost.

Methods

Data Source and Study Design

- This study used the Chronic Condition Warehouse (CCW) 100% Medicare Part D Event Claims Data (PDE) Files in 2022. This database comprises over 49 million enrollees and includes payment information (Medicare and patient liability), treatment type, service date, days supply, and quantity dispensed.
- Demographic information was obtained from the 2022 Master Beneficiary Summary File (MBSF).

Patient Selection

- Patients with at least one prescription of the 10 drugs from January 1st, 2022, to December 31st, 2022, were selected for this analysis.

Measures and Statistical Analyses

- Baseline patient demographics which included age, gender, race, low-income subsidy (LIS) status, dual eligibility, big census region, and reason for enrollment were assessed.
- Bivariate statistics were used to compare baseline patient demographics between the patients on the top 10 drugs and the remainder of the Part D population.

Results

Table 1: Medicare Part D Patient Demographics

	Patients on Top 10 Drugs (N=7,790,273, 16%)	Other Part D Patients (N=41,371,551, 84%)
Age (Mean, Median)	74.2 (74.0)	72.0 (72.0)
HCC Count of FFS Beneficiaries (Mean, Median)	4.3 (3.0)	2.8 (2.0)
Female (N,%)	3,964,979 (51%)	24,163,598 (58%)
Race (N,%)		
Asian	210,084 (3%)	1,181,933 (3%)
Black	933,866 (12%)	4,383,264 (11%)
Hispanic	294,475 (4%)	1,442,826 (3%)
Other	345,093 (4%)	2,039,285 (5%)
White	6,006,755 (77%)	32,325,243 (78%)
Low SES (N,%)		
Low-Income Subsidy	2,740,788 (35%)	10,707,765 (26%)
Dual Eligibility	2,472,134 (25%)	9,661,254 (23%)
Region (N,%)		
Northeast	1,547,420 (20%)	7,450,458 (18%)
South	3,032,995 (39%)	15,279,120 (37%)
Midwest	1,723,822 (22%)	9,053,838 (22%)
West	1,408,313 (18%)	8,998,511 (22%)
Other	77,723 (1%)	589,624 (1%)
Reason for Enrollment (N,%)		
Age	6,871,959 (88%)	25,212,015 (88%)
Disability	888,230 (11%)	5,072,877 (12%)
ESRD	30,084 (<1%)	86,659 (<1%)

Table 2: Non-LIS Patient Liability Across Top 10 IRA Part D Drugs

Generic Name	Drug Class	Non-LIS Patient Count (N)	Average Annual Non-LIS Patient Liability Across All Part D Medications In Year (\$)	Proportion of Non-LIS Patient Liability Attributable to Negotiated Drugs (%)	Average Number of Other Part D Drugs
apixaban	Anticoagulants	2,495,132	\$ 1,206	52%	10.9
empagliflozin	Antidiabetic Agent/SGLT Inhibitor	760,989	\$ 1,238	41%	12.0
rivaroxaban	Anticoagulants	941,981	\$ 1,200	53%	10.5
sitagliptin	Antidiabetic Agent	459,756	\$ 1,129	47%	11.5
dapagliflozin	Antidiabetic Agent/SGLT Inhibitor	359,988	\$ 1,245	38%	12.3
sacubitril/valsartan	Cardiac Drugs	318,225	\$ 1,169	50%	11.8
etanercept	Immunosuppressant	21,359	\$ 2,738	84%	11.2
ibrutinib	Molecular Targeted Therapy	17,813	\$ 7,136	93%	10.7
ustekinumab	Immunosuppressant	9,729	\$ 5,037	89%	11.4
insulin aspart	Antidiabetic Agent	366,455	\$ 1,293	22%	13.9

Conclusions

- Patients taking one of the first ten drugs subject to negotiation are older with higher proportions of males, LIS beneficiaries, and HCC risk scores compared to the rest of the Part D population.
- On average, these patients take more medications (13.5 drugs) compared to other Part D beneficiaries (8.3 prescriptions).
- About 40% of the patient taking these 10 drugs are LIS, and three products in the immunosuppressant and molecular targeted therapy classes have greater than 50% LIS.
- Three of the top 10 drugs account for >80% of non-LIS patients' total liability, while the remaining seven only account for 22%-53%

Figure 1: Proportion of LIS vs Non-LIS Patients on the Top 10 Drugs

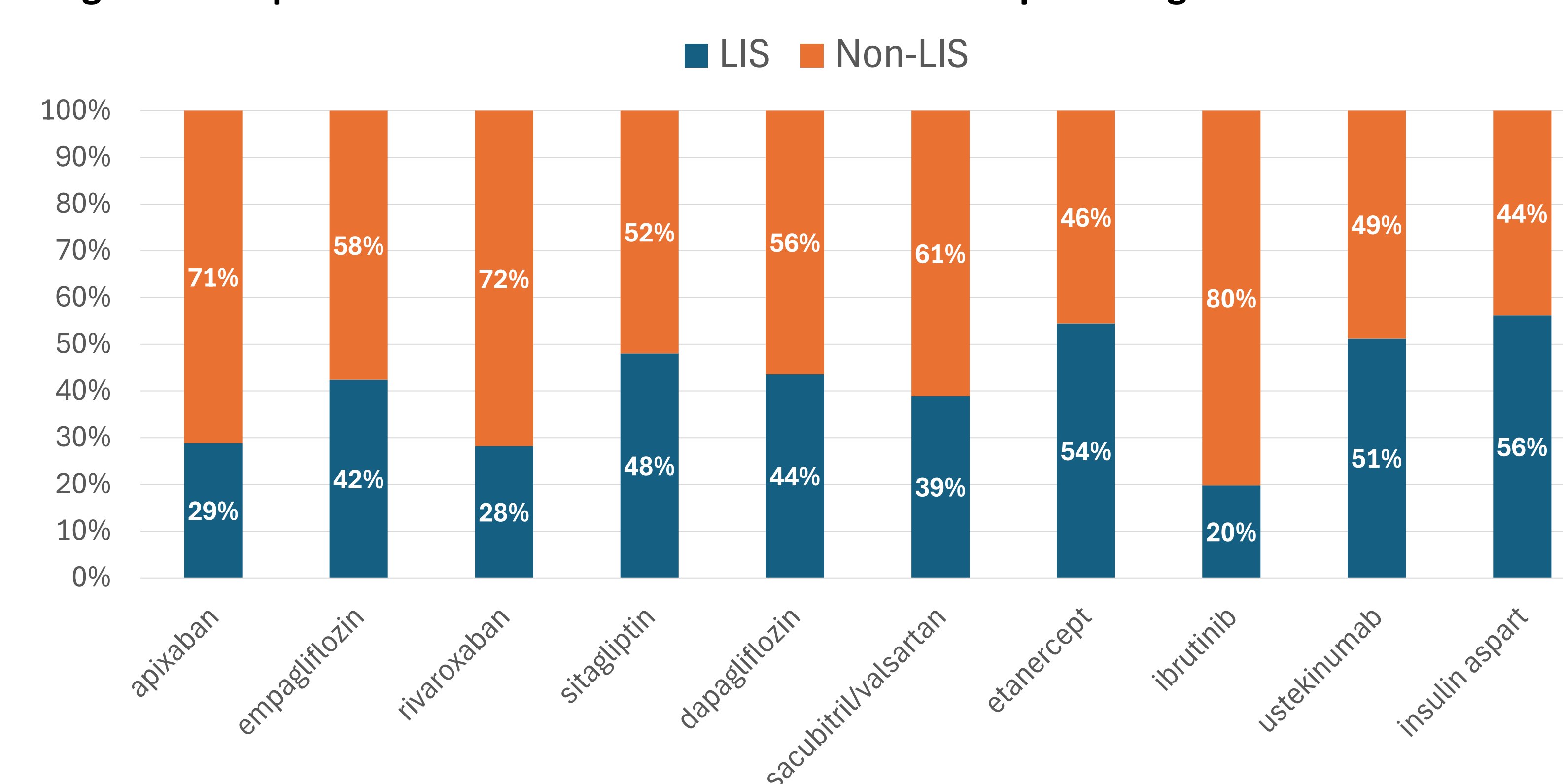
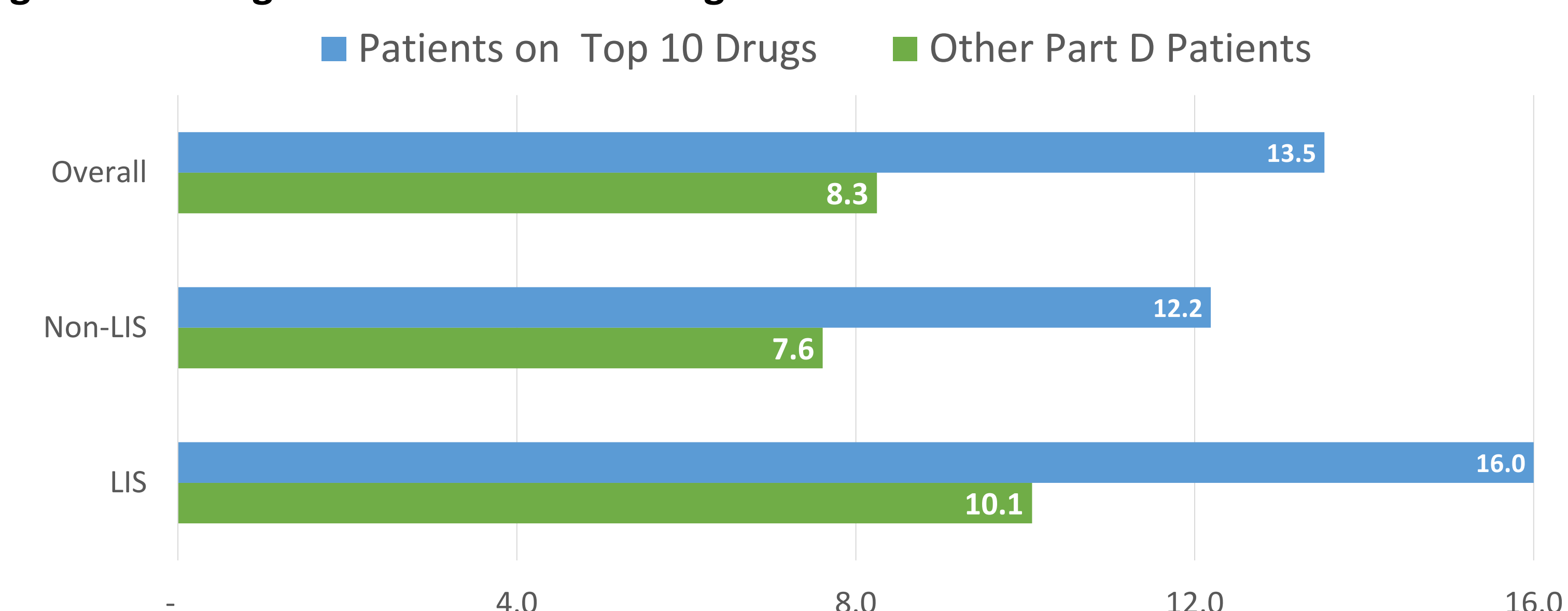


Figure 2: Average Number of Part D Drugs in 2022



References

- Factsheet: Medicare Drug Price Negotiation Program, www.cms.gov/files/document/fact-sheet-medicare-selected-drug-negotiation-list-ipay-2026.pdf.



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