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Researchers find patients' annual financial burden under Medicare Part D is 'too much too soon'

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Medical advances have offered an increasing number of treatment options to patients with serious and chronic illnesses such as cancer, but these "specialty drugs" often come with a high price tag. A study released today by researchers at the Perelman School of Medicine at the University of Pennsylvania documents the patient out-of-pocket cost burden under Medicare prescription drug plans (known as Medicare Part D) and finds that despite having insurance, Medicare patients using specialty drugs paid thousands of dollars in out-of-pocket costs in a calendar year. Study authors also propose policy changes that would help patients better predict monthly bills for critical medications. The study appears online today in a special issue of The American Journal of Managed Care and was selected as the runner-up in the 2016 PAN Challenge, which asked researchers to offer "sustainable strategies for providing access to critical medications."

"Our study found that under current policy, Medicare patients with chronic myeloid leukemia, a form of blood cancer that can be treated with life-saving medications, had to pay an average of $2,452 for their medicines in January alone," said lead author Jalpa A. Doshi, PhD, an associate professor of Medicine in the Perelman School of Medicine at the University of Pennsylvania. "That's almost twice the average monthly Social Security benefit."

Unlike most commercial insurance plans, there is no annual maximum

out-of-pocket spending limit under Medicare Part D. The new study found that, in total, patients with chronic myeloid leukemia paid an average of $6,322 over the course of a single year, and more than half of these payments were due in the first two months of the year. "Our findings underscore that policies need to pay attention not only to how much patients are required to pay during the year, but also to when they are required to pay it," Doshi said.

The study, which examined 2012 Medicare data for patients without low-income subsidies under Part D, also included patients receiving specialty drugs for rheumatoid arthritis or multiple sclerosis. Those patients had average annual out-of-pocket costs of $3,949 and $5,238, respectively, for all of their Medicare Part D-covered medications. Of note, half of people on Medicare have annual incomes below $24,150.

Doshi and colleagues have previously published studies showing that patients who are responsible for high out-of-pocket costs for specialty drugs are less likely to initiate treatment and more likely to skip or stop treatment. "Difficulty affording prescriptions is associated with inconsistent adherence, which could lead to adverse outcomes down the line," Doshi said. "It's important that we help patients manage their monthly costs so they can get the medications they need."

The new study also examined how changes recently proposed by the Medicare Payment Advisory Commission (MedPAC) would impact this real-world sample of Medicare beneficiaries. They found the changes would reduce the overall out-of-pocket cost burden for some patients and increase it for others, yet all patients would continue to be subject to substantial financial burden at the beginning of the year.

To address these high and variable monthly out-of-pocket costs, the authors outline relatively simple policy changes that would introduce both monthly and annual out-of-pocket spending limits, with the goal of

providing consistency in monthly costs for their medications. "Energy companies already offer this sort of payment plan so that families aren't faced with unmanageable winter heating bills," Doshi said. "This approach is particularly important for many seniors who live on fixed incomes."

The authors also discuss the costs of their proposal. "The reality is that any proposed change needs to be financially sustainable," Doshi said. "We found that our suggested changes could be financed by an additional cost of only $1.96 per month, or $23.55 per year, per beneficiary."

Doshi presented the findings of the study at a Cost-Sharing Roundtable hosted by the Patient Access Network (PAN) Foundation in collaboration with *The American Journal of Managed Care* in Washington, DC on February 24.

Provided by Perelman School of Medicine at the University of Pennsylvania

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