# MEDICARE PART D 2008 DATA SPOTLIGHT: TEN MOST COMMON BRAND-NAME DRUGS

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Medicare Part D plans typically use cost sharing, formularies (lists of covered drugs), and utilization management techniques (prior authorization, step therapy, and quantity limits) to manage enrollees' use of drugs. With these tools, plans may reduce their costs by steering enrollees to less expensive drugs, especially in classes where similar generic medications are available. At the same time, because of patient and physician loyalty to many commonly prescribed brands, plans have an incentive to cover these drugs to attract enrollees. As a result, access to and costs for a particular drug can vary widely from one Part D plan to another.

This Part D Data Spotlight focuses on coverage and utilization management of the ten brand-name drugs most commonly used by Medicare beneficiaries. The ten drugs were selected based on the number of prescriptions filled in 2007 in Pennsylvania's Pharmaceutical Assistance Contract for the Elderly (PACE) program. They include cholesterol-lowering and other cardiovascular medications, two drugs for treating osteoporosis, three proton pump inhibitors (PPIs) used to treat gastrointestinal reflux and ulcers, and a medication used to treat dementia (Exhibit 1).[1] Findings are based on the authors' analysis of data for the 47 unique, national stand-alone prescription drug plans (PDPs) offered by 15 organizations in 2008, representing 88 percent of all PDPs nationwide. This research is part of a broader effort analyzing Medicare Part D plans in 2008, with key findings summarized in a series of data spotlights.[2]

**Exhibit 1: Top Ten Brand-Name Drugs, Ranked by Number of Prescriptions Filled in PACE, 2007**

| Rank | Drug Name | Type of Drug | Median Negotiated Monthly Price |
|---|---|---|---|
| 1 | Lipitor | Cholesterol | $79.12 |
| 2 | Plavix | Cardiovascular | $125.91 |
| 3 | Protonix | PPI | $117.67 |
| 4 | Nexium | PPI | $145.09 |
| 5 | Fosamax | Osteoporosis | $79.15 |
| 6 | Diovan | Cardiovascular | $57.54 |
| 7 | Aricept | Dementia | $158.49 |
| 8 | Zetia | Cholesterol | $87.06 |
| 9 | Actonel | Osteoporosis | $83.60 |
| 10 | Prevacid | PPI | $146.41 |

SOURCE: PACE utilization data and Hargrave et al. analysis of data on pricing from the CMS Medicare Prescription Drug Plan Finder on Medicare.gov, for the Kaiser Family Foundation.

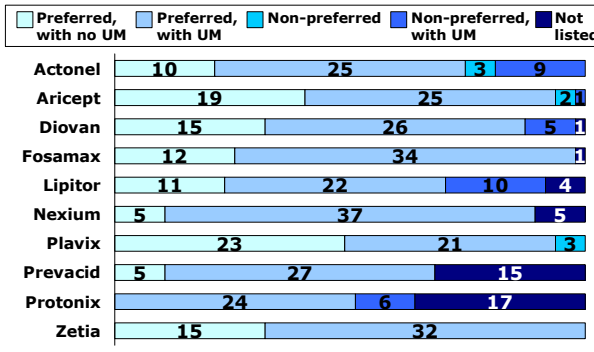
## COVERAGE OF THE TOP TEN BRAND-NAME DRUGS

Four of the top ten brands—Actonel, Aricept, Plavix, and Zetia—are listed on all 47 national PDP formularies (Exhibit 2). Fosamax and Diovan are listed by all but one plan, and Lipitor is listed by all but four plans. The three PPIs (particularly Prevacid and Protonix) are the least likely to be included in national plan formularies.

Even if a drug is listed on a plan's formulary, utilization restrictions may limit a beneficiary's access to the drug. Plans may require step therapy or prior authorization before covering a drug, or may limit the quantity covered. Plans may also place drugs on a non-preferred tier, associated with higher cost sharing. Most national plans apply at least one of these restrictions to most of the top ten brand-name drugs; only two of the ten drugs (Aricept and Plavix) are placed on a preferred tier with no utilization management restrictions by more than one-third of the national plans.

**Exhibit 2**

**Number of National Plans Covering Top Ten Brand-Name Drugs, by Preferred Status and Restrictions, 2008**




NOTES: UM is utilization management restrictions.
SOURCE: Hargrave et al. analysis of data from the CMS Medicare Prescription Drug Plan Finder on Medicare.gov, 2008, for the Kaiser Family Foundation.

Plavix (with no clinical equivalent to prevent clotting, at least for patients who do not tolerate aspirin) is the most likely to have unrestricted coverage, with nearly half of national plans placing it on a preferred tier without utilization management. At the other end of the spectrum are the PPIs, where several alternatives, including generics, are available. When covered, Protonix is always subject to utilization management; in six plans, it is also on a non-preferred tier. The two other PPIs, Nexium and Prevacid, are covered as preferred without restrictions in the same five plans (which do not cover Protonix); more often, they are covered as preferred with restrictions or not covered at all.

## UTILIZATION MANAGEMENT OF THE TOP TEN BRAND-NAME DRUGS

Quantity limits are the most common utilization management restriction for these ten brand-name drugs; between 21 and 32 of the national plans impose quantity limits on each drug (Exhibit 3). The Medicare Plan Finder does not specify the limits or how they are applied. Plans may restrict how long a beneficiary can use a particular drug (e.g., a PPI meant to be taken for a limited number of weeks), the dosage that can be taken during a month (e.g., a weekly osteoporosis medication), or the days' supply (e.g., not allowing a 90-day supply at retail). For all drugs but Prevacid and Lipitor, over half of the plans that apply utilization management to the drugs use only a quantity

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limit. Actonel and Fosamax, both typically taken weekly, are most likely to have quantity limits, which is almost always their only restriction.

Step therapy is the next most common form of utilization management for these ten drugs. Although it can be clinically appropriate to start with a less aggressive or less expensive alternative, the requirement may seem burdensome to many beneficiaries, especially if they have already tried alternatives. At least a dozen plans require beneficiaries to try another drug before covering Diovan, Lipitor, Nexium, and Prevacid. A handful of plans require step therapy for Actonel, Fosamax, Protonix, and Zetia. Only Aricept and Plavix never have step therapy requirements.

Prior authorization is the least frequently used form of utilization management. Prior authorization is most common for drugs that cost more than $100 for a month's supply, including Aricept, Nexium, Prevacid, and Protonix. Each of these drugs has a prior authorization requirement in five or more plans, although no plan requires prior authorization for Plavix, which also costs more than $100 per month.

**Exhibit 3: Number of National Plans Applying Utilization Management to the Top Ten Brand-Name Drugs, 2008**

| Drug Name | Prior Authorization | Quantity Limits | Step Therapy | Any UM |
|---|---|---|---|---|
| Actonel | 0 | 32 | 2 | 34 |
| Aricept | 7 | 26 | 0 | 26 |
| Diovan | 0 | 28 | 14 | 31 |
| Fosamax | 0 | 32 | 2 | 34 |
| Lipitor | 1 | 32 | 16 | 32 |
| Nexium | 6 | 32 | 12 | 37 |
| Plavix | 0 | 21 | 0 | 21 |
| Prevacid | 6 | 22 | 12 | 27 |
| Protonix | 5 | 26 | 8 | 30 |
| Zetia | 2 | 27 | 5 | 32 |

SOURCE: Hargrave et al. analysis of data from the CMS Medicare Prescription Drug Plan Finder on Medicare.gov, for the Kaiser Family Foundation.

## COST SHARING FOR THE TOP TEN BRAND-NAME DRUGS

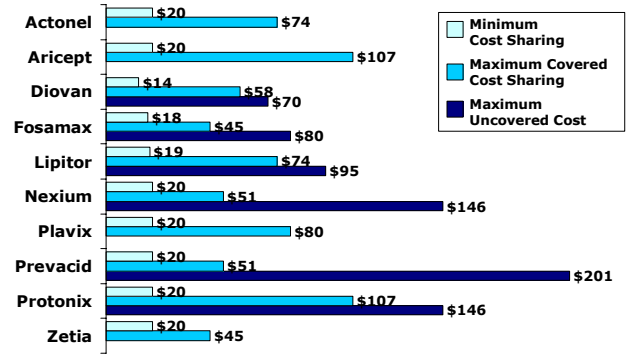
Cost sharing for the top ten brand-name drugs varies across plans. For each of the top ten brands, at least one national plan offers cost sharing of $20 or less (Exhibit 4). At the other extreme, a beneficiary selecting a plan in which Prevacid is uncovered would pay up to ten times the lowest cost for the drug.[3]

Four of the top ten brands are always on a preferred tier when they are covered on formulary: Fosamax, Nexium, Prevacid, and Zetia. The maxiumum covered cost sharing for each of these drugs is about $50, more than double the lowest cost sharing available. The range of cost sharing for covered drugs can be much greater when drugs are covered on a non-preferred tier; for example, one plan has cost sharing of $107 for non-preferred drugs, including Protonix and Aricept.

Costs to beneficiaries are highest when drugs are not covered; for example, $146 for Nexium and $201 for Prevacid. Costs for the other brands that are not covered by some plans range from $70 to $95.

Exhibit 4

**Monthly Cost Sharing for the Top Ten Brand-Name Drugs in National Plans, 2008**




SOURCE: Hargrave et al. analysis of data from the CMS Medicare Prescription Drug Plan Finder on Medicare.gov, 2008, for the Kaiser Family Foundation.

## CHANGES IN COVERAGE OF THE TOP TEN BRANDS SINCE 2006

Since our initial review of PDP formulary coverage of the top ten brand-name drugs in 2006, four of the ten drugs have gone off patent: Norvasc, Toprol XL, Zocor, and Zoloft.[4] With the availability of generic versions, plans have either stopped covering the branded versions or placed restrictions on them. At the time of our data collection for 2008, Toprol XL, which went off patent late in 2007, was still covered by 43 of the 47 national plans, whereas the three other drugs are covered by less than half the plans, usually as non-preferred or with utilization restrictions. Unlike patented brands, these drugs are more likely to have prior authorization and step therapy restrictions than quantity limits. These plan decisions give beneficiaries a strong incentive to switch to lower-cost generic versions.

Over half of the most commonly used top ten brands are expected to go off patent in the next few years: Fosamax and Protonix in 2008, Prevacid in 2009, Aricept in 2010, and Lipitor and Plavix in 2011. This will create a widespread opportunity for savings for both beneficiaries and the Medicare program, as Part D plans use their formularies and other utilization management tools to steer beneficiaries to lower-cost generics.

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[1] At the time of our data collection, none of these drugs had direct generic equivalents at the molecule level. A generic version of Fosamax was approved for market in February 2008, after the data were collected for this analysis. Some are in a class with a similar drug that is off-patent. For example, there are generic cholesterol drugs, and one PPI, omeprazole, is available generically and over-the-counter. In classes such as osteoporosis and dementia drugs, all drugs are still on patent.

[2] Other Medicare Part D 2008 Data Spotlights, based on the authors' analysis of CMS data, along with a detailed methodology appendix, are available at http://www.kff.org/medicare/med102507pkg.cfm.

[3] Of the plans that do not cover Prevacid, nine show prices within a few dollars of $200 on the Plan Finder. However, six other plans that do not cover Prevacid show prices in the range of $143 to $147.

[4] Hoadley J, Hargrave E, Cubanski J, Neuman T. *An In-depth Examination of Formularies and Other Features of Medicare Drug Plans.* Kaiser Family Foundation, April 2006 (http://www.kff.org/medicare/7489.cfm).