

Medicare Coverage for Branded Drugs

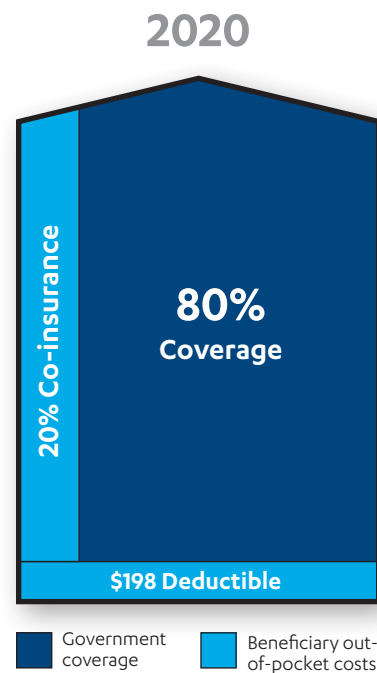
2020

This brochure outlines Medicare coverage under Part B and Part D and illustrates the impact on patients who incur costs for covered brand-name drugs.

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Medicare Part B: Coverage

Medicare Part B covers physician-administered therapy



Medicare Part B in 2020

- The Part B standard monthly premium for all enrollees in 2020 is \$144.60.¹
- Higher income enrollees (>\$87,000 individual tax returns; >\$174,000 joint tax returns) are subject to an income-related monthly adjustment which can raise premiums up to \$491.60 per month.¹
- The Part B deductible for 2020 is \$198 for all Part B beneficiaries.¹
- The beneficiary is responsible for 20% of all medication costs incurred after the annual deductible has been met.
- Low-income beneficiaries may be eligible for Medicare Savings Programs that help cover components of beneficiary cost-sharing for Medicare Part B.²

Most Medicare beneficiaries have some type of supplemental insurance coverage³ that fills in much of Medicare’s Part B cost-sharing requirements.

Common forms of supplemental insurance include employer-sponsored insurance plans, Medigap (Medicare Supplement Insurance) plans, and Medicaid.

Medigap coverage is available for some Medicare Part B out-of-pocket costs

- Medigap is a private health insurance that is designed to supplement Original Medicare (Parts A and B), but does not supplement Medicare Advantage (Part C) or Medicare Prescription Drug plans (Part D).⁴
- Medigap policies help pay a beneficiary’s share (co-insurance, co-payments, or deductibles) of the costs for Medicare-covered services, and some policies may cover services that Original Medicare doesn’t cover.⁴
- “Standardized” Medigap policies (identified by letters A through N) are available in most states. Benefits and coverage percentages vary by plan type.⁵
- Eight of the 10 standardized Medigap plans cover all of the Medicare Part B co-insurance (20%) and the remaining plans cover a portion.⁵
- Starting January 1, 2020, Medigap plans sold to people newly eligible for Medicare are not allowed to cover the Part B deductible. As a result, Medigap Plans C and F are no longer available to new beneficiaries. Those enrolled in Plans C or F prior to January 1, 2020, may keep their plan.⁵
- Beneficiaries should compare premiums and coverage options to determine the most appropriate Medigap policy.

How Medicare Part D Covers Branded Prescription Drugs

The 2020 “standard” Medicare Part D drug benefit for brand-name drugs

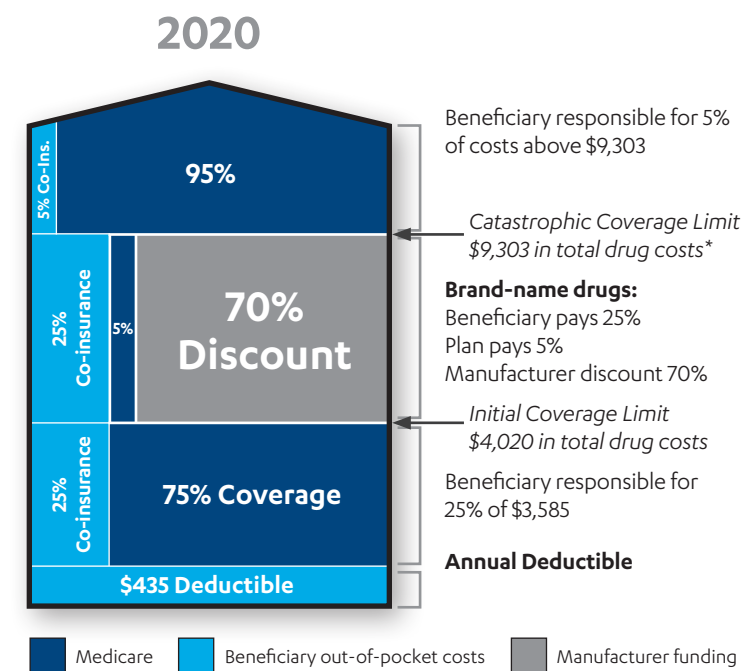
Premium: CMS estimates the 2020 base beneficiary Part D premium at \$32.74 per month.⁶ Actual premiums can vary significantly between Part D plans.⁶ In addition to the premium, higher income Part D enrollees will pay an income-related monthly adjustment amount (Part D-IRMAA).⁶

Deductible: The annual deductible for 2020 is \$435.⁷ The beneficiary is responsible for 100% of this amount.

Initial Coverage Period: This period begins when the deductible has been satisfied and lasts until the Initial Coverage Limit is reached. For 2020, the Initial Coverage Limit is \$4,020 in total drug costs.⁷ The beneficiary is typically responsible 25% of that amount, less the deductible (25% of \$3,585). The beneficiary then enters the Coverage Gap.

Coverage Gap: The costs for brand-name drugs within the Coverage Gap are shared between the beneficiary, the manufacturer, and the plan, with the beneficiary responsible for 25%. This level of beneficiary cost-sharing essentially “closes” the gap between the Initial Coverage Period and the higher cost-sharing that previously defined the Coverage Gap. This period ends when the total drug costs reach \$9,303, the 2020 Catastrophic Coverage Limit.⁸

Catastrophic Coverage Period: Once the 2020 Catastrophic Coverage Limit is reached, the beneficiary is responsible for minimal cost-sharing for the remainder of the year.⁷



* Based on use of brand-name drugs only; correlates with \$6,350 Out-of-Pocket Threshold.^{7a}

Other important points about Medicare Part D

- The costs illustrated in this brochure represent the standard Medicare Part D prescription drug benefit. Beneficiaries may choose to enroll in prescription drug plans with different benefit structures that vary in terms of premiums, deductibles, covered drugs, and patient cost-sharing.
- Medigap (Medicare Supplement insurance) may not be used to cover the out-of-pocket costs (deductibles, co-pay, co-insurance) associated with Medicare Part D prescription plans.
- Some people with limited resources and income may be able to get help paying for Medicare Part D prescription drug plan costs (premiums, deductibles, co-payments) through the Medicare Low-Income Subsidy program, also called “Extra Help.” In 2019 the Extra Help program was estimated to be worth about \$5,000 per year.⁹

Under certain circumstances, physician-administered therapies may be covered under Medicare Part D

- Some physician-administered drugs have been added to the formularies of Medicare Part D prescription drug plans.
- To be eligible for coverage under Part D, the drug:
 - Must be included in a Part D plan’s formulary, or treated as being included as the result of a coverage determination or appeal.
 - Must be obtained through a network pharmacy (retail, mail order, specialty) or an out-of-network pharmacy in accordance with the plan’s policies.

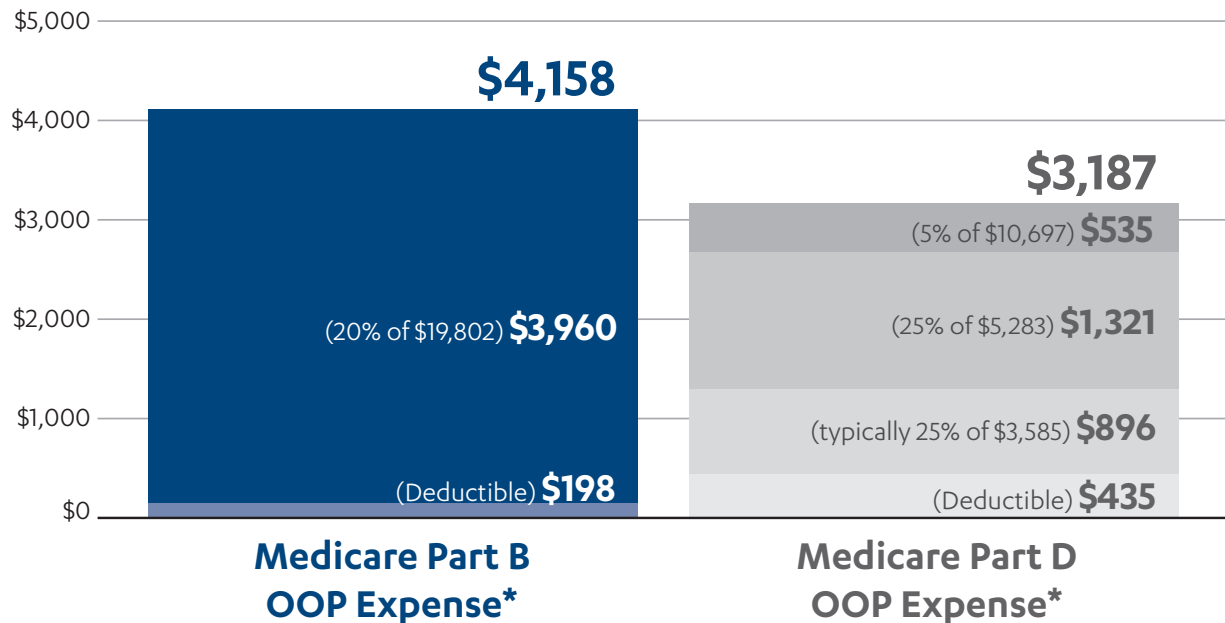
Part D coverage and cost-sharing policies for therapies vary by plan and may include:

- Being placed on a higher or lower co-pay tier than other alternative therapies
- Being assigned to a specialty tier that may include higher beneficiary cost-sharing
- Limiting the use of specialty drugs to specific indications
- Requiring prior authorization processes¹⁰

Comparison of patient out-of-pocket expenses in 2020:

Medicare Part B and Medicare Part D

The following is an example of potential out-of-pocket (OOP) expenses based upon \$20,000 in annual medication cost. This example assumes the use of only brand-name drugs (25% beneficiary cost-sharing during the Coverage Gap) and excludes monthly premiums for Medicare Part B and Medicare Part D and the combined cost of premiums for patients enrolled in both Part B and Part D.



*Rounded to nearest whole dollar.

Resources

“Medicare & You 2020”

<https://www.medicare.gov/pubs/pdf/10050-Medicare-and-You.pdf>

Understanding the Extra Help With Your Medicare Prescription Drug Plan

<https://www.ssa.gov/pubs/EN-05-10508.pdf>

Medicare Savings Programs

<https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/medicare-savings-programs>

“Your Guide to Medicare Prescription Drug Coverage”

<https://www.medicare.gov/Pubs/pdf/11109-Your-Guide-to-Medicare-Prescrip-Drug-Cov.pdf>

Medicare

<https://www.medicare.gov/>

or call: 1-800-MEDICARE (633-4227)

References: 1. CMS-8073-N. Medicare Program; Medicare Part B Monthly Actuarial Rates, Premium Rates, and Annual Deductible Beginning January 1, 2020; Notice. 84 Fed. Reg. 61,625. (November 13, 2019). 2. Medicare.gov. Medicare Savings Programs. <https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/medicare-savings-programs>. Accessed January 15, 2020. 3. The Henry J. Kaiser Family Foundation (KFF). Data Note (November 2018). Sources of Supplemental Coverage Among Medicare Beneficiaries in 2016. <http://files.kff.org/attachment/Data-Note-Sources-of-Supplemental-Coverage-Among-Medicare-Beneficiaries-in-2016>. Accessed January 15, 2020. 4. Medicare.gov. What’s Medicare Supplement Insurance (Medigap)? <https://www.medicare.gov/supplements-other-insurance/whats-medicare-supplement-insurance-medigap>. Accessed January 15, 2020. 5. Medicare.gov. How to compare Medigap policies. <https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies>. Accessed January 15, 2020. 6. Centers for Medicare and Medicaid Services. Annual release of Part D national average bid amount and other Part C&D bid related information. (July 30, 2019). <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/PartDandMABenchmarks2020.pdf>. Accessed January 15, 2020. 7. Centers for Medicare and Medicaid Services. Announcement of calendar year (CY) 2020 Medicare Advantage capitation rates and Medicare Advantage and Part D payment policies and final call letter (April 1, 2019). <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2020.pdf>. Accessed January 15, 2020. 8. Moran Company analysis; data on file. 9. Social Security Administration. Understanding the Extra Help with Your Medicare Prescription Drug Plan. (December 2019). <https://www.ssa.gov/pubs/EN-05-10508.pdf>. Accessed January 15, 2020. 10. Centers for Medicare & Medicaid Services. Medicare Prescription Drug Benefit Manual. Chapter 6 – Part D Drugs and Formulary Requirements, Rev. 18. <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Part-D-Benefits-Manual-Chapter-6.pdf>. Accessed January 15, 2020.