HEALTH INSURANCE 101

Effects on Access to Treatment

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Annual Fellow's Conference 2022

HEALTH INSURANCE 101

THE BIRTHDAY STORY

64 YO w seropositive RA, is stable and in remission on a subq biologic agent.

Uses a manufacturer’s copay card to help her obtain her monthly prescription.

And then HAPPY BIRTHDAY: Has a 65th birthday and what happens?

INSURANCE

Insurance definition: Coverage by contract whereby one party undertakes to indemnify or guarantee another against loss by a specified contingency or peril

Health Insurance definition: A type of insurance providing compensation for medical expenses

HEALTH INSURANCE 101

Health Insurance:

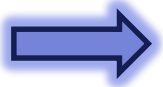
Insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over numerous persons.

By estimating the overall risk of health system expenses over the risk pool, an insurer can develop a routine finance structure such as a monthly premium or payroll tax, to pay for the health care benefits specified in the insurance agreement (contract). The benefit is administered by a central organization such as a government agency, private business or not-for-profit entity.

HEALTH INSURANCE 101

TODAY'S PRESENTATION TOPICS:

- Commercial Insurance
- Public (Government)

    - Medical Benefits vs Pharmacy Benefits
    - PBM's
    - From Rx  Acquisition and Administration

Different Types of Payers

Commercial Health Insurance

- ***INDEMNITY***
- HMO
- PPO
- QHP

Less common PPO variants

- ESO
- PSO

Different Types of Payers

PPOs and Variants

- PPO
- EPO
- POS

Commercial QHP Plans

State Exchange Models

Exchange Model	Who Performs Function	Where to Apply/Enroll	Plan Submission System
Federally Facilitated Exchange (FFE)	HHS performs all Exchange Functions	Healthcare.gov	HIOS & SERF
State Performs Plan Management Functions	States administer in-person consumer assistance functions. HHS performs remaining Exchange functions	Healthcare.gov	HIOS & SERF (for marketing URLs)
State Based Exchange on Federal Platform	States perform all Exchange functions but use FFE IT platform	Healthcare.gov	HIOS & SERF (for marketing URLs)
State Based Exchange (SBE)	States Perform all Exchange Functions	Stet Website	State Specific System
States not enforcing Market-Wide Reforms (MO, OK, TX, WY) https://www.qhpcertification.cms.gov/s/State%20Exchange%20Models	These states have notified CMS that they do not have the authority to enforce or are not otherwise enforcing the Affordable Care Act market reform provisions. Issuers must submit form filings to CMS for review.	HealthCare.gov	Contact formfiling@cms.hhs.gov for details on requirements for form filing in these states.

Different Types of Payers

Public (Government)

- ❑ Medicare - Federal
- ❑ Medicaid – State*
- ❑ Tricare – Military

For more information on **Medicaid plans please see: https://www.healthinsurance.org/glossary/medicaid/ . Includes CHIP

Medicare Coverage

- Medicare Covers
  - People age 65 and older
  - People under 65 with disabilities
  - ESRD
  - Dual Eligibles

TYPES OF MEDICARE COVERAGE

- PART A - Inpatient Hospital Coverage
- PART B - Physician and other Outpatient Services
- PART C - Medicare Advantage
- PART D - Prescription Drug Coverage

MEDICARE PART C

- Medicare Advantage Plans are managed by private insurance companies
- Includes PART A, PART B and sometimes PART D all in one plan
- Some plans include benefits for hearing aids, eyeglasses and some dental services

What is Medigap Insurance ?

Additional health insurance purchased from a private company to pay for health care costs not covered by original Medicare Including:

- Deductibles
- Copayments/Coinsurance
- Deductibles and Health care while traveling outside US

Medigap usually does not cover:

- Long term care
- Dental care
- Hearing aids / Eyeglasses
- Private duty nursing
- Prescription drugs

What are Deductibles?

Deductibles are the dollar amount that you must pay out of pocket before the insurer starts paying benefits:

- Comprehensive Deductibles
- Non-comprehensive Deductibles
- In-Network and Out-of-Network Deductibles
- Prescription Deductibles
- Individual Deductibles
- Aggregate Deductibles

2022 Part D Standard Plan Cost-Sharing*

Part D Benefit Cost Periods	Costs and Who Pays	Beneficiary Pays (TrOOP)	Plan Pays	Total Amount Spent on Plan-Covered Drugs
Initial Deductible	Beneficiary pays 100%	Up to $480	$0	**$480** (Amount spent on deductible, before ICP begins)
Initial Coverage Period (ICP)	Costs of covered drugs are shared: 25% by beneficiary, 75% by plan.	Up to $1,107.50* *maximum an individual would pay if in plan with no deductible	$3,322.50	**$4,430** (Amount spent during ICP, including applicable deductible, before Coverage Gap begins)
Former Coverage Gap ("donut hole")	**While the Part D coverage gap ("donut hole") officially closed in 2020, that does not mean beneficiaries don't have to share a portion of costs after the ICP:** • The beneficiary will continue to pay 25% for both **generic** drugs and **brand-name** drugs, plus a small portion of the pharmacy dispensing fee (approx. $1-$3). • The plan pays 75% of the cost of **generic** drugs and 5% for **brand-name** drugs. • The drug manufacturer provides a 70% discount on **brand-name** drugs. **Note about True Out-of-Pocket (TrOOP) costs:** The total amount spent in this period (up to **$5,582.50**) includes: • The drug costs paid by the beneficiary, **and** • The 70% discount on **brand-name** drugs provided by the drug manufacturer. Payments made by the plan during this period (75% on **generics,** 5% on **brand-name** drugs) do not count toward TrOOP.			**Up to $5,582.50** (Total amount spent during the period between the end of the ICP and prior to the Catastrophic Benefit Period) **$10,690.20** (Total amount spent during both the ICP and this period, before Catastrophic Benefit Period begins)
Catastrophic Benefit Period	When an enrollee's total out-of-pocket spending reaches **$7,050**, they hit the catastrophic benefits period, and costs of covered drugs are shared. Beneficiary pays reduced copay/coinsurance; plan pays the difference.	Greater of: 5% coinsurance ***OR*** $3.95 copay for generic, $9.85 copay for brand or non-preferred	Any remaining portion of the negotiated drug price	Beneficiary will remain in the Catastrophic Benefit Period through December 31, 2022. Part D benefit will reset on January 1, 2023, starting again with a deductible.

***Most Part D plans are not standard plans. This means calculating TrOOP costs during the initial deductible and ICP varies by plan.**
Source: 2022 Call Letter (pp. 75-83) at: https://www.cms.gov/files/document/2022-announcement.pdf

This resource was supported in part by grant 90MINC0002-01-01 from the U.S. Administration for Community Living, Department of Health and Human Services. Points of view or opinions do not necessarily represent official ACL policy.

Medical Benefits vs Pharmacy Benefits

Medical Benefit

- **Typically administered in an in office or outpatient setting by a physician or nurse (IV therapies and some percutaneous injections)**
- Often requires a prior authorization (PA)
- Typically has a deductible, then coinsurance.
- Provider pays for drug and submits claims to health plan
- Medicare Part B

Pharmacy Benefit

- **Typically self-administered or self-injected by the patient at home**
- Distributed by a specialty, retail or mail order pharmacy
- May require a PA
- Typically has a copay or coinsurance
- Claims processed through a pharmacy benefit manager (PBM)
- Medicare Part D

Pharmacy Benefit Managers

Processes every prescription in the United States

PBM Utilization Management Tools

- ❑ Formularies
- ❑ Step Edit
- ❑ Prior Authorization
- ❑ Non-medical switching

Follow the Script

- Physician /Patient Treatment Decision
- Orders Written
- Orders Submitted for Verification of Coverage
- Benefit Investigation
    - Determines Coverage
    - Determines Out of Pocket Cost
    - Determines Formulary Position
    - Prior Authorization Needed?

Follow the Script

- Commercial Assistance Programs
  - Manufacturer Co-pay Assistance Programs
  - Foundations

Follow the Script

Physician/patient treatment decision

Orders are written

Order is submitted to insurance verify coverage

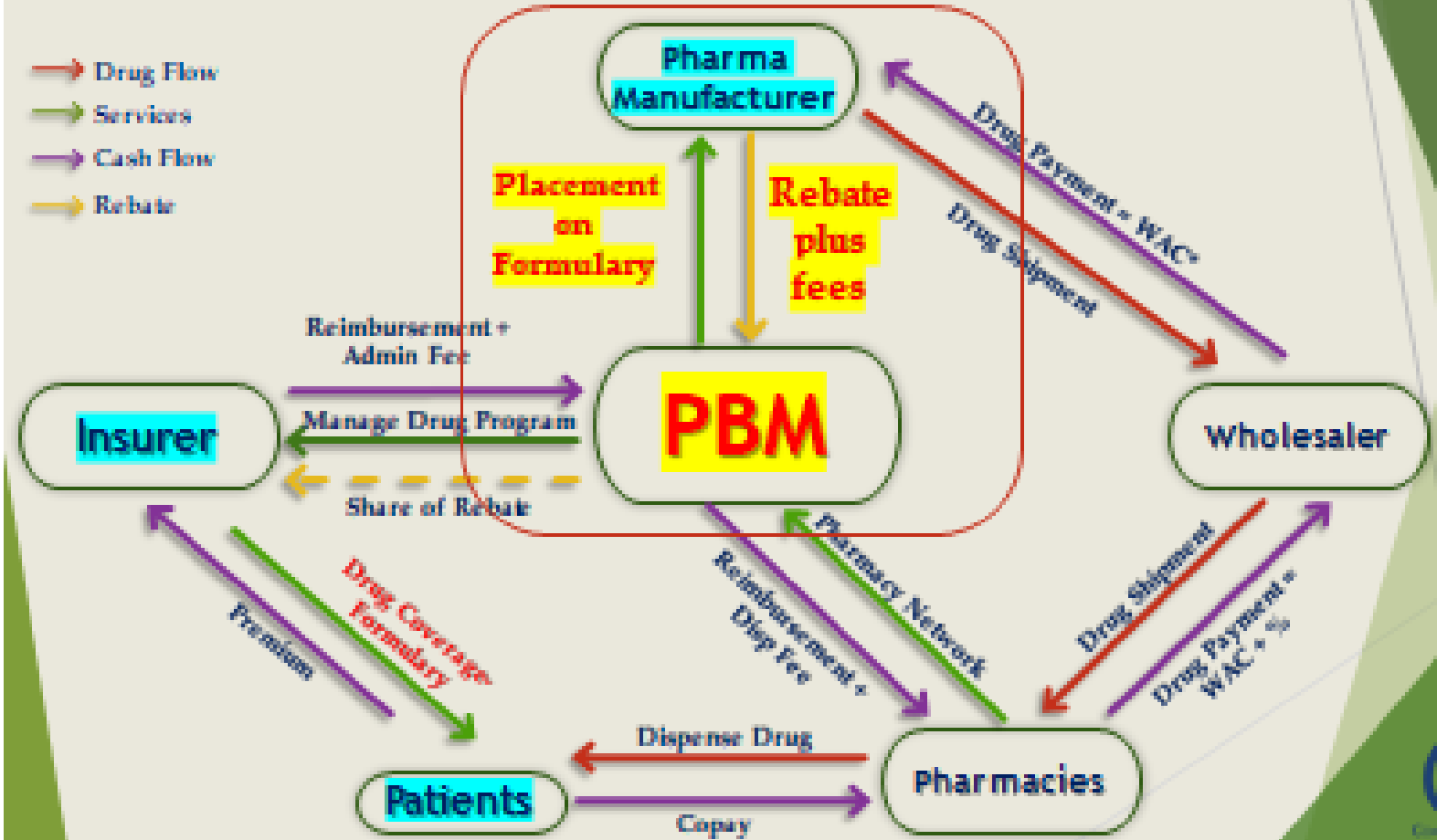
Benefit Investigation (BI)

- Determines coverage
- Determines patient out of pocket cost
- Determines formulary position
- Prior authorization needed?

Commercial Assistance Programs

- ❏ Enroll patient in manufacture Co-pay programs
- ❏ EFT to practice
- ❏ Foundations

THE FLOW


Drug Flow
Services
Cash Flow
Rebate
Pharma Manufacturer
Placement on Formulary
Rebate plus fees
Drug Payment = WAC
Drug Shipment
Reimbursement + Admin Fee
Manage Drug Program
Share of Rebate
Insurer
PBM
Wholesaler
Premium
Drug Coverage Formulary
Reimbursement + Disp Fee
Pharmacy Network
Drug Shipment
Drug Payment = WAC +
Dispense Drug
Copay
Patients
Pharmacies

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HAPPY BIRTHDAY: has her 65th birthday and what happens?

She can no longer afford either her part D copays and Medicare Advantage usually doesn't cover her meds, SO SHE MUST FIND MANUFACTURER FOUNDATION ASSISTANCE OR BE SWITCHED TO A PART B DRUG!