PUBLIC SUBMISSION

As of: 11/27/15 11:55 AM
Received: November 23, 2015
Status: Draft
Tracking No. 1jz-8mf6-fmos
Comments Due: November 23, 2015
Submission Type: Web

Docket: CMS-2015-0108
(CMS-10142) Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP)

Comment On: CMS-2015-0108-0001
80 FR 57619 (60)

Document: CMS-2015-0108-DRAFT-0013
AZ

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General Comment

CVS/caremark is respectfully submitting comments regarding the CY2017 PBP/Formulary List of Changes.

Regarding PBP Section Rx, Item 4, the Medicare Rx-Tier Models have been updated to more closely reflect the industry standard tier structure design:

We support the change regarding 2017 new options for 3-Tier, 4-Tier, and 5-Tier structures that one tier is labeled "Non-Preferred Drug" because this change conveys that the tier will contain both brands and generics. However, the lower tiers in these options retain the brand and generic tier labels, which may contribute to the common misconception that a tier labeled "Brand" contains only brands and a tier labeled "Generic" contains only generics. We encourage CMS to offer tier labeling options that do not depend on "brand" or "generic" as part of the label and urge the recognition that both brands and generics can legitimately be placed on all tiers.

Industry is seeing significant prices increases for generics; the generic is not always cheaper than the brand; and we expect this trend to continue. Plans need to balance the drug spend among tiers to meet bid requirements and constraints. As more brands move to generic status, even more generics will need to move to higher tiers in order for plans to remain compliant with bid guidance. Industry is not seeing the generic prices falling after generic launches, as we have

seen historically. These increases will further lead to retiering of some generics.

Based on cost, marketplace trends, and bid guidance, distinctions between brands and generics are blurring. For all these reasons, we believe low net cost to the member along with clinical appropriateness should be guiding principles of formulary tiering, rather than the placement of generics or brands within specific tiers.

We also encourage CMS to consider changing the labeling of the Specialty tier to better describe them as high cost drugs, as many drugs that meet the CMS-specified financial threshold for placement in this tier are not specialty medications.

Additional tier labeling options enables plans to clearly communicate the cost-sharing associated with each tier while avoiding misconceptions regarding the mix of drug type composition on each tier. Members and providers will be able to better identify lower cost or preferred drugs through use of tier labels that clearly identify lower cost-sharing options rather than drug type labels.

Here are three potential recommendations for five-tier formulary structure:

(1) Provide an option that removes all tier labels except for the Specialty Tier, which we recommend be renamed the High Cost Tier. All other tiers would be referenced using only the tier number corresponding to each cost-sharing level. As generics & brands can be placed on any tier, including them in the label can be confusing and lacks transparency. Here is the example the five-tier formulary for this scenario.
Tier 1
Tier 2
Tier 3
Tier 4
Tier 5 - High Cost Tier

(2) Provide an option removing references to generics and brands from the tier labels and replacing them with labeling that better corresponds to the cost sharing the member will experience. Here is the example the five-tier formulary for this scenario.
Tier 1: Lowest Cost Sharing Preferred Drugs
Tier 2: Low Cost Sharing Preferred Drugs
Tier 3: Middle Cost Sharing Preferred Drugs
Tier 4: Higher Cost Sharing Non-Preferred Drugs
Tier 5: High Cost Tier

(3) If CMS maintain references to generics and brands, we recommend that tier labeling options be provided that include both generics and brands in each label, as appropriate. This would enable plans to clearly describe the drug types included on each tier. Here is the example the five-tier formulary for this scenario.
Tier 1: Value Generics & Value Brands
Tier 2: Preferred Generics & Select Preferred Brands
Tier 3: Generics & Preferred Brands
Tier 4: Non-Preferred Generics &Non-Preferred Brands
Tier 5: High Cost Tier

Regarding CY2017 Formulary Changes, item 1, CMS will collect a new supplemental file containing RxCUIs for the drugs not available for extended day's supply under Part D plan benefit .

CMS has proposed a new supplemental file containing RxCUIs for drugs that are not available with an extended day supply. We do not believe that an additional supplemental file to identify these drugs at the formulary level is necessary, as the submitted Plan Benefit Package (PBP) for a plan already identifies drugs for a particular tier that are not available for an extended days supply. This information is also reflected in the Summary of Benefits and Evidence of Coverage as part of the plan design. Furthermore, submission of supplemental file updates during monthly formulary submission windows (e.g. additions due to new drugs added to formulary, removals due to drugs removed from the Formulary Reference File) would be duplicative of information already submitted on the formulary.