

Impact of Part D Benefit Redesign on Patient Affordability

Prepared for PAN Foundation

Analysis Source: Avalere Health. October 2022.

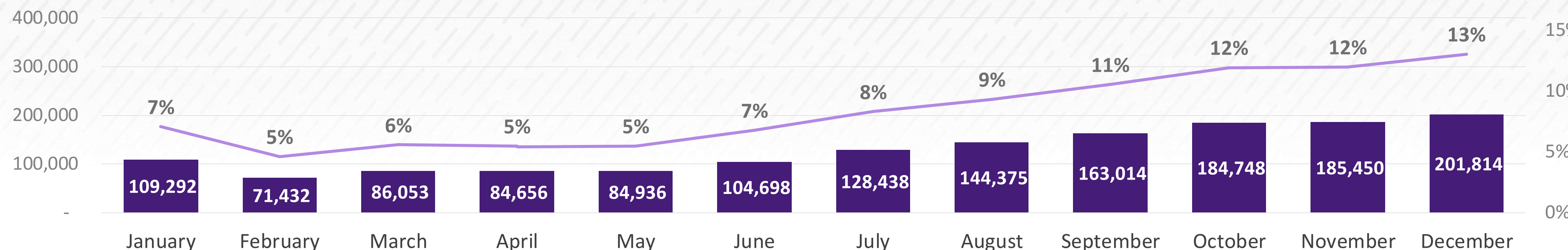


2024

2025

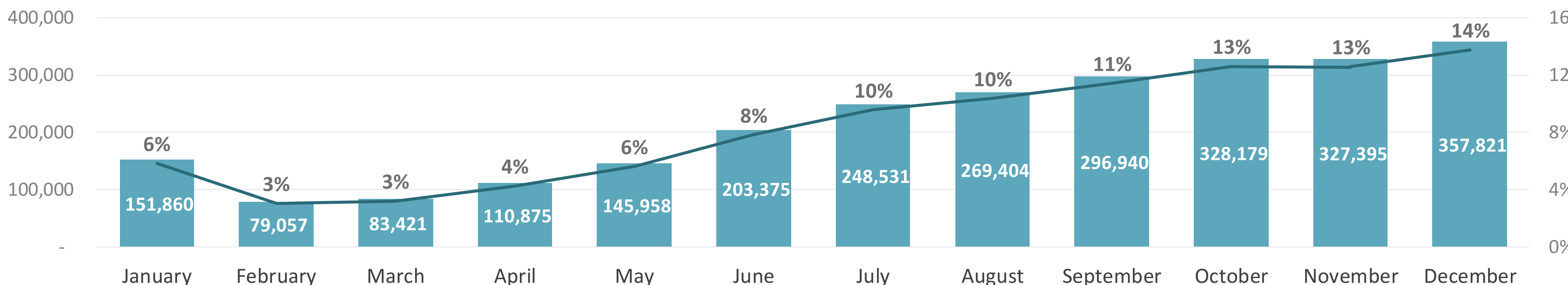
A Significant Number of Enrollees Will Have Spending High Enough to Reach Catastrophic in 2024 and 2025

Non-LIS Beneficiaries Projected to Reach Catastrophic in Each Month, 2024



1.5 million non-LIS beneficiaries projected to have OOP spending high enough to reach catastrophic in 2024 (about \$3,233 in OOP)

Non-LIS Beneficiaries Projected to Reach the \$2,000 OOP Cap in Each Month, 2025



2.6 million non-LIS beneficiaries projected to have OOP spending high enough to reach the \$2,000 OOP cap in 2025

■ Number of Beneficiaries Projected to Reach Catastrophic in Each Month, 2024 and 2025

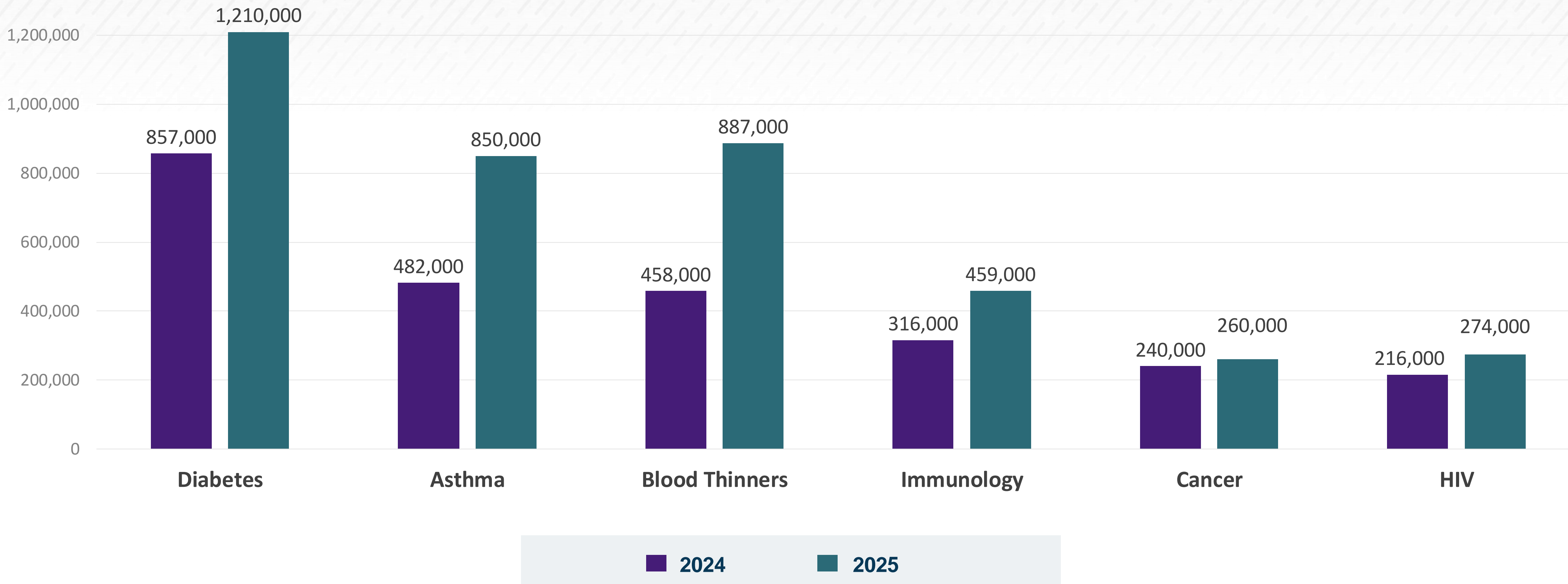
— Share of Beneficiaries Reaching Catastrophic in Each Month, Among Beneficiaries Projected to Reach Catastrophic, 2024 and 2025

2024

2025

Beneficiaries Projected to Reach Catastrophic Take Drugs in a Range of Therapeutic Areas

Top Therapeutic Areas by Number of Beneficiaries Reaching Catastrophic in 2024 and 2025

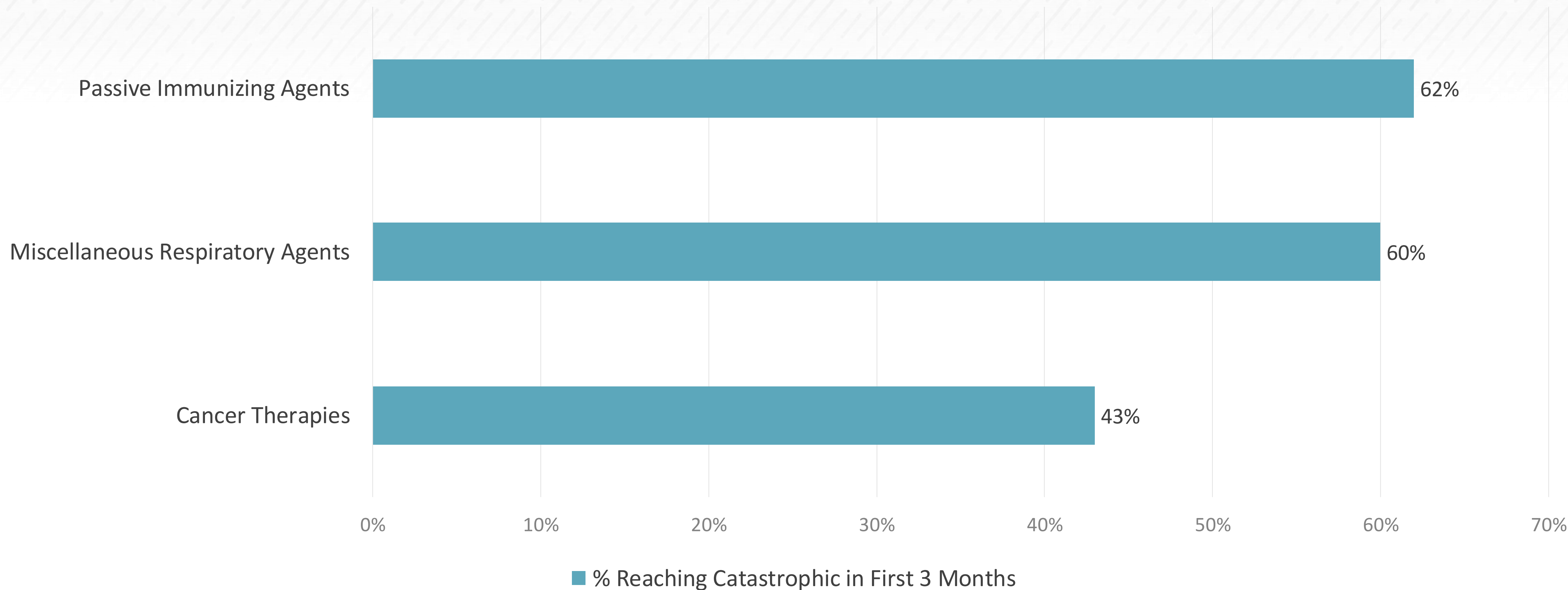


Note: Although diabetes drugs were also a top therapeutic area for beneficiaries projected to reach the OOP cap in 2024 and 2025 based on 2020 Part D claims, the IRA caps insulin OOP costs at \$35 per month beginning in 2023, which Avalere did not incorporate in its analysis. Numbers of beneficiaries taking drugs in each therapeutic area are rounded to the nearest thousand.

LIS: Low-Income Subsidy; OOP: Out-of-Pocket
Source: Avalere Health analysis. October 2022.

Higher Shares of Beneficiaries Taking Passive Immunizing Agents Reach Catastrophic in the First 3 Months of the Year in 2024

Top 3 Therapeutic Areas with the Highest Share of Non-LIS Beneficiaries Projected to Reach Catastrophic in the First 3 Months of the Year in 2024



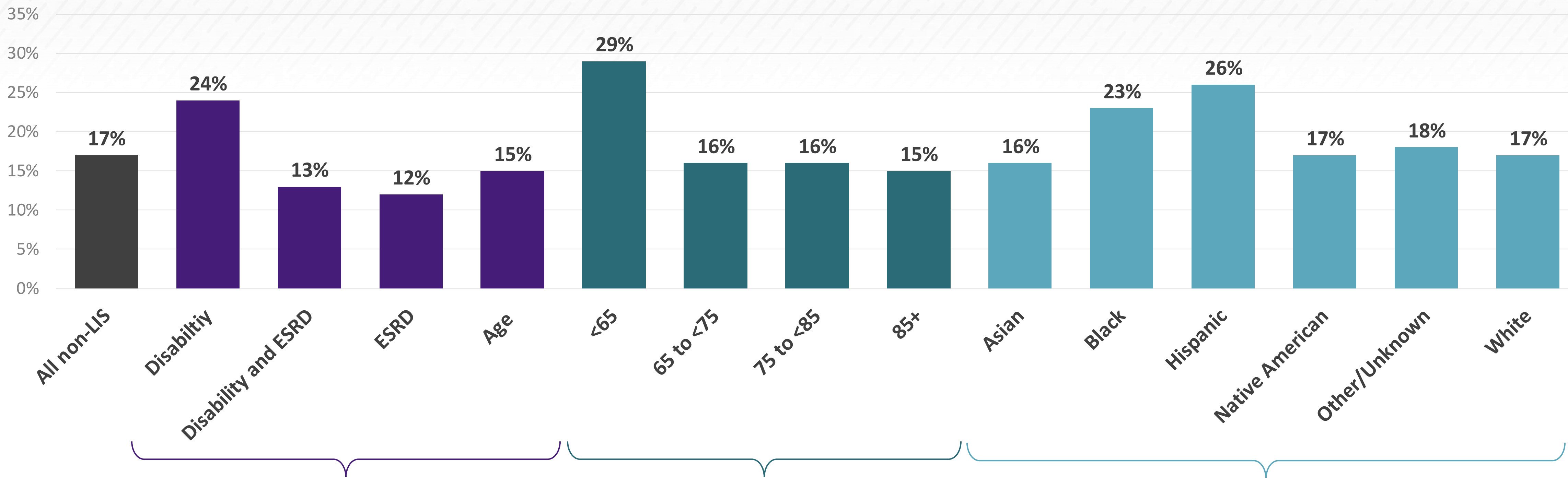
Note: Miscellaneous respiratory agents include drugs used to treat conditions such as idiopathic pulmonary fibrosis and cystic fibrosis. Passive immunizing agents are immune globulins (proteins that helps the body fight infections).

LIS: Low-Income Subsidy; OOP: Out-of-Pocket

Source: Avalere Health analysis. October 2022.

For Those Without LIS, Certain Groups Are More Likely to Reach Catastrophic Early in the Plan Year

Among Non-LIS Beneficiaries in Each Demographic Group Projected to Reach Catastrophic in 2024, Beneficiaries in Each Group Projected to Reach Catastrophic in the First 3 Months of the Year



A higher share of beneficiaries who qualify for Medicare based on disability will reach catastrophic in the first 3 months of the year.

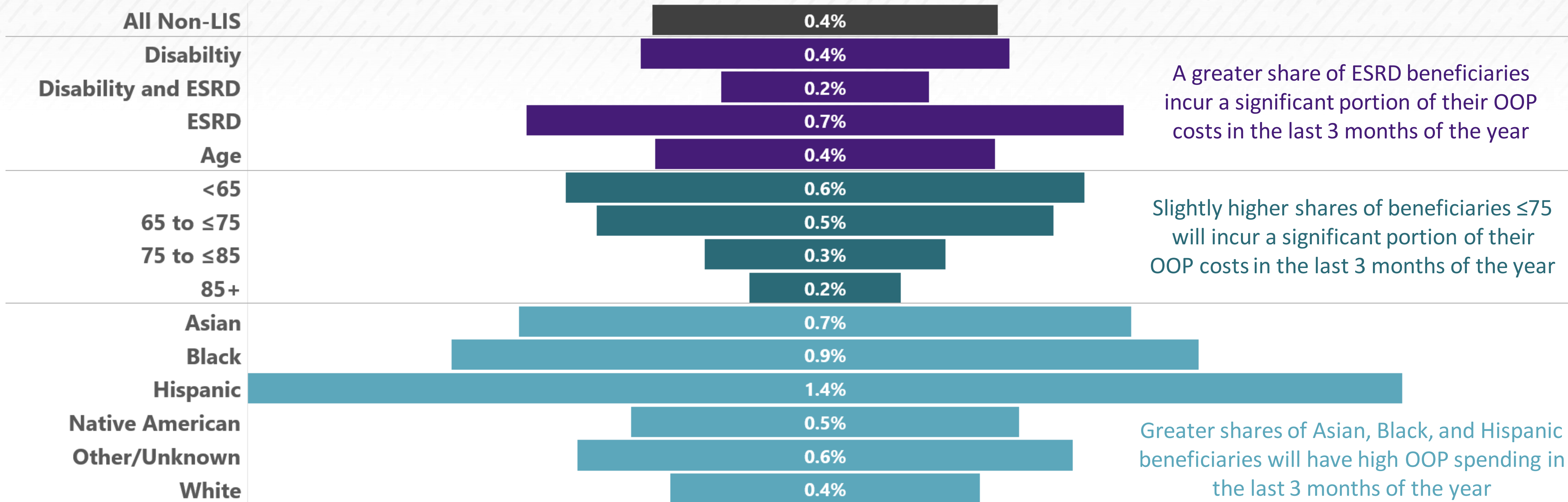
Beneficiaries <65 years represent the highest share of enrollees projected to reach catastrophic in the first 3 months of the year.

Greater shares of Hispanic and Black beneficiaries will reach catastrophic in the first 3 months of the year.

LIS: Low-Income Subsidy; ESRD: End-Stage Renal Disease
Source: Avalere Health analysis. October 2022.

Hispanic Beneficiaries Are Most Likely of Non-LIS to Incur High OOP Costs in the Last 3 Months of the Year

Among Non-LIS Beneficiaries in Each Demographic Group Projected to Have Annual OOP Spending of >\$1,500 in 2025, Percent of Beneficiaries in Each Group with ≤\$250 in Spending in the First 9 Months



Of the roughly 4.2 million non-LIS beneficiaries projected to have OOP spending of more than \$1,500 in 2025, about 20,000 have limited OOP costs (≤\$250) in the first 9 months of the year (i.e., incur the majority of their OOP costs in the last 3 months of the year and will experience limited benefit from OOP smoothing).