

# Evaluation of Wisconsin SeniorCare

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## Overview

### Background

Wisconsin SeniorCare has provided pharmacy assistance to low income seniors since 2002, in part through a Medicaid waiver that covers seniors with incomes below 200 percent of the Federal Poverty Level (FPL) and not covered by Medicaid. The Medicaid waiver, which requires that the program be revenue neutral, was most recently renewed in 2009 and an application will be submitted for renewal again in August 2012. Prior to implementation of the Medicare Drug Benefit (Part D) in 2006, SeniorCare was the only pharmacy coverage available to low-income seniors in Wisconsin; since 2006, it has served as creditable coverage and a wrap-around for Medicare Part D.

A limited evaluation of the waiver portion of Wisconsin SeniorCare conducted during July and August 2012 addressed major components of the program. These include enrollment, re-enrollment, impact on coverage of the low-income senior population, program costs, member out-of-pocket costs, and a comparison of SeniorCare to Medicare Part D on formulary coverage and patient out of pocket spending. Key data tables and conclusions are reported in this document.

### Method

The evaluation included in-person and telephone interviews with more than 20 individuals, including current and former SeniorCare program officials, Medicaid staff involved in SeniorCare (data analysts, operations and enrollment staff), analysts for the Wisconsin Family Health Survey, SeniorCare Advisory Committee members, and a representative of the state pharmacist association.

Quantitative data for this evaluation were provided by SeniorCare and other Wisconsin state programs, as noted in the report. All data were secondary and reported in aggregate, with no raw data collected directly from claims or other sources, and no personally identifiable information disclosed. However, in some cases, data were assembled and analyzed by SeniorCare and other programs specifically for the purpose of this evaluation. Enrollment data from the SeniorCare program in this report identify unique individuals in the program during each year presented. Due to differences in methods of identifying individual members and timing and differences between unduplicated enrollees and average monthly enrollment, program enrollment data may differ between the program (SeniorCare) data system and the fiscal office. Years are calendar years, unless otherwise noted. This report is based on SeniorCare program data most recently updated on Aug. 21, 2012, and fiscal office data provided between July 24 and August 2, 2012. Earlier drafts were reviewed by SeniorCare officials and revisions made by August 29, 2012.

SeniorCare was compared to Medicare Part D for the calendar year 2012, for hypothetical cases, with the same high and low drug needs, at different income levels, in terms of the annual cost to the beneficiary. As well, the beneficiary cost for key medications was compared between SeniorCare and Medicare Part D.

### **Preliminary Findings**

We found that SeniorCare remains a very popular program in Wisconsin, based on the limited number of interviews conducted. The waiver program has a relatively stable enrollment of between 75,000-77,000 between 2008 and 2011 (slightly declining in 2011), with a consistent distribution by income and gender over these years (Exhibits 1a, 1b, 1c). These achievements occurred in spite of the eligible seniors' increasing familiarity with Medicare Part D over the six years after its launch. SeniorCare is increasingly being used as a wrap-around for Part D (Exhibit 2). While a considerable number of new members enter each year, most members have been in the program for three or more years, and about 75 percent re-enroll from one year to the next (Exhibits 3 and 4). This is a favorable retention rate, considering the opt-in design of the plan (members must complete and return an application in order to remain in the program from one year to the next). Between 2002 and 2005, the proportion of Wisconsin seniors without drug coverage (prior to Medicare Part D) decreased by 37 percent for individuals less than 100 percent of poverty, and 25 percent for those between 100 and 200 percent of poverty (Exhibit 5).

Program spending in total and per member has decreased in the years 2008 through 2012, including lower member out of pocket costs. This is in part due to: increased use as a wrap-around to Part D and other programs; increased use of generic drugs and new generic pricing strategies; and increased use of supplemental rebates (Exhibit 6). Remarkably, over half of the program spending is paid for by rebates, and the state portion is less than 20 percent (Exhibits 7a and 7b).

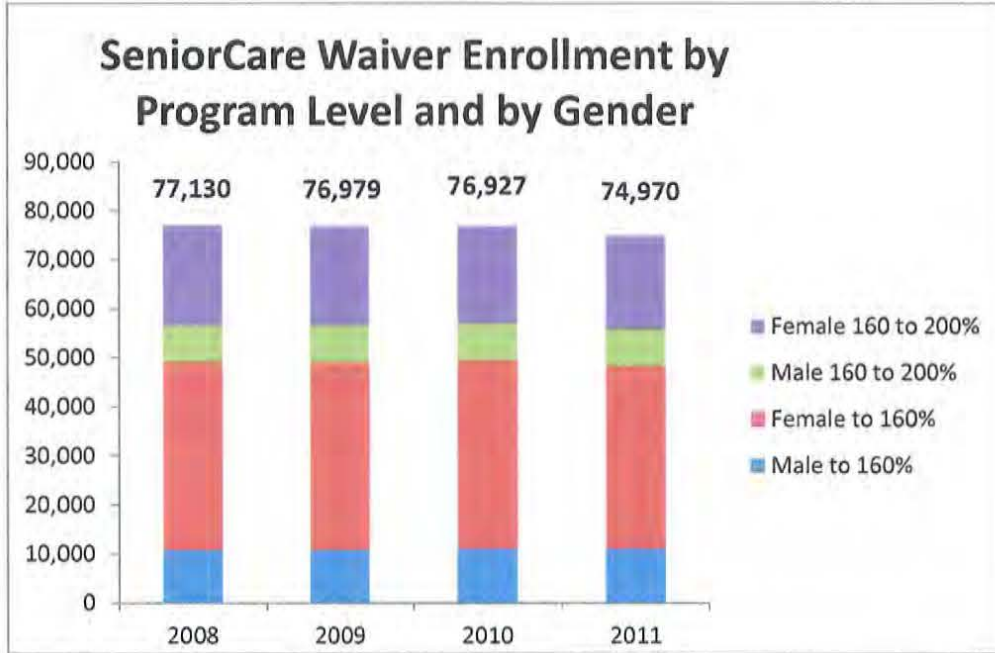
Compared to Medicare Part D, SeniorCare is a better option in terms of out-of-pocket spending in almost all cases. The only circumstance in which part D is preferable to SeniorCare is for persons not on Medicaid, and who meet the requirements for Medicare Part D's full low income subsidy (with very limited asset requirements). Because SeniorCare does not have an asset requirement, SeniorCare provides a considerable savings in out-of-pocket spending for the many individuals below 100 percent FPL do not receive Medicare Part D's low income subsidy due to assets. In the cases we examined, SeniorCare lowered out-of-pocket costs up to 69 percent over Part D for those individuals with high drug needs (Exhibit 8). In terms of formulary coverage, each of the individual medications identified as covered by SeniorCare and which contribute to high program spending are covered by 76 percent to 93 percent of Part D plans. However, the beneficiary cost for each of these drugs is 31 percent to 77 percent lower in SeniorCare than the midpoint cost for Part D plans (Exhibit 9).

Finally, SeniorCare appears to be an efficient program. According to estimates provided by the program, administrative costs are less than three percent of program costs, a favorable comparison to either Medicare or private health insurance (Exhibit 10).

## Table of Exhibits

<u>Exhibit</u>	<u>Title</u>
1a	Senior Care Waiver Enrollment by Program Level and Gender
1b	Senior Care Waiver Enrollment: Distribution by Program Level (Income Strata)
1c	Senior Care Waiver Enrollment: Distribution by Gender
2	SeniorCare Enrollment and Other Coverage
3	SeniorCare Current Waiver Enrollment by Years of Membership
4	SeniorCare Retention: Waiver Re-enrollment by Year
5	SeniorCare Waiver Coverage Penetration
6	SeniorCare Waiver Program Spending by Year
7a	Sources of Waiver Program Payments (excludes member share)
7b	Sources of Overall Payments for the SeniorCare Waiver (includes member share)
8	SeniorCare Member Out-of Pocket Costs Compared to Medicare Part D at Various Income Levels
9	Formulary Coverage for Specific Drugs, SeniorCare vs. Medicare Part D
10	SeniorCare Waiver Administrative Cost Estimates

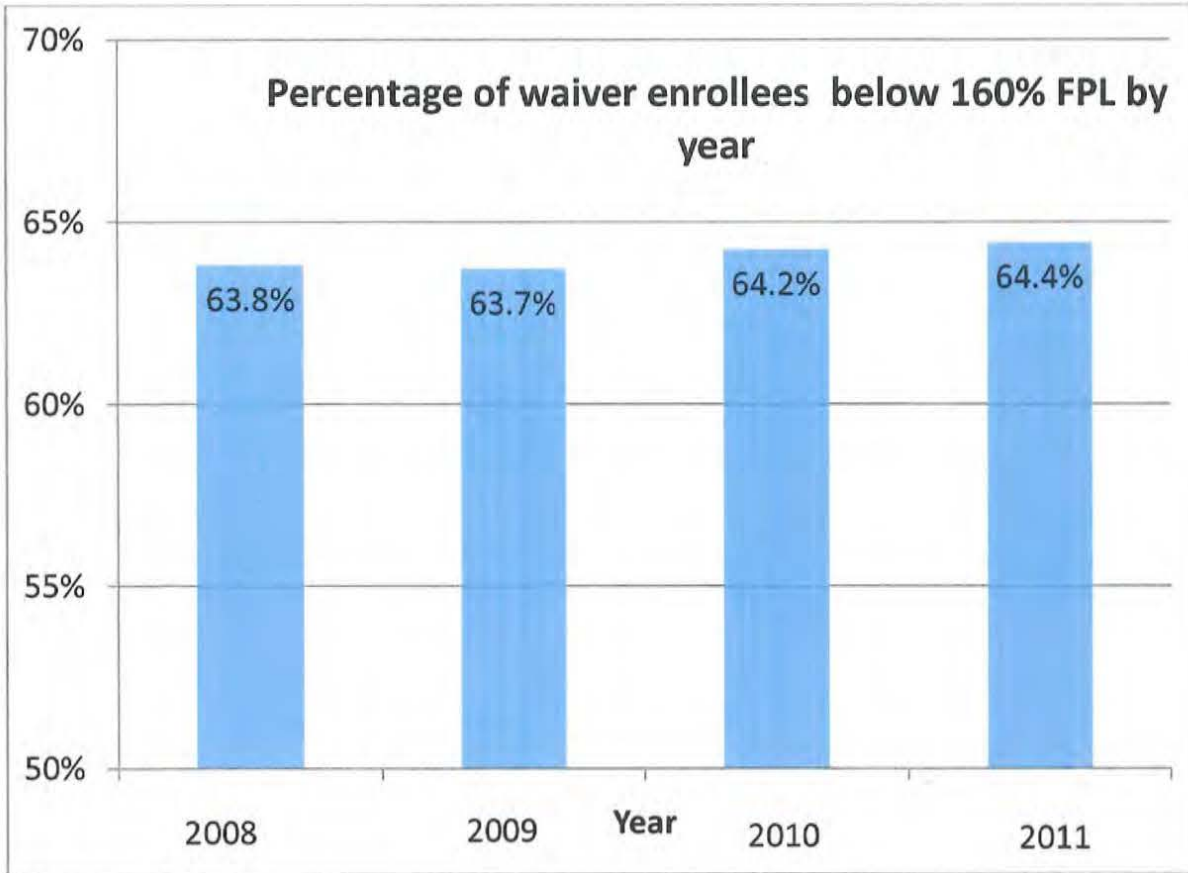
**Exhibit 1a. Senior Care Waiver Enrollment by Program Level and Gender**



- The SeniorCare waiver has had relatively stable enrollment, with a maximum annual decrease of 2.5 percent per year in 2011.
- 77-78 percent of members in the lower income level are female.
- 72-73 percent of members in the higher income level are female.
- Therefore, females make up a higher proportion of the low income program, reflecting expected senior income distribution in the state.

Source: SeniorCare Program

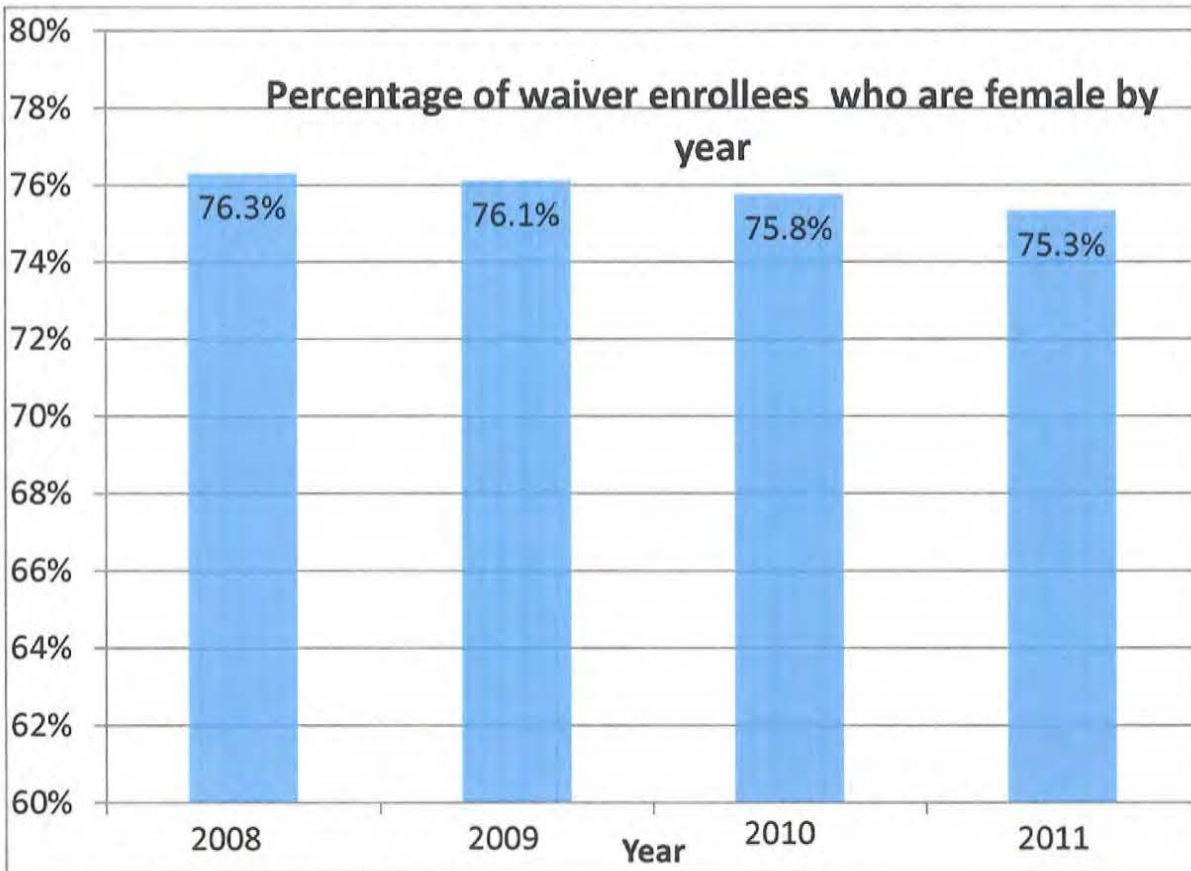
**Exhibit 1b. SeniorCare Waiver Enrollment: Distribution by Program Level (Income Strata)**



- Enrollment by income level has been extremely stable.
- The distribution of members between the two income categories changed by less than one percentage point between 2008 and 2011.

Source: SeniorCare Program

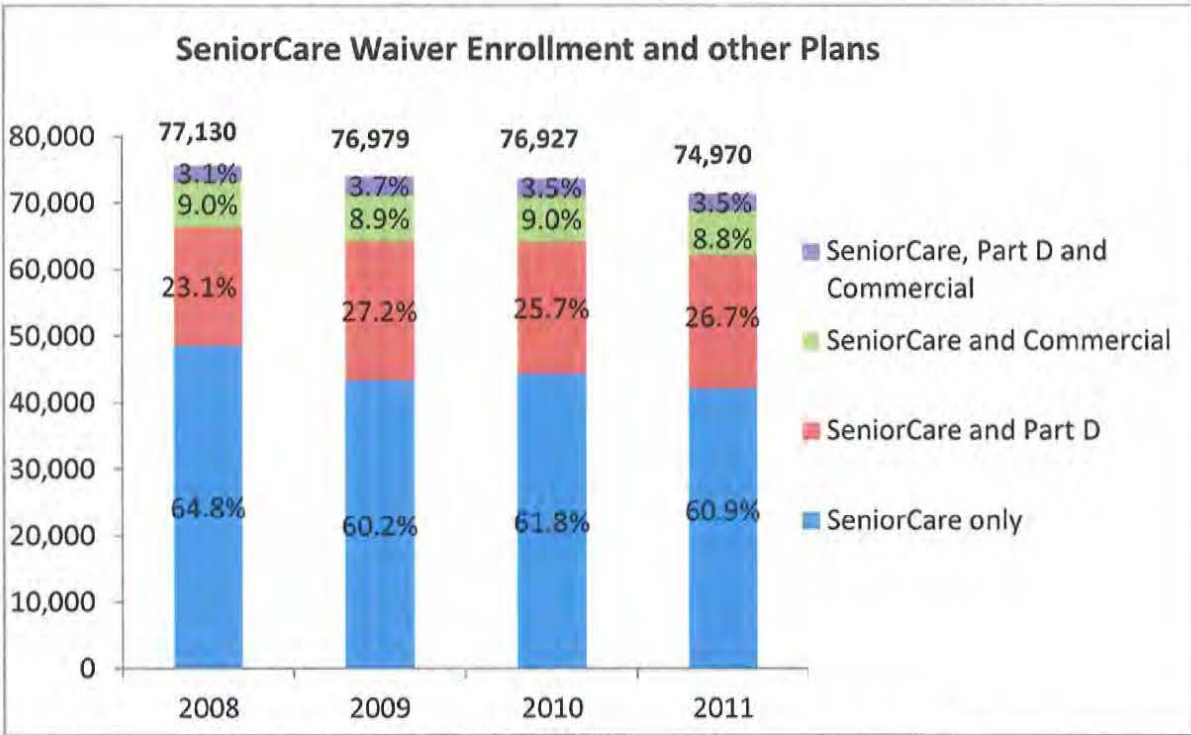
**Exhibit 1c. Senior Care Waiver Enrollment: Distribution by Gender**



Source: SeniorCare Program

- Enrollment by gender has been extremely stable.
- The distribution of members who are female changed by less than one percentage point between 2008 and 2011.

**Exhibit 2. SeniorCare Enrollment and Other Coverage**

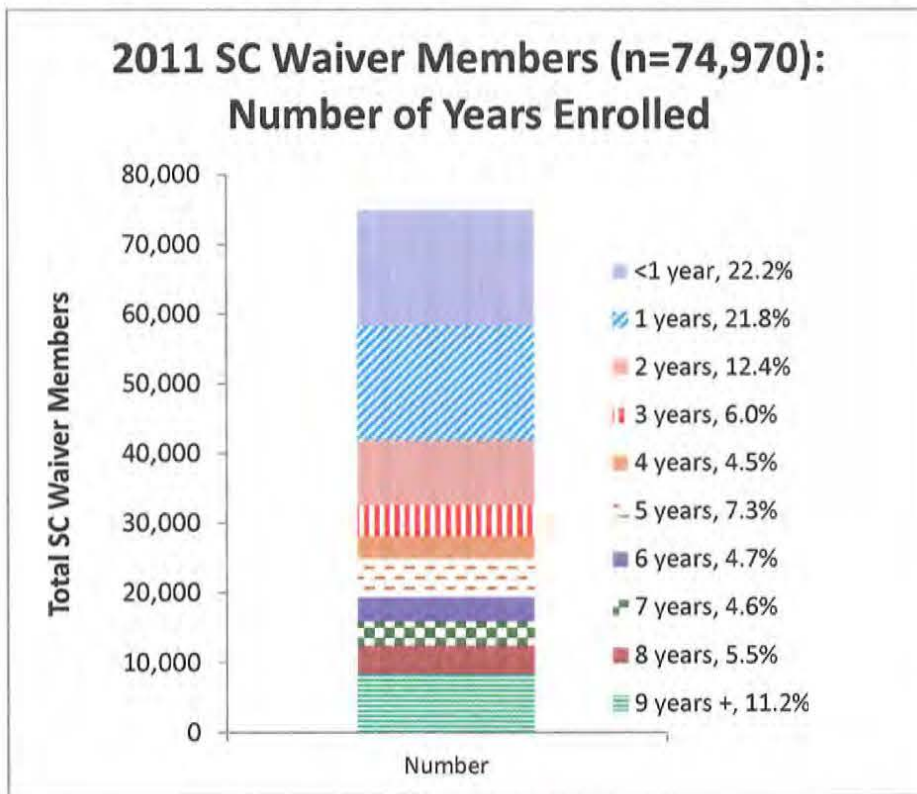


- The SeniorCare waiver population enrollment is relatively stable, in spite of increased familiarity with Part D.
- Since 2008, there has been a decrease in the number of members who have SeniorCare waiver only (no other apparent drug coverage); SeniorCare is increasingly being used as a supplement to some other type of drug coverage.
- The cost of drugs per enrolled member is being diluted by an increasing share of SeniorCare waiver enrollees who may not be obtaining any drugs under SeniorCare.
- This factor (other insurance) would explain, at most, an 8% reduction in drug spending from 2008 to 2011 among SeniorCare waiver members.

Source: SeniorCare Program



### Exhibit 3. SeniorCare Current Waiver Enrollment by Years of Membership



- Over half of SeniorCare waiver members have been enrolled 3+ years.
- One-third of waiver members have been enrolled 6+ years.
- Of the current waiver members, 11 percent have been with the program since its inception 9 years ago (charter members).

Source: SeniorCare Program

**Exhibit 4. SeniorCare Retention: Waiver Re-enrollment by Year**

Measure	2009	2010	2011	Average
Total number of SC waiver members	76,979	76,927	74,970	
Estimate of deaths during current year <sup>1</sup>	3,757	3,754	3,659	
Members available to reenroll for next year	73,222	73,173	71,311	
New enrollees for current year	17,476	18,313	16,616	
Current enrollment from previous year (net of new enrollees)		54,909	56,557	
Percent re-enrolled from previous year among those eligible.		75.0%	77.3%	76.1%
Percent re-enrolled from previous year without adjustment for deaths		71.4%	75.4%	73.4%

<sup>1</sup> Death rate estimated from: [http://www.cdc.gov/nchs/data/dvs/MortFinal2007\\_Worktable23r.pdf](http://www.cdc.gov/nchs/data/dvs/MortFinal2007_Worktable23r.pdf)

- Annual retention in the SeniorCare waiver program is estimated to be 75 to 77 percent.
- Reenrollment is very high, compared to that of general insured populations, especially considering the opt-in feature of the program.

Source: SeniorCare Program

## Exhibit 5. SeniorCare Waiver Coverage Penetration

Non-Medicaid Seniors in Wisconsin: Results from Wisconsin Family Health Survey by Income (% of FPL)					
	<100%	100%- 200%	>200%	Unknown	All
<b>Population 2002</b>	16,465	83,315	221,546	58,856	380,182
<b>Not covered</b>					
<b>Reported %</b>	44.7%	40.2%	27.2%	35.2%	32.1%
<b>Adjusted %</b>	53.3%	47.3%	32.6%	49.6%	39.2%
<b>Adj. number</b>	8,771	39,386	72,300	29,176	148,868
<b>Population 2005</b>	16,943	78,937	244,461	35,383	375,724
<b>Not covered</b>					
<b>Reported %</b>	10.5%	19.4%	20.5%	19.6%	19.7%
<b>Adjusted %</b>	16.3%	22.6%	24.2%	24.8%	23.6%
<b>Adj. number</b>	2,761	17,836	59,129	8,781	88,767
<b>Reduction</b>					
<b>Number</b>	14,182	61,101	185,332	26,602	286,957
<b>%</b>	37.0%	24.7%	8.4%	24.8%	15.5%

Note: The adjusted percent reallocates responses of "don't know" and "inappropriate" in proportion to valid responses.

- Between the years 2002 and 2005, the percentage of low income seniors with drug coverage increased by 37.0 percent among those under 100% Federal Poverty Level (FPL) and by 24.7% for those between 100% and 200% FPL. This is the time in which SeniorCare was first implemented, and prior to Medicare Part D. While this increase may be due in part to factors other than SeniorCare, SeniorCare is likely the major factor.

Source: SeniorCare Program, Wisconsin Family Health Survey

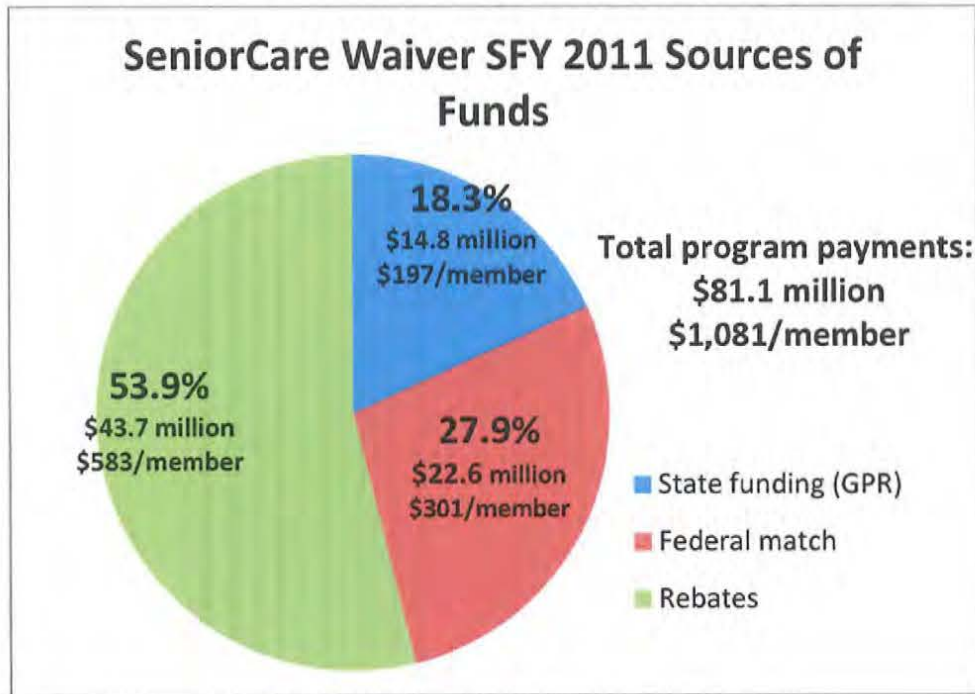
## Exhibit 6. SeniorCare Waiver Program Spending by Year

	2002	2003	2009	2010	2011	2012	% change 2008- 2011
<b>Waiver spending</b>	<b>Yr 1 of waiver</b>	<b>Yr 2 of waiver</b>					
Amount Allowed Detail	\$1,493	\$1,773	\$ 1,762	\$ 1,644	\$ 1,613	\$ 1,440	-18.3%
Sum of Amount Copay	\$461	\$494	\$ 239	\$ 221	\$ 193	\$ 157	-34.2%
Sum of Amount Deductible			\$ 84	\$ 96	\$ 84	\$ 79	-6.1%
Sum of Amount Other Insurance			\$ 75	\$ 91	\$ 110	\$ 126	67.9%
Sum of Amount State Paid	\$1,032	\$1,279	\$ 1,365	\$ 1,239	\$ 1,230	\$ 1,083	-20.6%
Number of enrollees	60,704	76,211	76,979	76,927	74,970	74,866 (estimate based on projection)	-2.7%

- There has been a slight downward trend in enrollment, perhaps as some residents have switched to Medicare Part D.
- However, per-member spending has decreased to a greater degree than enrollment.
- The decrease in per-member spending is more than can be explained by the increase in members with concurrent insurance. (The increase in concurrent insurance would have accounted for at most an 8% decline in spending per person.)
- The decrease in cost per member may be also partially due to: increased generic utilization rates; change to wholesale acquisition cost (WAC) from average wholesale price (AWP) pricing, a decrease in the pharmacist dispensing rate, and an increase in the waiver rebates in 2011.
- The total per member payments to other insurance, while small in magnitude, has increased very substantially in relative terms.

Source: SeniorCare Program, Finance Department

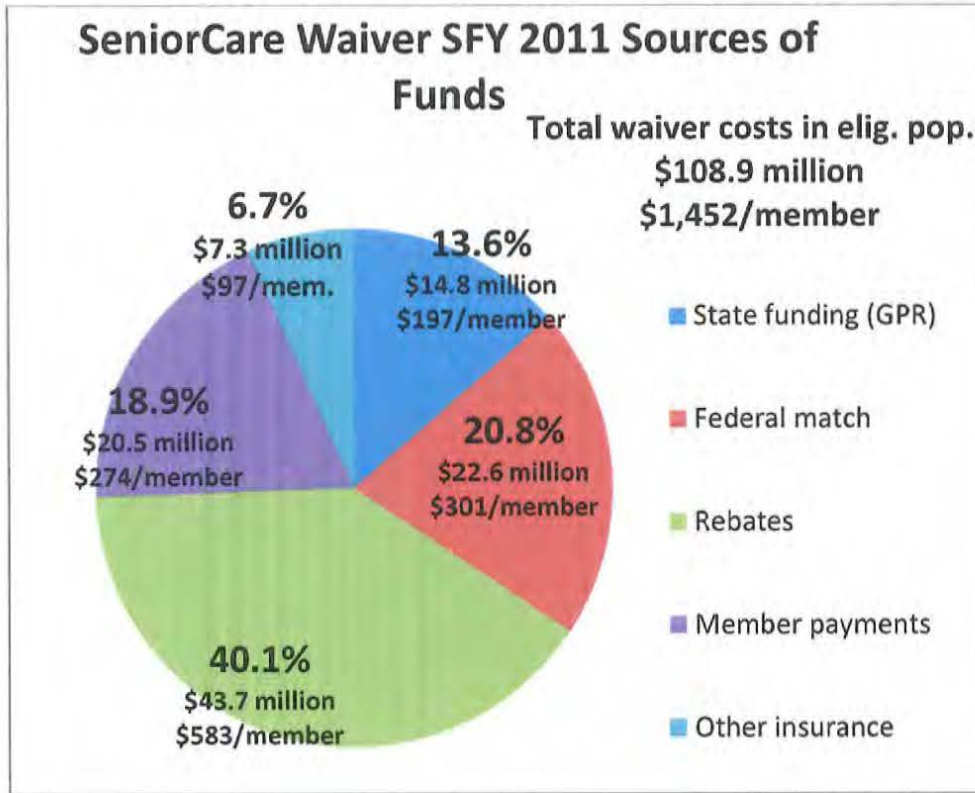
**Exhibit 7a. Sources of Waiver Program Payments (excluding member payments)**



- More than half the funding for SeniorCare waiver program payments is from rebates.
- The state funding portion of program payments is less than 20 percent.
- The state funding is the smallest of the three shares.

Note: SFY 2011 denotes state fiscal year 2011 (July 1, 2010 – June 30, 2011)

**Exhibit 7b. Sources of Overall Payments for the SeniorCare Waiver (includes member share)**



- Rebates are the largest single share of funding for the SeniorCare waiver spending, even when including member share.
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- Member payments account for about one-fifth of waiver population gross drug costs.

Note: SFY 2011 denotes state fiscal year 2011 (July 1, 2010 – June 30, 2011)

Source: SeniorCare Program, Finance Department

**Exhibit 8, part 1. SeniorCare Member Out-of-Pocket Costs Compared to Medicare Part D at Various Income Levels**

**ANNUAL DRUG AND PREMIUM COSTS - HIGH DRUG USE (see Part 2 of exhibit for list of drugs)**

Income level and Part D Low Income Subsidy (LIS) status	No drug coverage	Senior Care	Part D			Comparison vs Part D  Better choice	% Improvement over next cheapest choice
			Plan A	Plan B	Plan C		
<135% FPL, Full LIS or MSP (QMB, SLMB, QI) copay level for non MSP	\$10,500	\$570	\$237	\$270	\$276	Part D	58%
135%-149% FPL, partial LIS (15% copay, member pays 25% premium)	\$10,500	\$570	\$679	\$690	\$708	SC	16%
150%-159% FPL, No LIS, full premiums	\$10,500	\$570	\$1,834	\$1,955	\$2,562	SC	69%
161%-200% FPL, NO LIS, SeniorCare with Deductible	\$10,500	\$1,010	\$1,834	\$1,955	\$2,562	SC	45%

**ANNUAL DRUG AND PREMIUM COSTS - LOW DRUG USE (See Part 2 of exhibit for list of drugs)**

Income level and Part D LIS status	No Drug coverage	Senior Care	Part D	Part D	Part D	Comparison vs Part D  Better choice	% Improvement over next cheapest choice
			Plan A	Plan B	Plan C		
<135% FPL, Full LIS or MSP (QMB, SLMB, QI) copay level for non MSP	\$2,464	\$270	\$72	\$73	\$96	Part D	73%
135%-149% FPL, partial LIS (15% copay, member pays 25% premium)	\$2,464	\$270	\$163	\$169	\$209	Part D	40%
150%-159% FPL, No LIS, full premiums	\$2,464	\$270	\$337	\$450	\$571	SC	20%
161%-200% FPL, NO LIS, SeniorCare with Deductible	\$2,464	\$330	\$337	\$450	\$571	SC	2%

- For most seniors eligible for the Senior Care waiver program, the program provides lower costs to members than Part D.
- The only exception is persons not in Medicaid eligible for the full low income subsidy, or the most generous partial low income subsidy.

Note: Costs for Part D plans were estimated by using Medicare Planfinder (CMS.gov), comparing SeniorCare to three lowest cost Part D plans at each income level. Medication profile follows cost estimates. This applies only to original Medicare with a Part D plan, not Medicare Advantage, which in many cases includes drug coverage in the MA premium.



**Exhibit 8, Part 2. Reference Medication Profile used for Exhibit 8 Part 1. Provided by Aging and Disability Resource Center benefits specialist, actual example of high drug user (9 medications). Costs were also estimated for low drug user (four drugs, as noted) .**

<b>Medicine name</b>	<b>Quantity</b>	<b>Frequency &amp; pharmacy</b>	<b>Generic options</b>	<b>Low user drugs</b>
Alendronate Sodium TAB 35MG	4	monthly retail	Already Generic	Yes
Cyclosporine Modified CAP MD 100MG	60	monthly retail	Already Generic	No
Cyclosporine Modified CAP MOD 50MG	60	monthly retail	Already Generic	No
Furosemide TAB 20MG	30	monthly retail	Already Generic	Yes
Gemfibrozil TAB 600MG	60	monthly retail	Already Generic	No
Metoprolol Tartarate TAB 25 mg	60	monthly retail	Already Generic	Yes
Pravastatin 40 mg	30	monthly retail	Already Generic	Yes
Potassium Chloride 10 M Eq	60	monthly retail	Already Generic	No
Citalopram hydrobromide 20 mg	30	monthly retail	Already Generic	No

Source: Medicare.gov Plan Finder, SeniorCare

## Exhibit 9. Formulary Coverage for Specific Drugs, SeniorCare vs Medicare Part D

(Specific brand drugs for analysis suggested by SeniorCare officials as contributing a high proportion of claims expense).

Drug	% of 29 plans covering drug	Annual retail cost no coverage	Annual price range in covered Part D plans (assume no LIS, only drug, includes premium)	Mid-point	<u>SC out-of-pocket cost</u>		<u>SC savings over midpoint of Part D plans</u>	
					SC to 160% FPL	SC 160-200% FPL	SC to 160% FPL	SC 160-200% FPL
Diovan 80 mg QD	93%	\$1,338	\$782-\$1,057	\$920	\$210	\$635	77%	31%
Lyrica 50 mg TID	93%	\$4,161	\$1,102 - \$1,629	\$1,366	\$210	\$680	85%	50%
Nexium 40 mg QD	76%	\$2,709	\$911-\$1,300	\$1,106	\$210	\$680	81%	38%
Celebrex 200 mg QD	76%	\$4,131	\$1,009-\$1,701	\$1,355	\$210	\$680	85%	50%
Abilify 10 mg QD	93%	\$8,272	\$2,904-\$3,178	\$3,041	\$210	\$695	93%	77%

- Most Part D plans cover these drugs.
- However, when estimating the cost of these drugs through SeniorCare and Medicare Part D (assuming each of these were the only drug an individual was taking), SeniorCare savings are considerable.

Source: SeniorCare, Medicare.gov Formulary Finder

**Exhibit 10. SeniorCare Waiver Administrative Cost Estimates**

<b>Component</b>	<b>Amount</b>
State personnel	\$192,100
Contractors	\$1,709,501
Total	\$1,901,601
Program gross payments	\$81,071,322
State payments	\$14,795,803
Administrative costs as percentage of program gross payments	2.3%

- SeniorCare administrative costs are relatively low, only 2.3 percent of program costs.
- This percentage compares to approximately 3 percent for Medicare and 10 percent for private health insurance programs.

Source: SeniorCare Program, Finance Department, R.Megna

**Note:**

Amounts indicate program administrative costs (waiver program only), SFY 2012