

POINT OF VIEW:

United HealthCare announces that its Medicare Advantage plans will apply Step Therapy to select Medicare Part B drugs beginning in CY2019

Until CMS changed its long-standing policy earlier this year, the use of step therapy was permitted only with respect to Medicare Part D prescription drugs.

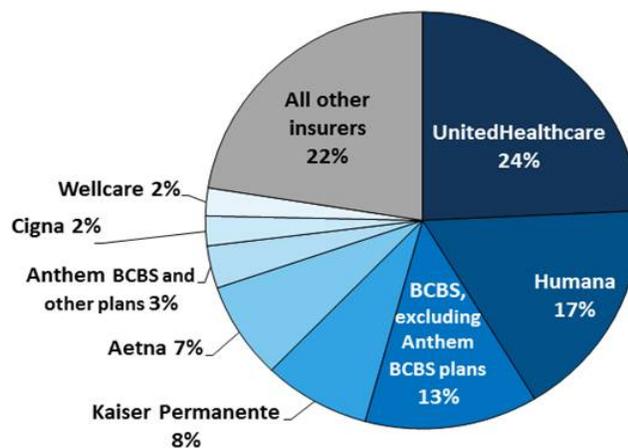
Impact

United HealthCare Medicare Advantage plans control close to 1/4th of the entire Medicare Advantage market. If UHC is making this move, it is highly likely that other plan sponsors such as Aetna, BCBS plans, Humana and Kaiser Permanente will follow suit.

Figure 6

More than half of all Medicare Advantage enrollees are in plans offered by three firms or affiliates

Medicare Advantage Enrollment, by Firm, 2017



Total Medicare Advantage Enrollment, 2017 = 19.0 Million

NOTE: All other insurers includes firms with less than 2% of total enrollment. BCBS are BlueCross and BlueShield affiliates and excludes Anthem BCBS plans. Anthem includes BCBS plans and other plans. Percentages may not sum to 100% due to rounding.

SOURCE: Authors' analysis of CMS Enrollment files, 2017.



According to data collected and analyzed by the Kaiser Family Foundation, UHC and Humana control 41% of the Medicare Advantage market

So far, UHC has announced that it will apply this policy to its Medicare Advantage plans effective January 1, 2019 for the following three drug classes:

- hyaluronic acid polymers
- certain immunomodulators (namely, two biosimilars for Remicade)
- erythropoietin stimulating agents.

UHC can be expected to extend this policy to other drugs classes in the not-so-distant future. Other MA payers will follow soon. Thus, any manufacturers with upcoming launches of biosimilars to their products or a competitor product in the same drug class could be significantly impacted by this policy change by UHC and other Medicare Advantage payers. This especially could affect those innovator companies that will be launching new physician-infused or injected drugs into crowded classes such as MS and multi-indication auto-immune drugs.

According to a speech given in August 2018 by CMS Administrator, Seema Verma, “starting in 2019, Medicare Advantage plans will be able to ensure that patients receive the most preferred drug therapy first and progress to other therapies only if necessary. *For example, plans may ensure that a beneficiary begin treatment with a biosimilar before progressing to a more costly biologic, only if the biosimilar is ineffective.* ...Step therapy can only be applied to new prescriptions, and half of the savings must be shared with patients through incentive programs. These incentive programs must be coupled with care coordination services, including implementing adherence strategies for beneficiaries. Patients will have time to decide whether to participate in a plan that takes advantage of this new flexibility, and patients can switch plans through the end of March of 2019 if they change their mind.” (*emphasis supplied*)

Entrée Health Point of View

Drug makers marketing Medicare Part B physician-administered drugs will be under new pressures due to this Medicare policy change to influence payers in an already increasingly competitive environment. With multiple biosimilars launching over the next few years, we can expect to see Medicare Advantage plans taking advantage of this green light on applying step therapy to Part B drugs. This policy also gives Medicare Advantage plans substantial new leverage in their contracting negotiations with manufacturers on coverage and reimbursement of infused and injected drugs. Clear and compelling communication of healthcare economic data, patient outcomes, total cost of care and credible messaging around brand value will be more important than ever.

For more information on how **Entrée Health** can help your organization navigate this policy change and communicate value to payers, contact **Andrew Gottfried** at agottfried@entreehealth.com or 212-896-8026.

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