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Avalere Health Data Finds Four-Tier System Growing Among Medicare Part D Plans

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Washington, DC – Avalere Health today reminded consumers to pay close attention to all aspects of their Medicare prescription drug plan, including on which “tier” or group their medications are covered. Avalere data released from its proprietary DataFrame® database show that an overwhelming majority of Medicare health plans are now using a system that places some of the most expensive drugs in newly created fourth and fifth tiers. Drugs in the higher tiers can cost consumers significantly more money than a three tier, fixed co-payment system.

Consumers traditionally pay fixed amounts, or co-pays, when purchasing prescription drugs, and these co-pays are typically lumped into three groups: generics, preferred brands, and non-preferred brands. However, Medicare Part D drug plans have revolutionized the shape of the market by placing more expensive drugs into additional tiers. According to Avalere, 86% of all Medicare Part D plans use four (and sometimes five) tier plan structures, versus only 10% of commercial health plans.

“Health plans are trying to balance competing demands of access to medications and low cost, but the result is that patients with serious illnesses are paying more,” said Dan Mendelson, president of Avalere Health. “It’s a trend that’s starting to push into the commercial world too.”

Using its proprietary DataFrame database, which houses information about every Medicare drug plans’ drug coverage and associated benefits, found that on average, Medicare Part D beneficiaries pay 25 percent to 35 percent of the cost of Tier 4 drugs compared with commercial plan beneficiaries who pay a fixed fee of about \$71. Specialty drugs found in Tier 4 formularies can cost in excess of \$600 per month.

“People with cancer, multiple sclerosis, hepatitis C, rheumatoid arthritis, and anemia should be paying very close attention to tiering in Medicare,” said Mendelson.

Other facts released by Avalere:

- Among Medicare’s top 10 Part D plans, 9 use Tier 4 formularies;
- The average co-payment for 4th Tier drugs in the Medicare community is \$70;
- The average co-payment for 3rd Tier or non-preferred drugs in the Medicare community is \$40;
- Medicare patients generally pay about \$20 for preferred prescriptions, and \$10 for generic drugs.

For graphics you can use for media stories, please contact Kim Coghill at kcoghill@avalerehealth.net. For more information about Avalere’s DataFrame database and the Medicare marketplace, contact Brian Bruen at bbruen@avalerehealth.net.

Avalere Health is a leading advisory company focused on healthcare business strategy and public policy. It serves a diverse client base, which includes Fortune 500 healthcare technology companies, Federal government agencies, and major medical foundations. The company is organized into six practice areas - Medicare, Medicaid, Reimbursement, Long Term Care, Health Information Technology, and Education. Anchored by a comprehensive research engine and staffed by experts in business, medical product commercialization and health policy, Avalere provides strategic guidance, objective analytic research, and quality educational programs focused on the full range of health care issues facing our nation.

Founded in 2000, the firm was initially known as The Health Strategies Consultancy. The name was changed in 2005 to reflect the unique nature of the firm’s products and services. Further information can be obtained at www.avalerehealth.net.

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