

# Health Insurance, Prescription Drugs and Costs: The US Healthcare System

---

RAHUL AGGARWAL, MD

CARDIOLOGY FELLOW

---

# A common scenario

---

- 64yo female comes to your clinic
  - She is on many “heart” medications, some of which have high list prices
  - She has been part of your practice for two years
-

- Patient is about to turn 65
- She says "Doc, I just got a letter in the mail that my health insurance is changing. My private plan will no longer cover me."
- "It says, because I'm 65, I must transition to Medicare. I don't want our relationship to change."



---

---

AS PROVIDERS, DO WE FEEL COMFORTABLE  
TALKING ABOUT THE BASICS OF INSURANCE  
WITH OUR PATIENTS?

---

---

We all know there's many private insurances

---



---

# There's a lot of Government Ones Too

---



**VA**  
**HEALTH CARE** | Defining  
**EXCELLENCE**  
in the 21st Century

**Medicaid**



**Medicare**



**MEDIGAP LIFE**  
Age Comfortably



**Medicare  
Advantage**



---

---

THE INSURANCE LANDSCAPE IS  
COMPLICATED...

---

# HMO



In-network only

Primary Care Physician



Referral



Specialist

Cheap premiums (\$)

# PPO



In- **OR** out-of-network

No Primary Care Physician (PCP)

**OR**

Specialist (no referrals)

Expensive premiums (\$\$)



---

---

But there's actually many more...

---

# What is the difference - PPO vs. HMO vs. EPO vs POS

INSURANCE  
CENTER HELPLINE

[www.InsuranceCenterHelpline.com](http://www.InsuranceCenterHelpline.com)



	PPO	HMO	EPO	POS
<b>Primary Care Physician (PCP) required?</b>				
<b>Out-of-Network Coverage?</b>				
<b>Referral to see a Specialist?</b>				
<b>Cost</b>				

## Prevalence of Plan Type by Region

Plan Type	Northeast	Southeast	North Central	Central	West
PPO	23.2%	39.0%	53.5%	63.2%	48.7%
HMO	22.5%	14.7%	12.6%	6.8%	32.5%
POS	10.7%	20.6%	3.8%	8.3%	2.5%
CDHP	32.8%	24.9%	29.7%	19.8%	15.3%
EPO	10.7%	0.6%	0.3%	1.6%	0.9%

Copyright © 2015 United Benefits Advisors, LLC. All rights reserved.

---

# Components of Insurance

---

Deductible

Copay

Coinsurance

Premium

---

---

# Four Tax Advantages of HSA's

---

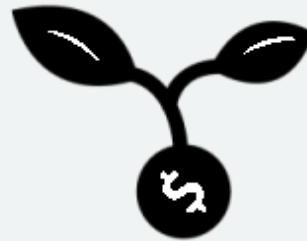
## Health Savings Accounts (HSA)



100% deductible contributions up to a legally mandated maximum amount



Money withdrawn for medical spending never falls under taxable income



Tax deferred interest earnings



Tax free interest earnings, if money is spent on health care costs

---

---

---

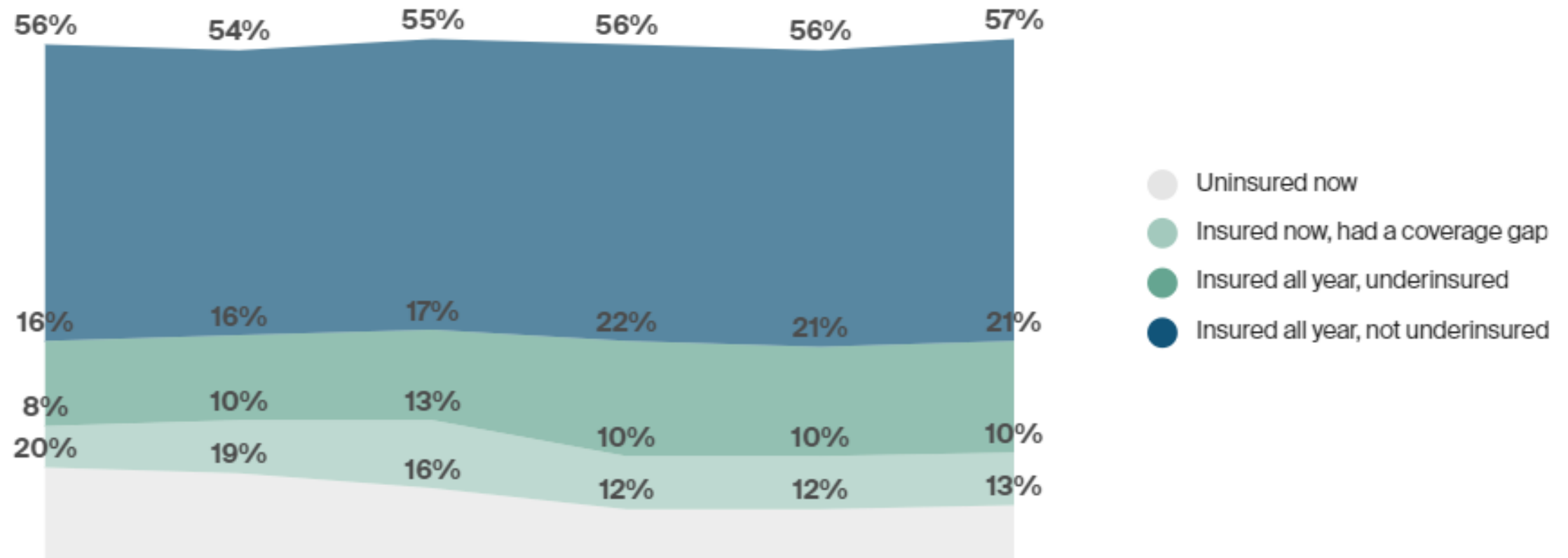
# U.S. Health Insurance Coverage in 2020: A Looming Crisis in Affordability

Findings from the Commonwealth Fund Biennial Health Insurance Survey,  
2020

---

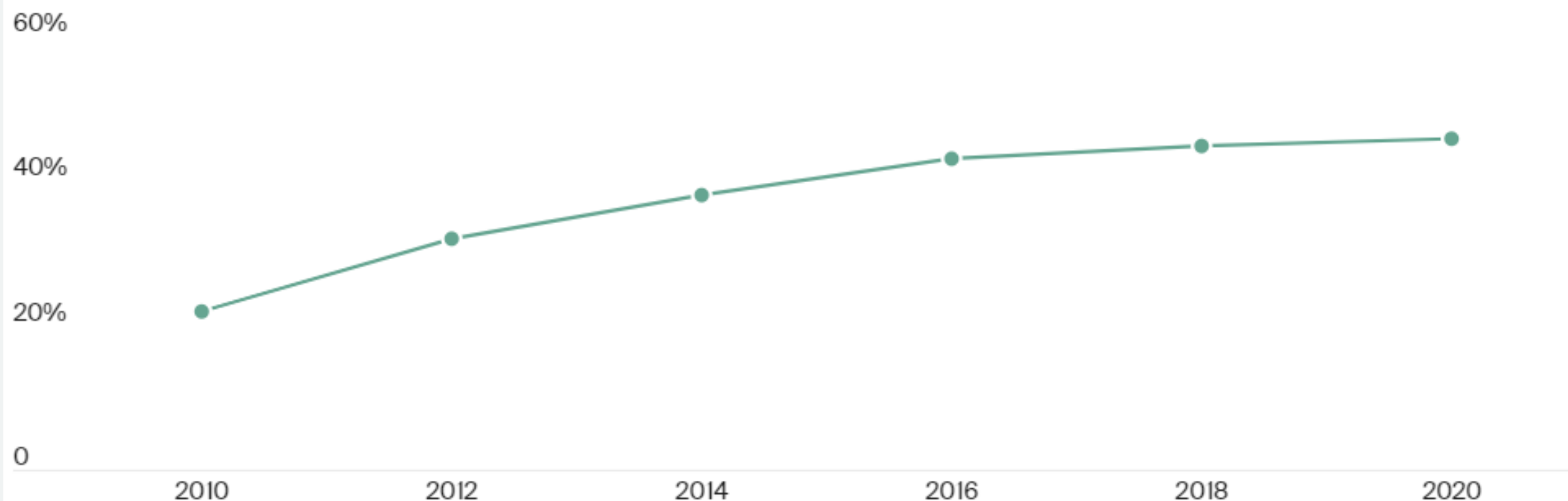
# More Than Two of Five Working-Age Adults Are Inadequately Insured

Percent of adults ages 19–64



# Share of Privately Insured Adults with Deductibles of \$1,000 or More Has Doubled Since 2010

*Percent of adults ages 19–64 with private coverage\* and deductibles of \$1,000 or more*

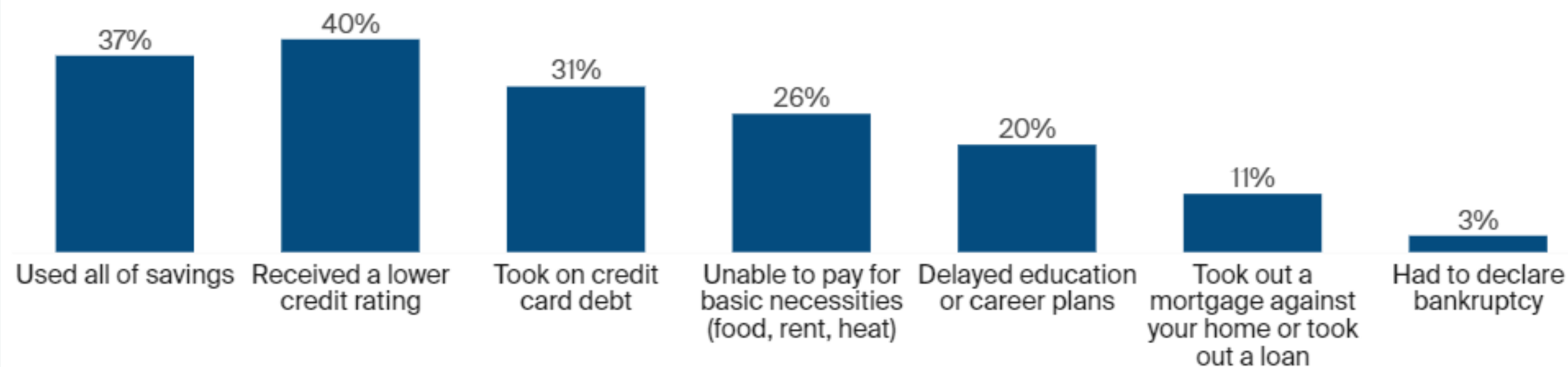


 [Download data](#)



# Medical Debt Leaves People with Lingering Financial Problems

Percent of adults ages 19–64 who had the following financial problems in the past two years because of medical bill problems/debt<sup>^</sup>



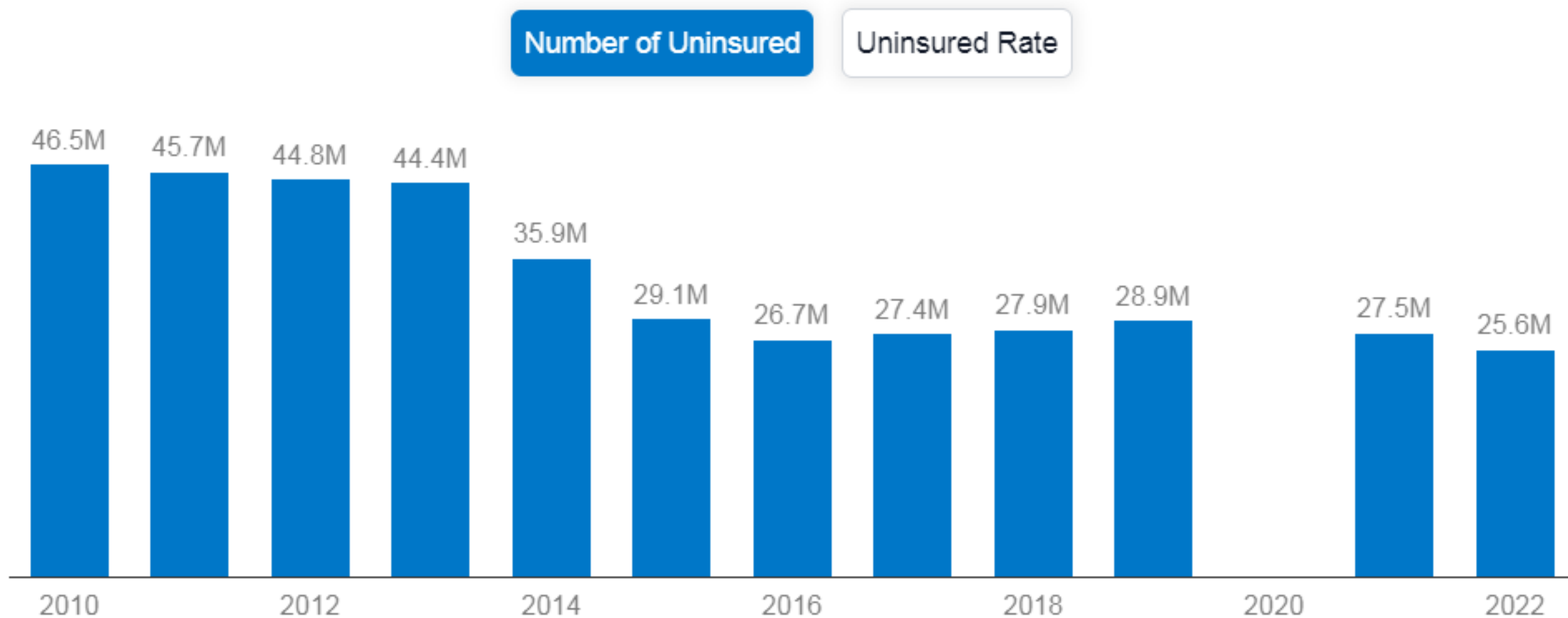
 [Download data](#)

<sup>^</sup> Base: Respondents who reported at least one of the following medical bill problems in the past 12 months: had problems paying medical bills, contacted by a collection agency for unpaid bills, had to change way of life in order to pay medical bills, or has outstanding medical debt.

Data: Commonwealth Fund Biennial Health Insurance Survey (2020)

Figure 1

# Number of Nonelderly Uninsured, 2010-2022

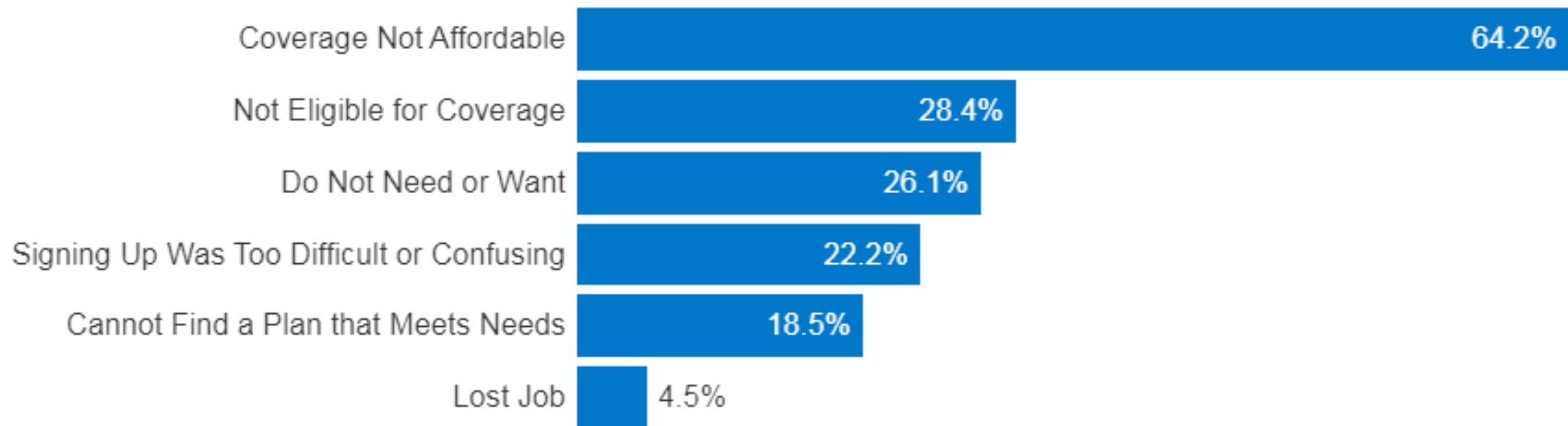


NOTE: Due to disruptions in data collection during the first year of the pandemic, the Census Bureau did not release ACS 1-year estimates in 2020. Includes nonelderly individuals ages 0 to 64

SOURCE: KFF analysis of 2010-2022 American Community Survey, 1-Year Estimates • [PNG](#)

---

## Reasons for Being Uninsured Among Uninsured Nonelderly Adults, 2022



NOTE: Includes nonelderly individuals ages 18 to 64. Respondents can select multiple options.

SOURCE: KFF analysis of 2022 National Health Interview Survey. • [PNG](#)

**KFF**

---

---

---

LETS SHIFT THE TALK TO DISCUSSING A  
BIT ABOUT CMS BASED INSURANCE  
PLANS

---

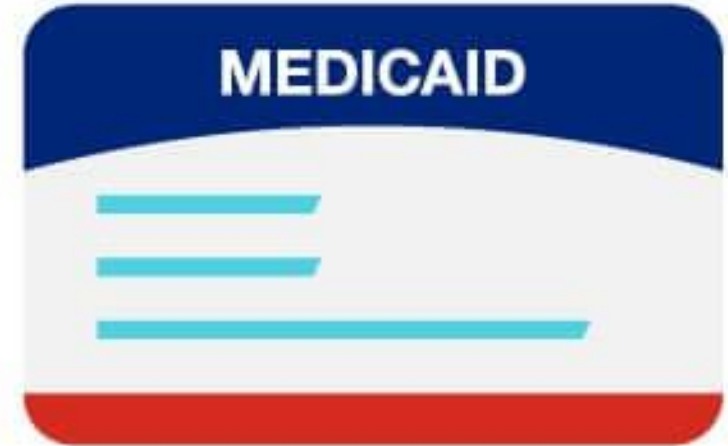
# Medicare

VS

# Medicaid



**Generally for people  
who are 65 & older, or  
who have a  
qualifying disability**



**For individuals,  
families, and  
children with limited  
income & resources**

---

# Medicaid

---

- Joint federal and state program
  - Insures 82 million Americans (including the Children's Health Insurance Program)
  - Many individuals have dual eligibility (Medicaid + Medicare)
-

# MEDICARE VS MEDICAID

## WHAT ARE THE MAIN DIFFERENCES?

### Who Administer's It?



#### FEDERAL GOVERNMENT

The federal government establishes uniform rules for Medicare at the national level.



#### STATE SPECIFIC PROGRAMS

Each state manages its own Medicaid assistance program.

### Who is Eligible?



#### AGES 65 +

Anyone who meets age and eligibility requirements, regardless of income.



#### LOW INCOME

Anyone who meets the income requirements, regardless of age.

### How Much Does it Cost?



#### STANDARDIZED PREMIUMS

Premiums are set at the federal level for Original Medicare. There are annual deductibles and coinsurance.



#### GENERALLY FREE

Generally free, although some states charge small fees for certain services. Medicaid may also pay OOP Medicare costs for eligible individuals.

### What Does it Cover?



#### MEDICAL/HOSPITAL

Covers medical services and hospital care, specific medical equipment, and prescription drug coverage under Part D.



#### BASIC HEALTH CARE

Covers basic health care and prescription drug costs, long-term care, medical equipment, prescription eyeglasses, dental care, and other health services.

---

---

# Medicare in the United States

---

- Over 65 million adults covered
- Near universal eligibility at age 65 years

## Initial Enrollment Period (IEP)

The Initial Enrollment Period (IEP) is the first time you can sign up for Medicare.



3 months before your 65th birthday

3 months after your 65th birthday



---

---

# Question for the Audience

What do the different letters of Medicare indicate?

---

## Original Medicare (Fee for Service)

### Part A Hospital

*Centers for Medicare Services*



### Part B Medical

*Centers for Medicare Services*



#### Optional Add

### Medigap

*Private Insurance Companies*



*Helps pay cost-sharing in A & B*

#### Optional Add

### Part D Drugs

*Private Insurance Companies*



OR

## Medicare Advantage Plan (Managed Care)

### Part C = A + B + D

Hospital

Medical



*Benefits Assigned to Private Plan*

### Drugs



*Premium, co-pay & out-of-pocket limit vary by plan. May also offer additional benefits like dental.*



## MEDICARE 2024 PART B PREMIUMS BY INCOME

If your filing status and yearly income in 2022 was:

File Individual Tax Return	File Joint Tax Return	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Less than or equal to \$103,000	Less than or equal to \$206,000	<b>\$0.00</b>	<b>\$174.70</b>
Greater than \$103,000 and less than or equal to \$129,000	Greater than \$206,000 and less than or equal to \$258,000	<b>\$69.90</b>	<b>\$244.60</b>
Greater than \$129,000 and less than or equal to \$161,000	Greater than \$258,000 and less than or equal to \$322,000	<b>\$174.70</b>	<b>\$349.40</b>
Greater than \$161,000 and less than or equal to \$193,000	Greater than \$322,000 and less than or equal to \$386,000	<b>\$279.50</b>	<b>\$454.20</b>
Greater than \$193,000 and less than \$500,000	Greater than \$386,000 and less than \$750,000	<b>\$384.30</b>	<b>\$559.00</b>
Greater than or equal to \$500,000	Greater than or equal to \$750,000	<b>\$419.30</b>	<b>\$594.00</b>

Source: <https://medicarehero.com/cost-of-medicare-coverage/>

# 2024 MEDICARE

## PART B (Medical)

Part - B is Outpatient Medical Insurance that covers physician, test and supplies - per calendar year.

Outpatient Expenses	Medicare Covers	You Pay
<b>Calendar Year Deductible</b>	Incurred Expenses after the required Medicare deductible.	<b>\$240</b> per calendar year
<b>Medical Expenses</b> Inpatient & Outpatient medical/surgical services for physicians; physical & speech therapy & outpatient diagnostic tests.	<b>80%</b> of approved amount.	Generally <b>20%</b> after \$240 deductible is met
<b>Excess Charges</b> Up to 15% above for physicians that don't accept Medicare Assignment.	<b>0%</b> Above approved amount.	<b>ALL COSTS</b>
<b>Clinical Lab Services</b>	Generally 100% of approved amount	Nothing for services
<b>Blood</b>	80% of approved amount <u>after</u> first 3 pints of blood.	First 3 pints plus 20% of approved amount for additional pints.
<b>Home Healthcare</b>	100% of approved amount; 80% of approved amount for durable medical equipment.	Nothing for services; 20% of approved amount for durable medical equipment
<b>Outpatient Hospital Treatment</b>	Medicare payment to hospital, based on outpatient procedure payment rates.	Coinsurance based on outpatient payment rates



Need Help? **1-888-559-0103**  
info@medicarenationwide.com

Source: <https://medicarenationwide.com/what-is-medicare-part-b/>

EVEN BETTER INSURANCE

# PART D



HELPS COVER THE COST OF  
YOUR PRESCRIPTION DRUGS



OFFERED BY PRIVATE COMPANIES



DRUGS CAN VARY BY PLAN & YEAR



MUST COVER 2 DRUGS IN EACH  
THERAPEUTIC CATEGORY

**COVERS**



OUTPATIENT PRESCRIPTION DRUGS

**DOES NOT COVER**



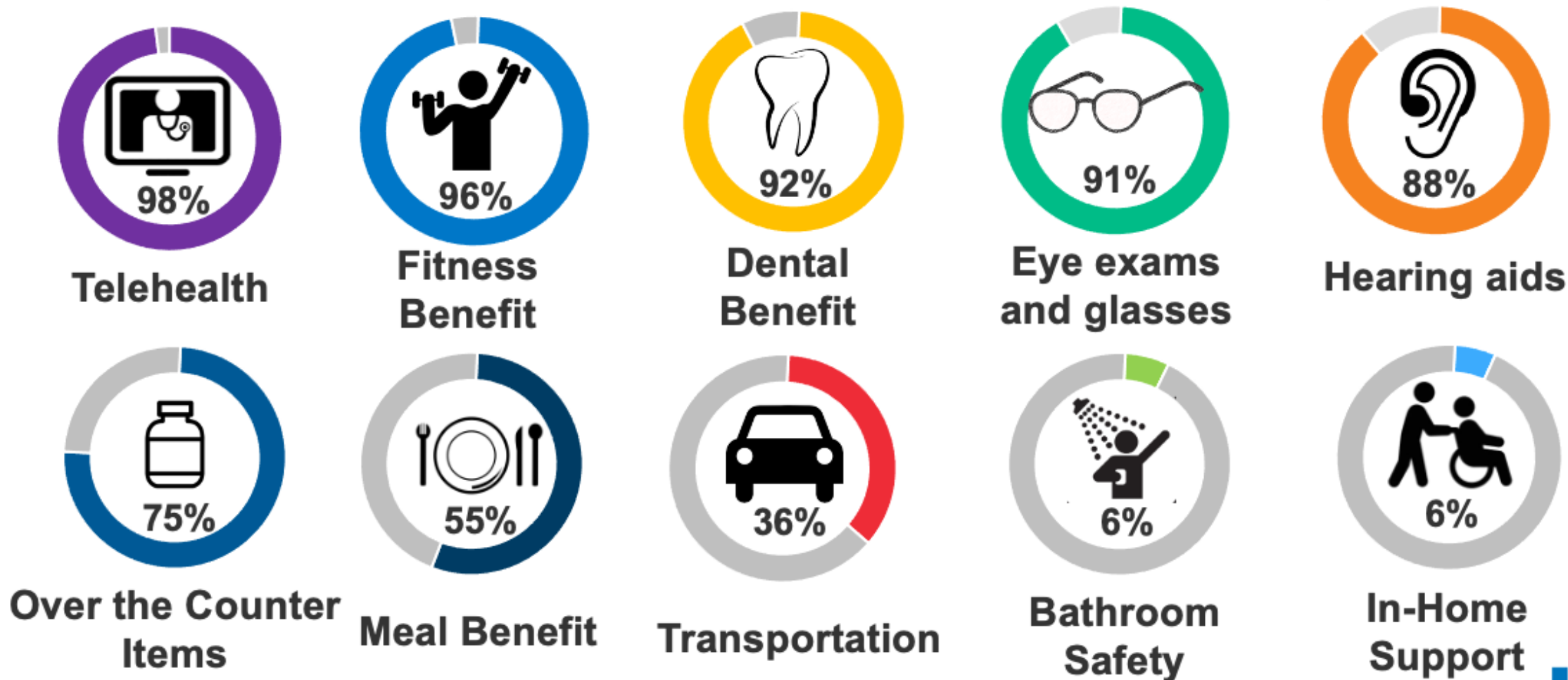
OTC ITEMS LIKE COUGH SYRUP



COSMETICS, VITAMINS, WEIGHT LOSS

Figure 7

# Most Medicare Advantage plans provide fitness and dental benefits but much fewer provide in-home or caregiver support

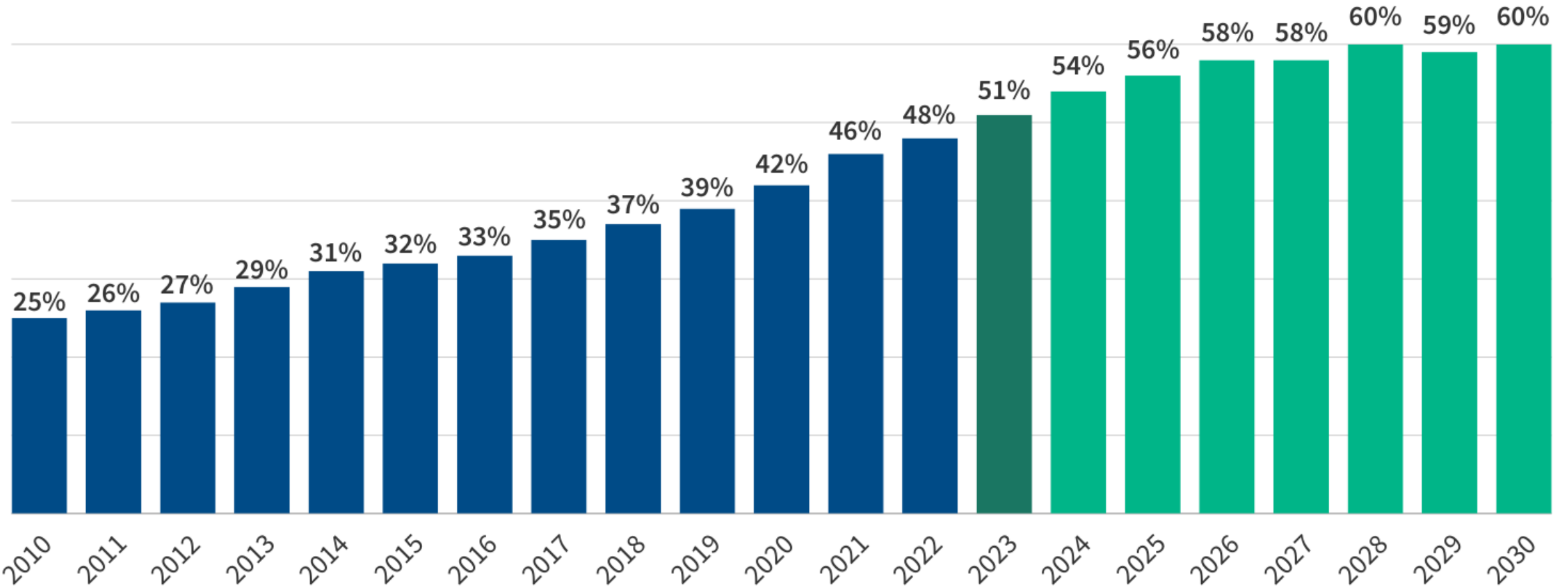


NOTE: Dental includes plans that only provide preventive benefits, such as cleanings. Excludes SNPs, EGHPs, HCPPs, and PACE plans.

SOURCE: KFF analysis of CMS's Landscape and Benefit files for 2021.

# Medicare Advantage Enrollment and Projections

Medicare Advantage enrollment 2010-2023 and projected enrollment 2024-2030, as a share of the eligible Medicare population.



**Source:** KFF Analysis of CMS Medicare Advantage Enrollment Files, 2010-2023. Enrollment numbers are from March of the respective year. Projections for 2024-2030 are from the May CBO Medicare Baseline for 2023.

# What's Medicare Supplement Insurance (Medigap)?

Medicare Supplement Insurance (Medigap) is extra insurance you can buy from a private health insurance company to help pay your share of out-of-pocket costs in Original Medicare.

**Generally, you must have Original Medicare – Part A (Hospital Insurance) and Part B (Medical Insurance) – to buy a Medigap policy.**

Source: <https://www.medicare.gov/health-drug-plans/medigap>



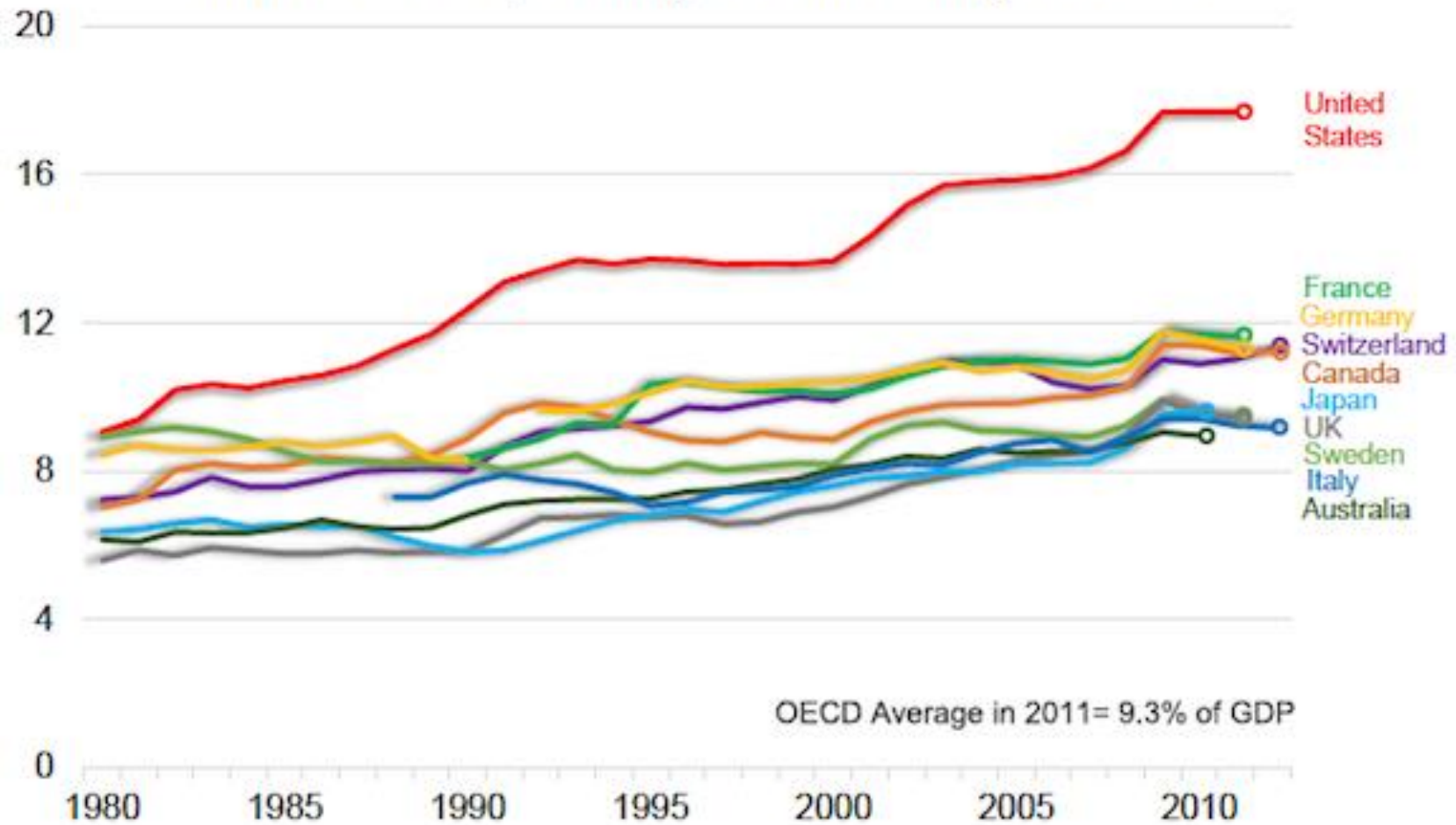


---

Healthcare spending is a big issue

---

## Health Care Spending as Percentage of GDP



OECD Average in 2011= 9.3% of GDP

Source: OECD Health Data 2013.  
Produced by Veronique de Rugy, Mercatus Center at George Mason University.

## The estimated net price of Jardiance in the U.S. is between three and seven times higher than the list retail price in peer countries.

Jardiance price per dosage unit

● List retail price per unit ● Estimated U.S. net price per unit ● Estimated U.S. rebate



Download data

Notes: Jardiance (empagliflozin) dosage unit represents average unit price per tablet. See "How We Conducted This Study" for more details. Jardiance is used to treat type 2 diabetes by helping to lower the blood sugar level and is also used to lower the risk of cardiovascular death in patients with type 2 diabetes and heart or blood vessel disease. It is also used to lower the risk of cardiovascular death and hospitalization in patients with heart failure. For more information: <https://www.mayoclinic.org/drugs-supplements/empagliflozin-oral-route/description/drg-20113010>.

Data: IQVIA, annualized 2021 estimates.

Evan D. Gumas et al., "How Prices for the First 10 Drugs Up for U.S. Medicare Price Negotiations Compare Internationally," chartpack, Commonwealth Fund, Jan. 4, 2024. <https://doi.org/10.26099/szw4-d082>

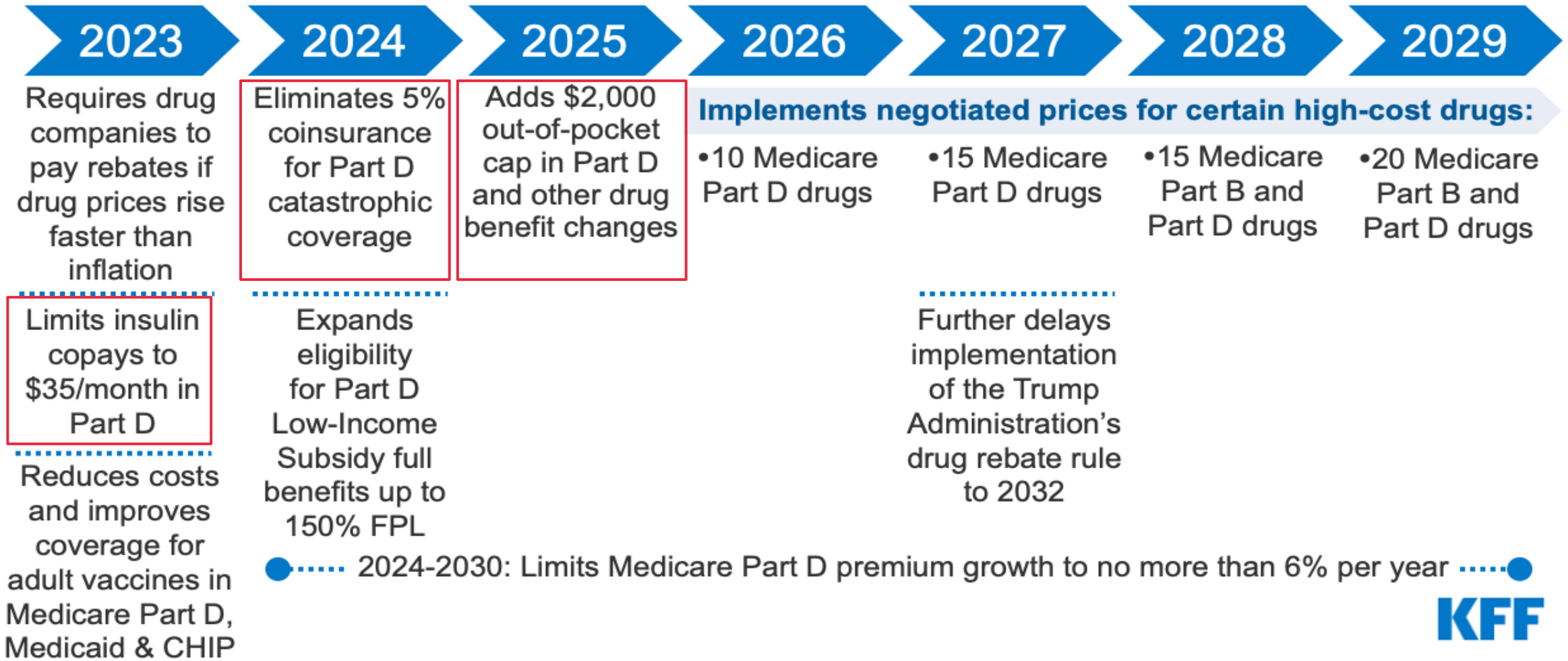
---

What about policy changes...

---

Figure 1

# Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act



# Number of Drugs Selected by Year

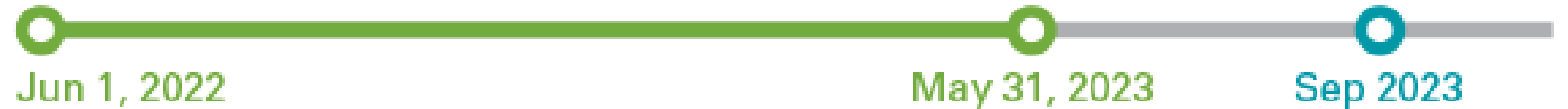


## Drugs Selected



10 qualifying Part D drugs with highest Medicare spending in reference period

## Medicare Spending Reference Period



## Drugs Selected



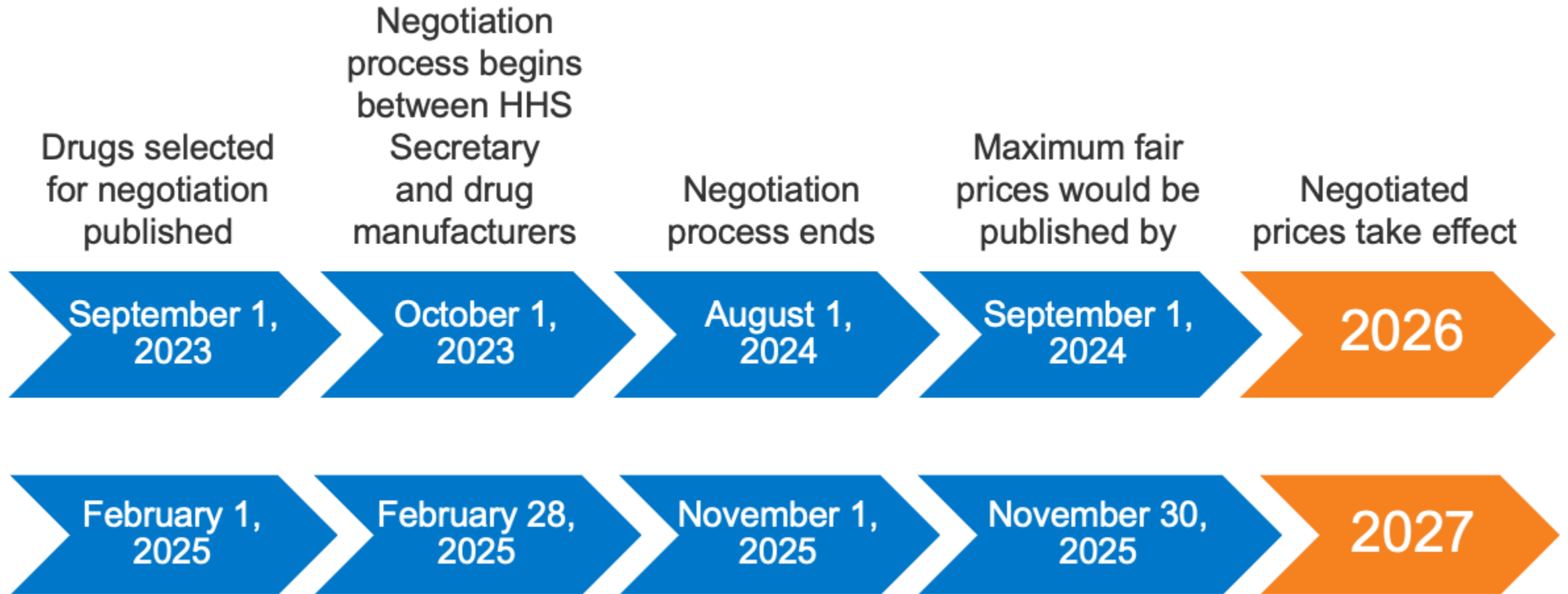
15 additional qualifying Part D drugs with highest Medicare spending in reference period

## Medicare Spending Reference Period



Figure 1

# Medicare Drug Price Negotiation Timeline for 2026 & 2027



SOURCE: KFF analysis of section 11001 of the Inflation Reduction Act of 2022.

# 10 Medicare Part D Drugs Selected for Price Negotiation for 2026

The selected drugs include drugs used to treat cancer, diabetes, blood clots, asthma and COPD, and rheumatoid arthritis.

Drug name	Manufacturer	Used for
Eliquis	Bristol Myers Squibb	Anticoagulant
Enbrel	Amgen	Rheumatoid arthritis
Entresto	Novartis Pharmaceuticals Corp.	Heart failure
Farxiga	AstraZeneca	Diabetes, heart failure, chronic kidney disease
Fiasp	Novo Nordisk	Diabetes
Imbruvica	Pharmacyclics	Leukemia, lymphoma
Januvia	Merck	Type 2 diabetes
Jardiance	Boehringer Ingelheim	Type 2 diabetes, heart failure
Stelara	Janssen Biotech	Psoriasis, psoriatic arthritis, Crohn's disease, ulcerative colitis
Xarelto	Janssen	Anticoagulant



## For a number of the selected drugs, estimated rebates substantially reduce the price.

*Breakdown of the total list retail price by estimated rebate percent to estimated net price per unit*

Drug name	Therapeutic class	List retail price per unit	Estimated rebate percent	Estimated net price*
Eliquis	Anticoagulant	\$8.06	49%	\$4.11
Entresto	Antihypertensive therapy agent	\$11.82	19%	\$9.57
Xarelto	Anticoagulant	\$15.44	49%	\$7.87
Januvia	Diabetic therapy	\$18.34	50%	\$9.17
Jardiance	Diabetic therapy	\$20.30	50%	\$10.15
Farxiga	Diabetic therapy	\$22.10	50%	\$11.05
Novolog FlexPen	Diabetic therapy	\$39.72	50%	\$19.86
Imbruvica	Antineoplastic	\$479.71	9%	\$436.54
Enbrel	Disease-modifying antirheumatoid drugs	\$1,693.20	29%	\$1,202.17
Stelara	Disease-modifying antirheumatoid drugs	\$18,234.02	29%	\$12,946.15

\* This column reflects estimated net price, i.e., the estimated price calculated by subtracting the estimated rebate amount from the retail price. Because of inclusion of many drugs in overall therapeutic classes, estimated rebate percents may over- or underestimate rebates for some drugs. Estimated rebates are based on a recent [analysis by the Medicare Payment Advisory Commission \(MedPAC\)](#). See “How We Conducted This Study” for more details. Units reflect one tablet for solid forms (Eliquis, Entresto, Xarelto, Januvia, Jardiance, Farxiga, and Imbruvica) and one milliliter for liquid forms (Novolog FlexPen, Enbrel, and Stelara).

Data: IQVIA, annualized 2021 estimates.

Evan D. Gumas et al., “How Prices for the First 10 Drugs Up for U.S. Medicare Price Negotiations Compare Internationally,” chartpack, Commonwealth Fund, Jan. 4, 2024.  
<https://doi.org/10.26099/szw4-d082>

Drug Name	Participating Drug Company	Commonly Treated Conditions	Agreed to Negotiated Price for 30-day Supply for CY 2026	List Price for 30-day Supply, CY 2023	Discount of Negotiated Price from 2023 List Price	Total Part D Gross Covered Prescription Drug Costs, CY 2023	Number of Medicare Part D Enrollees Who Used the Drug, CY 2023
Januvia	Merck Sharp Dohme	Diabetes	\$113.00	\$527.00	79%	\$4,091,399,000	843,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Novo Nordisk Inc	Diabetes	\$119.00	\$495.00	76%	\$2,612,719,000	785,000
Farxiga	AstraZeneca AB	Diabetes; Heart failure; Chronic kidney disease	\$178.50	\$556.00	68%	\$4,342,594,000	994,000
Enbrel	Immunex Corporation	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	\$2,355.00	\$7,106.00	67%	\$2,951,778,000	48,000
Jardiance	Boehringer Ingelheim	Diabetes; Heart failure; Chronic kidney disease	\$197.00	\$573.00	66%	\$8,840,947,000	1,883,000
Stelara	Janssen Biotech, Inc.	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	\$4,695.00	\$13,836.00	66%	\$2,988,560,000	23,000
Xarelto	Janssen Pharms	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	\$197.00	\$517.00	62%	\$6,309,766,000	1,324,000
Eliquis	Bristol Myers Squibb	Prevention and treatment of blood clots	\$231.00	\$521.00	56%	\$18,275,108,000	3,928,000
Entresto	Novartis Pharms Corp	Heart failure	\$295.00	\$628.00	53%	\$3,430,753,000	664,000
Imbruvica	Pharmacyclics LLC	Blood cancers	\$9,319.00	\$14,934.00	38%	\$2,371,858,000	17,000

Note: Numbers other than prices are rounded to the nearest thousands. List prices are rounded to the nearest dollar and represent the Wholesale Acquisition Costs (WACs) for the selected drugs based on 30-day supply using CY 2022 prescription fills. Drug companies' participation in the Negotiation Program is voluntary; the figures above represent estimates based on continued drug company participation in the Medicare program.

---

# Takeaways

---

- Insurance in the United States is complicated
  - Many different types of plans exist
  - Healthcare costs are a major issue in the system
-

---

Thank you

---