

FACT SHEET

PART D RECONSIDERATION APPEALS DATA - 2018

Part D Appeals Process

An appeal is the process by which an individual enrolled in a Medicare prescription drug plan (enrollee) may challenge a plan's coverage determination. Appeals begin with a request by an enrollee (or his or her representative) for a redetermination by the plan. If the enrollee is dissatisfied with the plan's redetermination, the enrollee may request a reconsideration by the Part D Independent Review Entity (also called the Part D Qualified Independent Contractor or "Part D QIC"). An enrollee who is dissatisfied with the Independent Review Entity's decision may appeal to an Administrative Law Judge, if their appeal meets the Amount in Controversy threshold. If the enrollee continues to be dissatisfied with the decision, additional appeal levels include the Medicare Appeals Council and federal judicial review.

The following data summarizes and highlights some of the key data on reconsiderations during the 13th year of the Medicare prescription drug benefit program, January 1, 2018 – December 31, 2018.

Reconsideration Volume

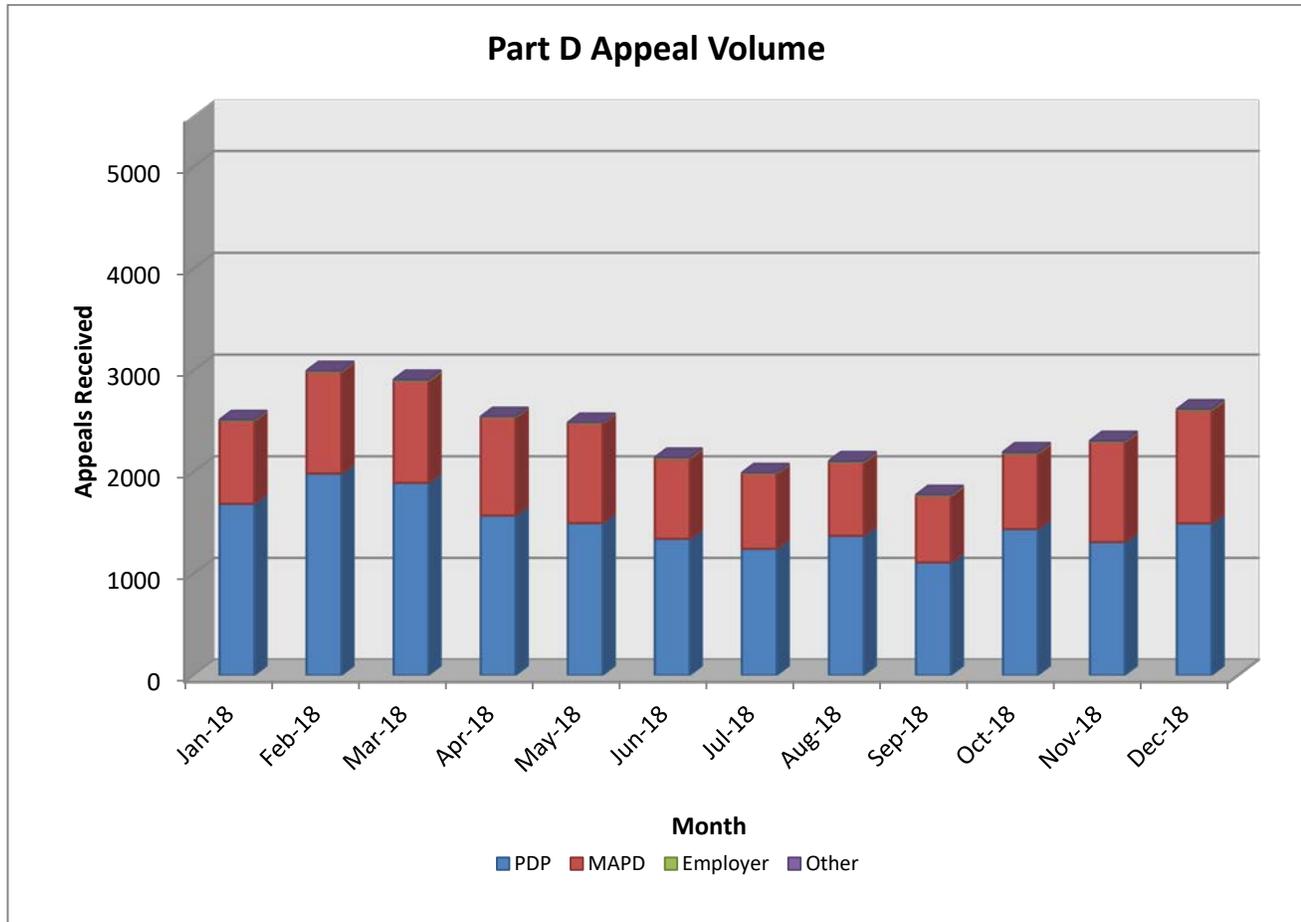
The Part D QIC received 28,600 reconsideration requests during calendar year 2018. This represents a rate of 0.65 reconsiderations for each 1,000 Medicare beneficiaries enrolled.¹ It also reflects a 25.5% decrease in the aggregate number of appeals received in 2017.

Standard cases represented 61% of all appeals received and resulted in a rate of 0.40 standard cases for each 1,000 beneficiaries enrolled.

Expedited cases represented 39% of all appeals received and resulted in a rate of 0.25 expedited cases for each 1,000 beneficiaries enrolled.

¹ Annual volume, divided by mid-year enrollment (times 1,000) is used to calculate the annual rate of appeals per 1,000 enrollees.

Number of Appeals Received by the Part D QIC by Month²:



Part D Appeal Volume by Contract Type

| Month | PDP | MAPD | Employer | Other | Total |
|----------------|---------------|---------------|-----------|-----------|---------------|
| Jan-18 | 1,688 | 818 | 4 | 4 | 2,514 |
| Feb-18 | 1,986 | 1,000 | 6 | 5 | 2,997 |
| Mar-18 | 1,894 | 1,002 | 8 | 7 | 2,911 |
| Apr-18 | 1,572 | 967 | 4 | 2 | 2,545 |
| May-18 | 1,498 | 985 | 1 | 3 | 2,487 |
| Jun-18 | 1,343 | 791 | 5 | 5 | 2,144 |
| Jul-18 | 1,245 | 741 | 4 | 2 | 1,992 |
| Aug-18 | 1,373 | 722 | 7 | 7 | 2,109 |
| Sep-18 | 1,111 | 655 | 9 | 1 | 1,776 |
| Oct-18 | 1,439 | 743 | 6 | 10 | 2,198 |
| Nov-18 | 1,311 | 986 | 5 | 6 | 2,308 |
| Dec-18 | 1,496 | 1,114 | 8 | 1 | 2,619 |
| Summary | 17,956 | 10,524 | 67 | 53 | 28,600 |

² Chart cannot show Employer or Other volumes due to limited volumes

Types of Appeals and Rates of Reversal of Plan Denials³

| Appeal Type | Cases | Substantive Cases ¹ | % of Cases | Reversals | % Reversed | % of all Reversals |
|-------------------------------------|---------------|--------------------------------|--------------|--------------|--------------|--------------------|
| Cost Sharing | 376 | 329 | 87.5% | 93 | 28.3% | 3.4% |
| Not covered under Part D | 16,966 | 13,095 | 77.2% | 1,021 | 7.8% | 36.8% |
| Not a Med Accepted Indication | 13,516 | 10,492 | 77.6% | 1,014 | 9.7% | 36.6% |
| Statutory Exclusion | 2,603 | 2,603 | 100.0% | 7 | 0.3% | 0.3% |
| Out of Network | 379 | 321 | 84.7% | 127 | 39.6% | 4.6% |
| Plan Cost Utilization Tool Disputed | 3,774 | 3,379 | 89.5% | 940 | 27.8% | 33.9% |
| Request for Tiering Exception | 4,493 | 4,240 | 94.4% | 162 | 3.8% | 5.8% |
| Request for Drug not on Formulary | 2,612 | 2,333 | 89.3% | 428 | 18.3% | 15.4% |
| Summary | 28,600 | 23,697 | 82.9% | 2,771 | 11.7% | 100.0% |

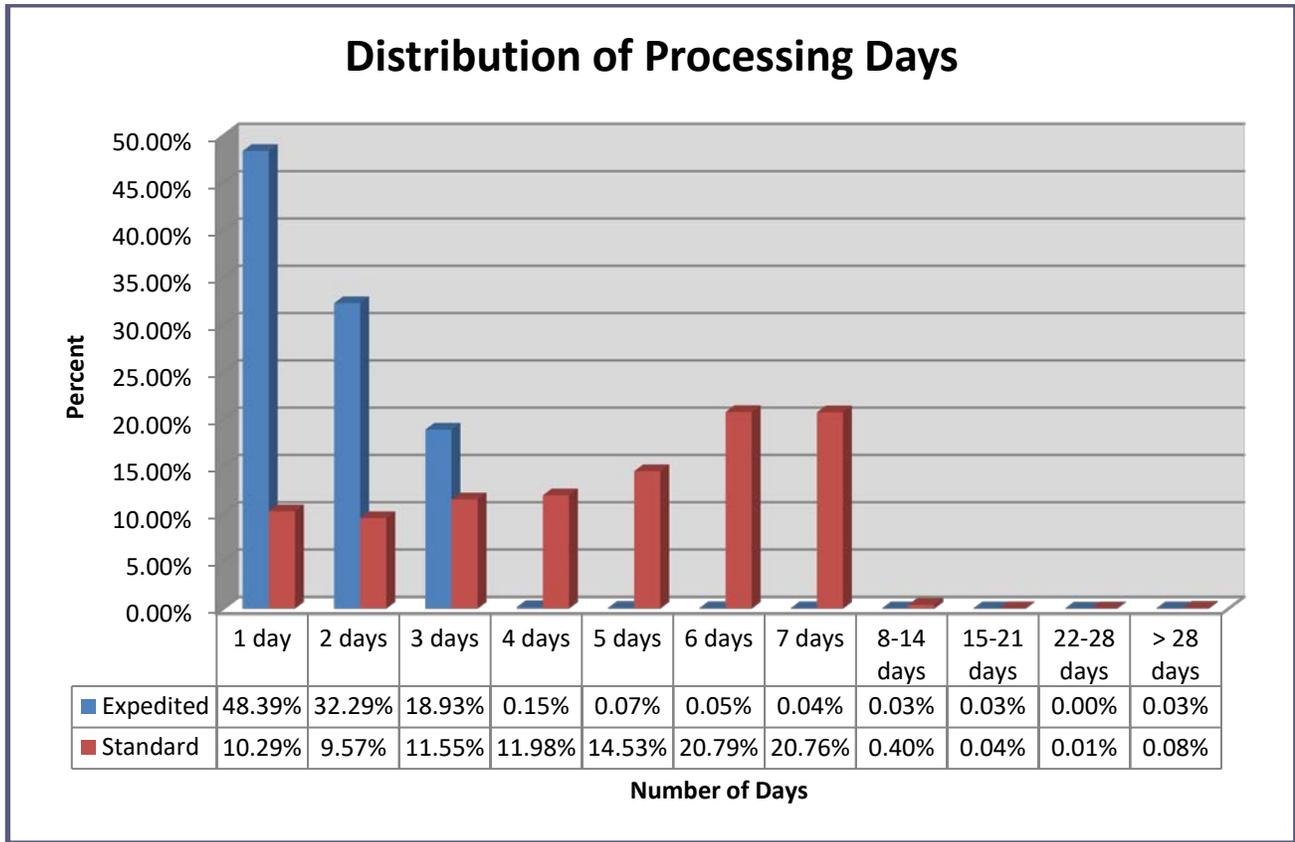
¹ Substantive Cases includes Upheld, Reversed, and Partially Reversed decisions, only. Dismissals, Withdrawals and Remand to Plan are not included in Substantive Cases count

Overall Reversal Rate

Excluding cases that were dismissed, withdrawn, or remanded (the Part D QIC did not have jurisdiction to make a substantive decision on the case) and cases involving non-Part D drugs, the Part D QIC reversed plan decisions in 16.50% of cases. Inclusion of Part B vs D coverage as well as non-covered Part D drugs reduces the overall reversal rate to 11.7%.

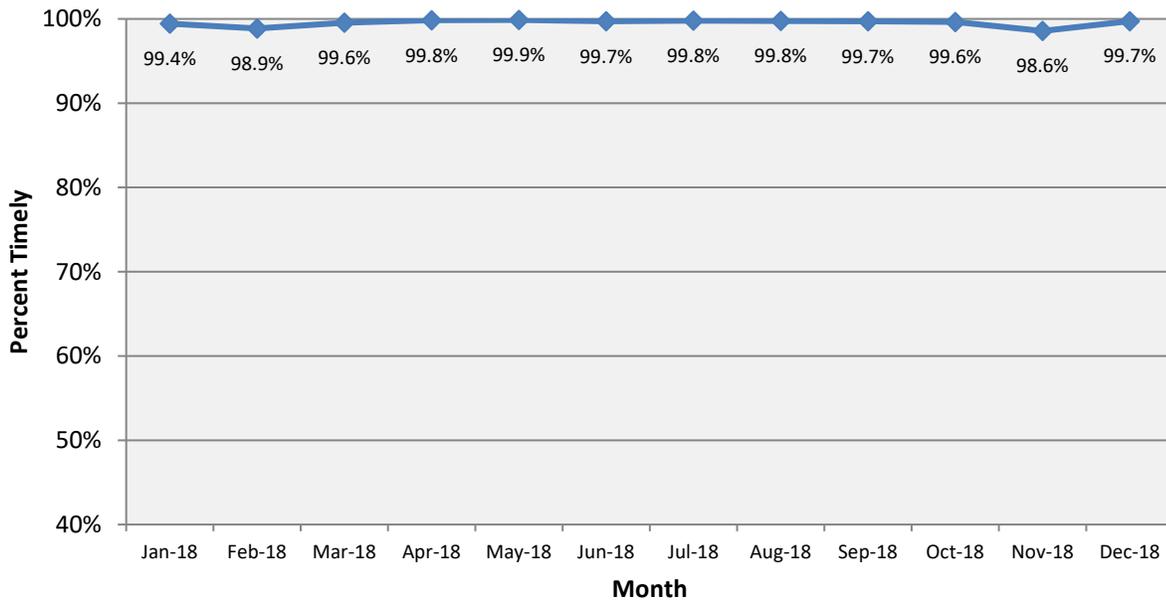
³ Calculation of the reversal rate by appeal type excludes cases that were dismissed, withdrawn or remanded.

Timeliness of Reconsideration Cases, Calendar Year 2018



Note: Tolling is removed from the calculation of processing days.

**Processing of Part D Reconsiderations During 2018
Percent Processed In Time, by Month Appeal Received**



| Month Received | Cases | Timely | Pct. Timely |
|----------------|---------------|---------------|---------------|
| Jan-18 | 2,514 | 2,500 | 99.44% |
| Feb-18 | 2,997 | 2,963 | 98.87% |
| Mar-18 | 2,911 | 2,898 | 99.55% |
| Apr-18 | 2,545 | 2,541 | 99.84% |
| May-18 | 2,487 | 2,484 | 99.88% |
| Jun-18 | 2,144 | 2,138 | 99.72% |
| Jul-18 | 1,992 | 1,988 | 99.80% |
| Aug-18 | 2,109 | 2,104 | 99.76% |
| Sep-18 | 1,776 | 1,771 | 99.72% |
| Oct-18 | 2,198 | 2,190 | 99.64% |
| Nov-18 | 2,308 | 2,275 | 98.57% |
| Dec-18 | 2,619 | 2,612 | 99.73% |
| Summary | 28,600 | 28,464 | 99.52% |

Variable time standards apply to the completion of appeals of different appeal priorities. Expedited appeals are to be completed in 72 hours, unless tolling is warranted for an exception request or receipt of a valid Appointment of Representative form. The IRE may toll up to 14 additional days if warranted. Standard appeals are to be completed in 7 days; again, a tolling of up to 14 days may be taken if warranted.