

Fact Sheet: Part D Reconsideration Appeals Data–2017

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 12th year of the Medicare prescription drug benefit program, January 1, 2017 – December 31, 2017.

Reconsideration Volume

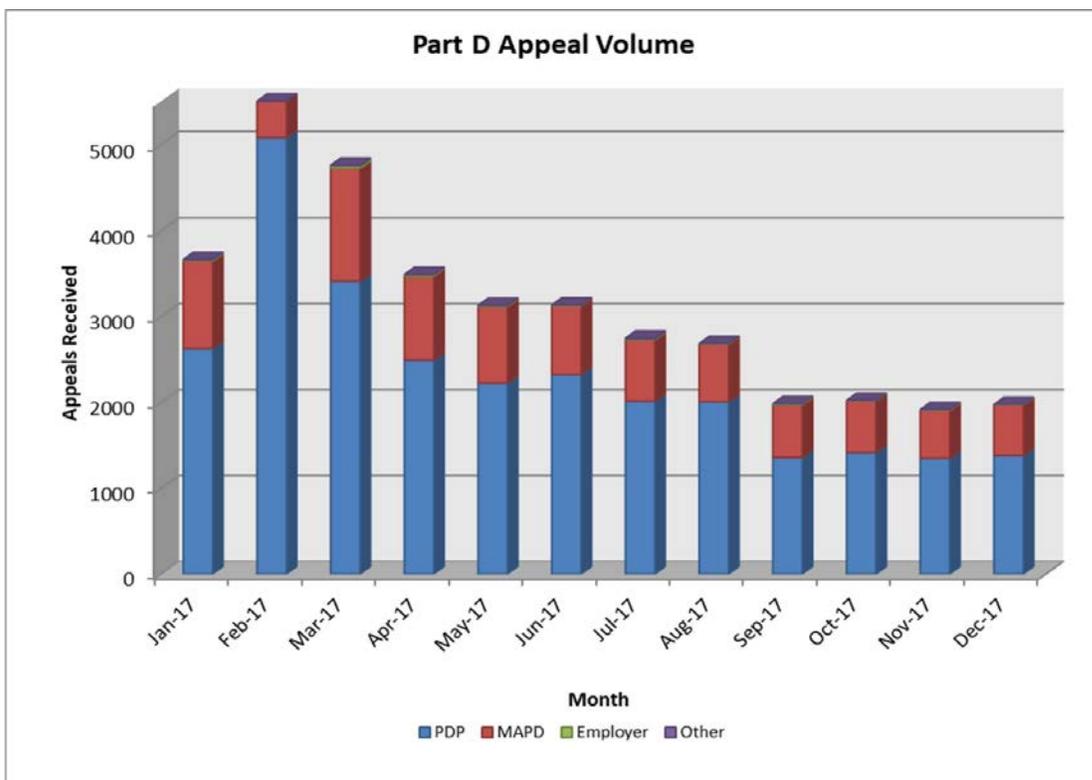
The Part D QIC received 38,415 reconsideration requests during calendar year 2017. This represents a rate of 0.90 reconsiderations for each 1,000 Medicare beneficiaries enrolled.¹ It also reflects a 7.8% increase in the total number of appeals received in 2016.

Standard reconsideration requests represented 65% of all appeals received and resulted in a rate of 0.58 standard cases for each 1,000 beneficiaries enrolled.

Expedited reconsideration requests represented 35% of all appeals received and resulted in a rate of 0.32 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-17 | 2,626 | 1,019 | 13 | 5 | 3,663 |
| Feb-17 | 5,077 | 1,818 | 14 | 6 | 6,915 ³ |
| Mar-17 | 3,412 | 1,312 | 33 | 3 | 4,760 |
| Apr-17 | 2,493 | 975 | 16 | 4 | 3,488 |
| May-17 | 2,226 | 889 | 9 | 5 | 3,129 |
| Jun-17 | 2,326 | 799 | 3 | 5 | 3,133 |
| Jul-17 | 2,014 | 712 | 9 | 12 | 2,747 |
| Aug-17 | 2,007 | 670 | 4 | 3 | 2,684 |
| Sep-17 | 1,359 | 612 | 11 | 2 | 1,984 |
| Oct-17 | 1,417 | 600 | 3 | 2 | 2,022 |
| Nov-17 | 1,352 | 555 | 6 | 2 | 1,915 |
| Dec-17 | 1,383 | 589 | 1 | 2 | 1,975 |
| Summary | 27,692 | 10,550 | 122 | 51 | 38,415 |

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

³ The first quarter generally reflects a spike in the number of appeals received at the IRE.

Types of Appeals and Rates of Reversal of Plan Denials⁴

| Appeal Type | Cases | Substantive Cases | % of Cases | Reversals | % Reversed | % of all Reversals |
|--|---------------|-------------------|---------------|--------------|---------------|--------------------|
| Cost Sharing | 414 | 387 | 1.08% | 139 | 35.92% | 2% |
| Not covered under Part D | 21,858 | 17,240 | 52.90% | 1,706 | 9.90% | 28% |
| Not a Medically Accepted Indication | 17,857 | 14,075 | 46.48% | 1,394 | 9.90% | 23% |
| Statutory Exclusion | 4,001 | 3,165 | 10.42% | 312 | 9.85% | 5% |
| Out of Network | 409 | 381 | 1.06% | 170 | 44.62% | 3% |
| Plan Cost Utilization Tool Disputed | 6,109 | 5,865 | 15.90% | 2,300 | 39.22% | 38% |
| Request for Tier Exception | 4,397 | 4,242 | 11.45% | 439 | 10.35% | 7% |
| Request for Drug not on Formulary | 5,228 | 5,012 | 13.61% | 1,345 | 26.84% | 22% |
| Summary | 38,415 | 33,127 | 100% | 6,099 | 18.41% | 100% |

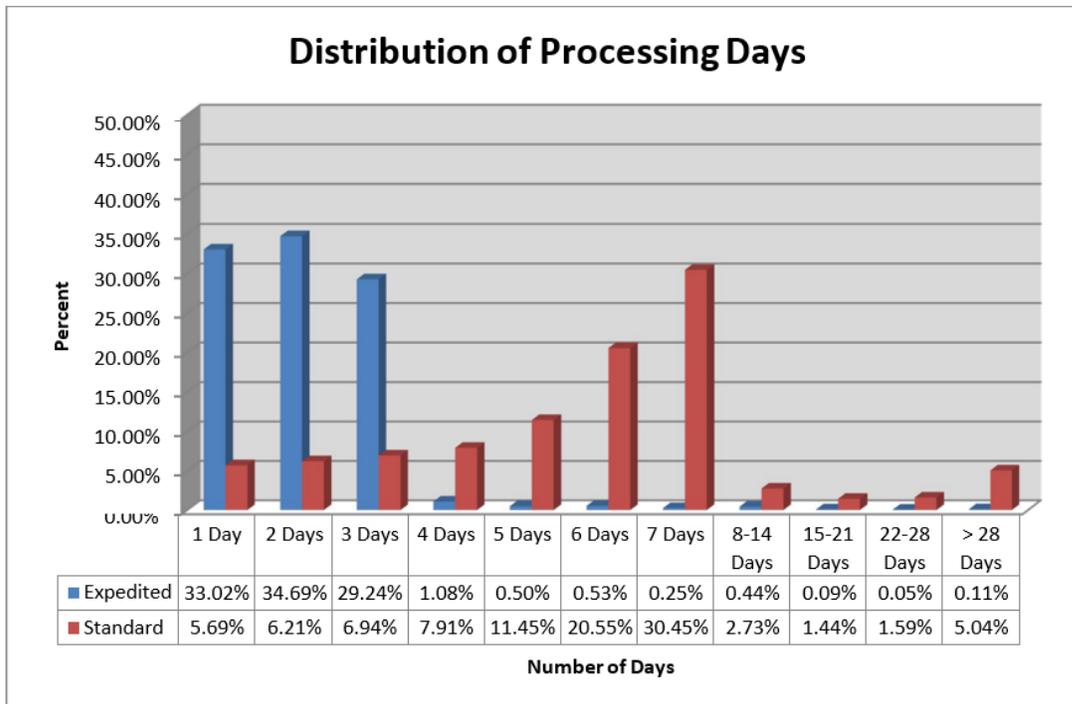
¹ Substantive Cases includes Upheld, Reversed, and Partially Reversed decisions, only. Dismissals and Withdrawals are not included in Substantive Cases count

Overall Reversal Rate

Excluding cases that were dismissed, withdrawn, or remanded (i.e., 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 27.65% of cases. Inclusion of the non-Part D drugs reduces the overall reversal rate to 18.41%.

⁴ Calculation of the reversal rate by appeal type excludes cases that were dismissed, withdrawn or remanded.

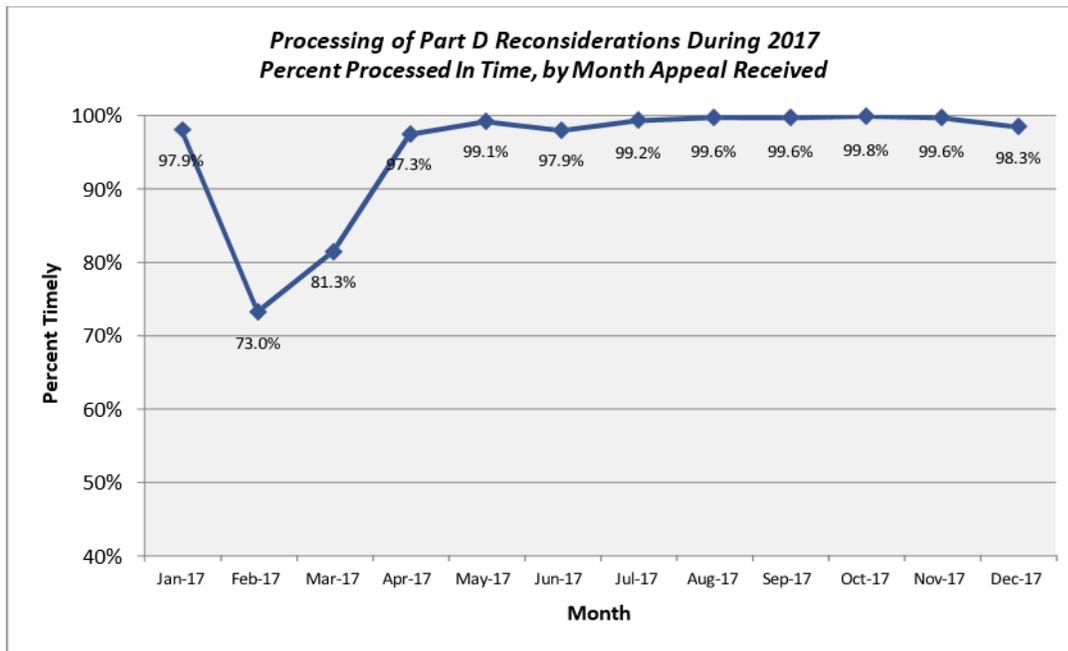
Timeliness of Reconsideration Cases, Calendar Year 2017



Distribution of processing days as a percentage versus the number of days.

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

Processing Part D Reconsiderations During 2017



Processing of Part D Reconsiderations during 2017 by Percentage

| Month Received | Cases | Timely | Percent Timely |
|----------------|---------------|---------------|---------------------|
| Jan-17 | 3,663 | 3,587 | 97.93% |
| Feb-17 | 6,915 | 5,050 | 73.03% ⁵ |
| Mar-17 | 4,760 | 3,872 | 81.34% |
| Apr-17 | 3,488 | 3,394 | 97.31% |
| May-17 | 3,129 | 3,100 | 99.07% |
| Jun-17 | 3,133 | 3,066 | 97.86% |
| Jul-17 | 2,747 | 2,725 | 99.20% |
| Aug-17 | 2,684 | 2,674 | 99.63% |
| Sep-17 | 1,984 | 1,976 | 99.60% |
| Oct-17 | 2,022 | 2,018 | 99.80% |
| Nov-17 | 1,915 | 1,907 | 99.58% |
| Summary | 38,415 | 35,311 | 91.92% |

Expedited appeals are to be completed in 72 hours, unless tolling is warranted to collect information required to make a decision. An extension can be granted for up to 14 additional days. Standard appeals are to be completed in 7 days; again, tolling of up to 14 days may be taken if warranted.

⁵ The first quarter generally reflects a spike in the number of appeals received at the IRE.