

REPORT HIGHLIGHTS



August 2024 | OEI-BL-19-00500

Medicare and Some Enrollees Paid Substantially More When Stelara Was Covered Under Part D Versus Part B

Why OIG Did This Review

Stelara is a high-cost prescription biologic approved to treat certain autoimmune diseases. Subcutaneous (under-the-skin) versions of Stelara are typically self-injected and covered under Medicare Part D. Prior to 2023, Part B also covered subcutaneous versions of Stelara when the injection was administered by a physician; however, Medicare Administrative Contractors (MACs) now exclude Stelara injections under a policy designed to omit self-administered drugs from Part B coverage. The period during which Stelara was covered under Parts B and D provides a unique opportunity to examine how coverage determinations affect payments made by the Medicare program and costs for its enrollees.

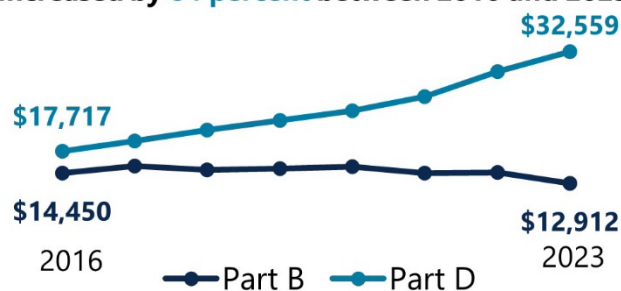
What OIG Found

Medicare and some enrollees paid substantially more when Stelara injections were covered under Part D (i.e., self-administered) versus under Part B (i.e., administered by a physician). However, given recent coverage changes, enrollees who once opted to receive Stelara injections in their doctors' offices (i.e., through Part B) must now obtain Stelara through a pharmacy (i.e., through Part D), where they will potentially face much higher out-of-pocket costs.

In 2021, the annual cost per enrollee for Stelara was 80 percent more under Part D than Part B.



The average Part B cost for a Stelara injection has remained steady while the average Part D cost increased by 84 percent between 2016 and 2023.



Source: OIG analysis of Part B claims and Part D PDE data.

Note: Both graphs depict cost for a 90 mg injection of Stelara. Crohn's disease and ulcerative colitis require six 90 mg doses annually.

What OIG Concludes

Over the past several years, Medicare expenditures for Stelara have increased almost tenfold, from \$300 million in 2016 to almost \$3 billion in 2023. Our findings illustrate how differences in the methods used to set drug payment amounts under Part B (i.e., manufacturers' sales prices) versus under Part D (i.e., negotiations between plan sponsors, manufacturers, pharmacy benefit managers, and pharmacies) result in widely different payment amounts for the same drugs. As such, Part B and Part D programmatic features—such as payment amounts and available payment supports (e.g., Medigap or LIS)—can have a major effect on expenditures for Medicare and out-of-pocket costs for enrollees, and can also impact where patients choose to obtain the drug.