MEDICARE PART D IS A SUCCESSFUL PROGRAM that relies on private market competition to hold down costs for seniors and taxpayers. Its unique structure provides a market of private options and patients get the freedom to choose among dozens of private health plans competing for enrollment based on premiums, coverage, quality and service.

When Medicare Part D was created, it included catastrophic coverage for beneficiaries with high costs.

COSTS GO UP EVERY YEAR: The amount a Part D beneficiary must spend out-of-pocket first before entering into catastrophic coverage increases each year. We call this the Catastrophic Threshold.

THE COST RELIEF WAS ONLY TEMPORARY: The Affordable Care Act (ACA) passed in 2010 temporarily slowed the growth rate of the catastrophic threshold, but this provision will soon expire.

THE CLIFF IS COMING: The catastrophic threshold is estimated to jump up by roughly $1,500 from 2019 to 2020, significantly increasing out of pocket costs for beneficiaries.

ASK CONGRESS TO FIX THIS CLIFF SO SENIORS HAVE ACCESS TO THE MEDICINES AND TREATMENTS THEY NEED

RECENT CHANGES TO THE DONUT HOLE THREATEN THE SUSTAINABILITY OF THE PART D PROGRAM: Congress passed a provision earlier this year that shifts plans’ current coverage gap liability to manufacturers, permanently, beginning in 2019. The amount of liability shifted is 20%, which would bring total manufacturer gap liability to 70% and leave health plans bearing essentially no risk above the initial coverage limit.

This policy change would fundamentally alter the successful structure of the Part D program by reducing the financial risk for insurance companies, undermining the whole purpose of having private sector delivery of program benefits.

Patients will now be paying five times more for their medicines in the donut hole than their insurer.

ASK CONGRESS TO FIX THIS UNSUSTAINABLE CHANGE AND PROTECT SENIORS WHO RELY ON MEDICARE PART D
In 2018, there are, on average, 23 Part D plan choices available in every region across the country.¹

Today, overall Part D costs are $349 billion less than estimated when the program was created in 2003. It’s wildly popular among beneficiaries, nine out of ten of whom report being satisfied or more than satisfied with their coverage.

Medicare beneficiaries have enjoyed relatively stable monthly Part D premiums averaging about $33.50 a month in 2018, which helps keep coverage affordable.²

Part D is a competitive private market, rather than a system with government-set pricing. Private Part D plans negotiate substantial discounts and rebates with drug manufacturers, without the government meddling. According to a recent study, these substantial rebates have resulted in an average 35.3 percent discount from manufacturer list prices across 12 widely used therapeutic areas in Part D.³

Part D costs are $349 billion (or 45 percent) less than initial 10-year projections, and Part D made up just 13.7 percent of total Medicare spending in 2016.⁴

More than 87 percent of Part D prescriptions are generic (up from about 50 percent before the program was implemented), keeping costs low.

Multiple studies have shown about 9 in 10 Medicare beneficiaries are satisfied with their Part D coverage.⁷