Medicare Affordability

Medicare Part D is a popular and successful program that provides over 44 million seniors and individuals with disabilities access to a range of affordable prescription drug plans. Its unique structure keeps costs down by providing a market of options and offering patients the freedom to choose among dozens of private health plans competing for patient enrollment based on premiums, coverage, quality and service.

For more than a decade, Part D has been a success. But with the multitude of changes that have taken place in the insurance and pharmaceutical markets over the past 10 years, Part D could be strengthened to improve affordability and predictability for beneficiaries. But there are right ways and wrong ways to do that. Recent changes made in Washington, like those included in the Bipartisan Budget Act, were the wrong way as they jeopardize Part D’s successful structure and inhibit future access for many beneficiaries who rely on it for affordable treatment. President Trump and his administration have proposed some changes, including an out-of-pocket cap, that could address affordability issues.

Out-of-Pocket Cap
Once a Part D patient’s incurred out-of-pocket spending is high enough to reach the catastrophic coverage phase, the patient pays a 5 percent coinsurance or copayment for covered drugs for the rest of the year. The Administration and Congress are considering proposals that would establish an annual out-of-pocket spending limit, which would effectively end unlimited cost-sharing for beneficiaries that reach the catastrophic phase. Like out-of-pocket caps in other health insurance markets, this shift will substantially reduce the financial burden for serious illness.

More Work Needs to Be Done
Medicare Part D is a successful program with a proven track record for participating patients and plans. Surveys show that more than 85 percent of beneficiaries are satisfied with their Part D coverage. While an out-of-pocket cap will help patients afford and access treatment, more work must be done to improve affordability and predictability for seniors and ensure the integrity of the Part D program is not jeopardized. Implementing any reforms that will increase the financial burden on beneficiaries and diminish affordable access will compromise the effectiveness of one of the most successful government programs to date and sever a vital lifeline for millions of seniors and people living with disabilities across the U.S.