

Share the Savings: If Insurers Don't Pay Full Price for Medicines, Seniors Shouldn't Either

Many Medicare beneficiaries struggle to afford the medicines they need, even as insurers and pharmacy benefit managers (PBMs) in the Part D program receive significant rebates from drug manufacturers that lower the prices they pay for medicines.

50%

Amount rebates lowered the average price Part D health plans paid for medicines to treat certain diseases¹



\$44 billion

Total manufacturer rebates received by Medicare Part D insurers in 2020¹

But these savings aren't always shared with Medicare beneficiaries at the pharmacy counter.

Instead, **the amount patients pay is based on the medicine's full price, not the discounted price PBMs negotiate and their health plan pays.**

SENIOR IN DEDUCTIBLE

\$100 price for medicine
Health plan receives \$40 rebate
Health plan pays \$0

Patient Out-of-Pocket Costs

Patient costs **without** share the savings



Patient costs **with** share the savings



SENIOR WITH 25% COINSURANCE

\$100 price for medicine
Health plan receives \$40 rebate
Health plan pays \$60

Patient Out-of-Pocket Costs

Patient costs **without** share the savings



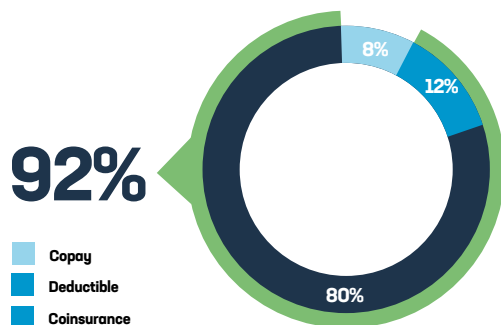
Patient costs **with** share the savings



(25% of \$100 price instead of 25% of \$60)

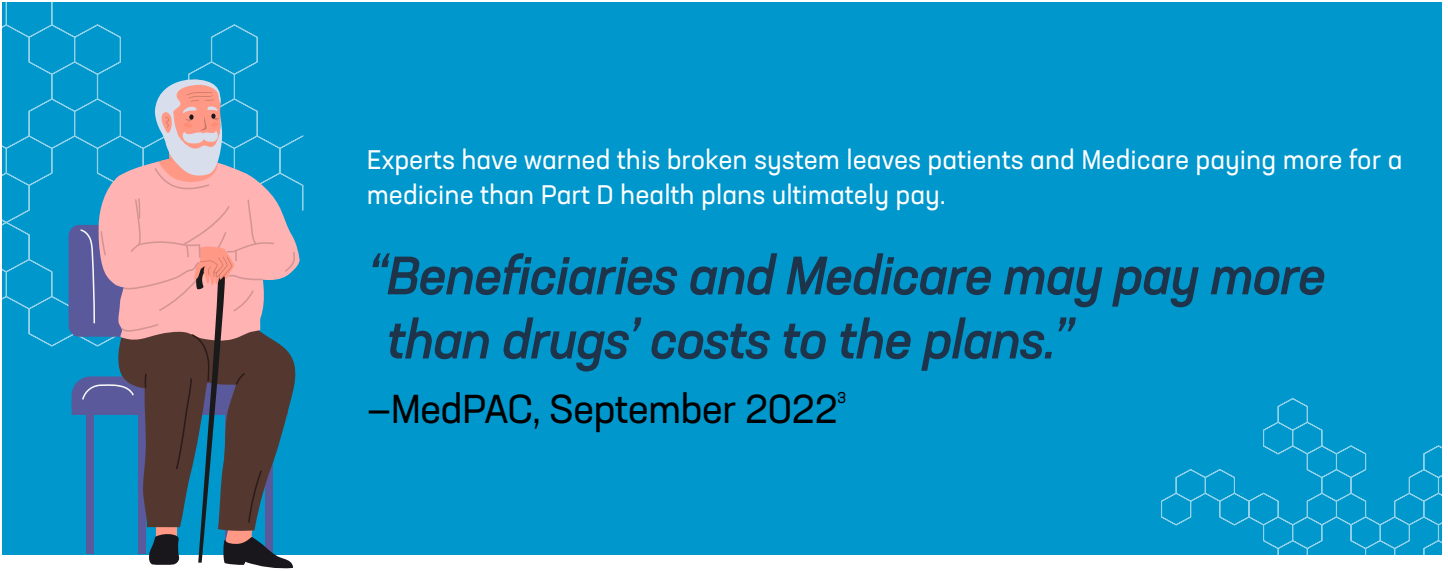
This practice is pervasive across the Medicare Part D program.

92% of beneficiary out-of-pocket spending on brand medicine is based on the undiscounted list price.²



9 in 10 beneficiaries taking brand medicine are exposed to the full price through deductibles and coinsurance.²





Experts have warned this broken system leaves patients and Medicare paying more for a medicine than Part D health plans ultimately pay.

“Beneficiaries and Medicare may pay more than drugs’ costs to the plans.”

–MedPAC, September 2022³

Sharing the savings with seniors at the pharmacy would deliver immediate relief to millions of Medicare beneficiaries.



Congress can help lower costs for seniors who need medicines.

- Require Part D insurers to share the same price they pay for medicines with seniors
- Base seniors’ cost-sharing requirement on the net price insurers pay



Sharing the savings would help seniors and bring greater fairness to the Medicare program.

- Helps seniors afford the lifesaving medicines they desperately need
- Strengthens the Part D program with a modest impact on premiums

Medicare Part D beneficiaries should never have to pay more for their medicine than their insurer pays. Let’s make sure insurers and PBMs share the savings directly with Medicare beneficiaries and help all seniors receive the care they need.

Sources:

1 MedPAC. “MedPAC July 2022 Data Book.” July 2022. https://www.medpac.gov/wp-content/uploads/2022/07/July2022_MedPAC_DataBook_Sec10_v2_SEC.pdf

2 PhRMA. “Trends in Out-of-Pocket Spending for Brand Medicines in Medicare Part D.” May 2021. <https://www.phrma.org/medicare/trends-in-out-of-pocket-spending-for-brand-medicines-in-medicare-part-d>

3 MedPAC. “Analysis of Part D data on drug rebates and discounts.” September 2022. <https://www.medpac.gov/wp-content/uploads/2021/10/DIR-Slides-MedPAC-29-Sept-2022.pdf>

