

PART D: A MEDICARE SUCCESS STORY

Medicare Part D, the outpatient prescription drug benefit, provides seniors and individuals with disabilities access to affordable prescription drug coverage. Part D allows beneficiaries to choose from a range of private plans that best meet their needs. Even more, several studies have found on average 90% of beneficiaries are satisfied with their Part D coverage.¹

Robust Plan Competition Keeps Spending in Check

- Part D costs are **\$349 billion** (or 45%) less than initial 10-year projections.²
- Spending on Medicare Part D is just **11.8%** of total Medicare spending.³

Competition Plus Beneficiary Choice Leads to Access & Affordability

- In 2017, there will be more than **700** prescription drug plans available nationwide and Part D beneficiaries can choose from at least 18 plans in every region with an average of **22** per region.⁴
- Many prescription drugs in Part D carry substantial rebates negotiated by private plans and average rebates have increased in each year of the program.⁶
- Average premiums have been relatively stable, with the average monthly premium projected to be about **\$34** in 2017, substantially less than the original projection.⁵
- More than **4 in 5** Part D prescriptions are generic, up from about 50% among seniors prior to the implementation of Part D.⁷



Medicines Keep Beneficiaries Healthier & Reduce Other Spending

- In 2012, CBO announced a major change to its scoring methodology to reflect evidence that increased prescription drug use leads to offsetting reductions in Medicare spending for other medical services.⁸
- Research finds reductions in mortality following the implementation of Part D. Since 2006, nearly **200,000** Medicare beneficiaries have lived at least one year longer with an average increase in longevity of 3.3 years.⁹
- The implementation of Part D was associated with a **\$1,200 average** reduction in nondrug medical spending for Medicare beneficiaries with limited prior drug coverage in each of the first two years of the program.¹⁰
- Gaining Part D coverage improved adherence among enrollees with congestive heart failure, resulting in **\$2.3 billion** in annual savings to Medicare, driven by reductions in Parts A and B expenditures.¹¹
- Medicare Part D coverage was tied to an **8%** decrease in hospital admissions for seniors.¹²

¹Medicare Today Survey, 2016; Medicare Payment Advisory Commission, 2013

²Congressional Budget Office; see CBO Medicare baselines

³Congressional Budget Office, March 2016 Medicare Baseline Spending Forecast

⁴Kaiser Family Foundation, 2016

⁵Centers for Medicare & Medicaid Services, 2016; Medicare Trustees Report, 2008

⁶Medicare Trustees, 2007-2016

⁷Analysis of IMS Health data, 2012; Medicare Trustees Report, 2016

⁸Congressional Budget Office, 2012

⁹Semilla et al., American Journal of Managed Care, 2015

¹⁰McWilliams et al., Journal of the American Medical Association, 2011

¹¹Dall et al., American Journal of Managed Care, 2013

¹²National Bureau of Economic Research, 2014