

## MEDICARE PART D: PROTECTING AMERICA'S SENIORS AND TAXPAYERS

The Medicare Part D benefit program was created to ensure seniors have access to affordable prescription drugs. The program relies on market-based competition led by private health insurers that negotiate discounts and rebates with drug manufacturers. Spending on prescription drugs in Medicare Part B also leverages discounts and rebates obtained by private insurers to maintain robust drug competition for seniors. The success of this market-based approach has resulted in substantial savings for taxpayers and affordable medicines for America's seniors.

### Medicare Part D: By the Numbers



- **45.8 million** seniors enrolled (2018)
- **90%** of seniors are satisfied with the program
- **3.2%** decrease in premiums expected for 2019
- **\$32.50** average monthly premium (2019)
- **\$354 billion** less than original cost projection (2004-2013)
- **8%** decrease in hospital admissions for seniors

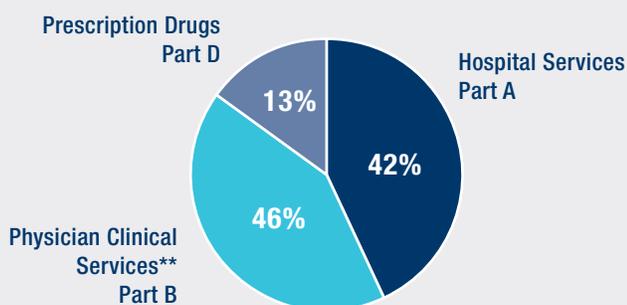
Source: 2019 Medicare Trustees Report; Morning Consult; Centers for Medicare & Medicaid Services; Congressional Budget Office (CBO) figures and initial 10-year estimate; National Bureau of Economic Research, 2014

### Leading Drivers of Medicare Spending

More than 80% of Medicare funding is spent on Medicare Part A (hospital services) and Medicare Part B (physician and clinical services).

Future changes in prescription drug spending expected to remain consistent with the rest of the Medicare program.

**TOTAL MEDICARE SPENDING\***

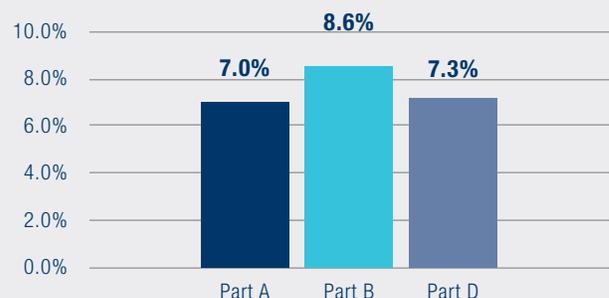


Source: 2019 Medicare Trustees Report

\*Does not equal 100% due to rounding.

\*\*Includes spending on prescription drugs administered in a clinical setting, which is projected to represent just 4% of total Medicare spending according to a Moran analysis of MedPAC and CBO data.

**PROJECTED 10-YEAR CHANGE IN MEDICARE SPENDING**



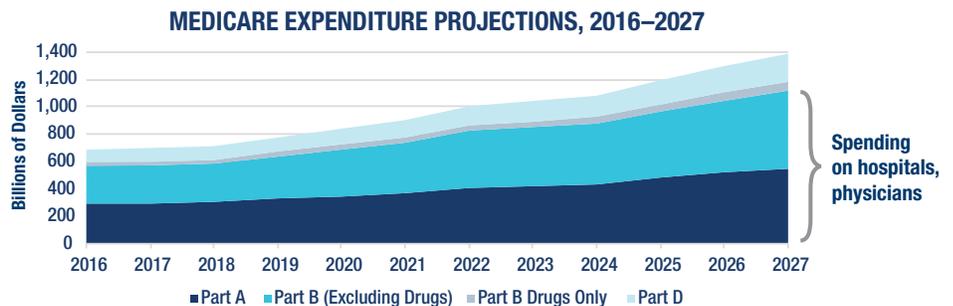
Source: 2019 Medicare Trustees Report

**MYTH: Allowing the federal government to directly negotiate prices with drugmakers in the Medicare Part D program will lower costs for seniors and taxpayers.**

**FACT: Empowering the federal government to interfere in Medicare drug prices will undermine a program that is working well for seniors and taxpayers.**

- ▶ The Medicare Part D program cost **\$349 billion less** than the initial 10-year cost estimates and nearly 90% of seniors are satisfied with the program. Source: CBO figures; Morning Consult
- ▶ Private insurers already negotiate aggressively with drugmakers to achieve significant savings. Plans and patients in Medicare Part D pay an estimated **35% below drugmakers' list price** for a dozen widely-used treatment areas — a better discount than what the private sector generally pays for the same drugs. Source: QuintilesIMS Institute, October 2016
- ▶ The real drivers of future Medicare spending are payments to hospitals and doctors, which are **expected to grow by \$552 billion** over the next decade — nearly four times more than the projected growth in prescription drug spending.

Source: Analysis of CBO Medicare Baseline, June 2017; MedPAC Data Book, June 2017



- ▶ Government interference in Medicare drug prices will undermine the well-being of seniors and exacerbate the costs of other Medicare services.

Source: Johns Hopkins Bloomberg School of Public Health and the University of Illinois at Chicago, 2014 Study

#### Medicare Part D 2007–2009:

Hospitalizations

**8%**

Spending on Hospitalizations

**7%**

- ▶ More than 200 patient-advocacy groups have urged Congress to reject government interference in Medicare drug prices because of the harm it will inflict on seniors.

**“We believe that repeal of the non-interference provision could jeopardize beneficiaries' access to comprehensive, affordable prescription drug coverage and would undermine the structure of a highly successful program upon which millions of people rely.”**

Source: “Protect Patient Access to Medication,” February 2017

- ▶ Direct negotiation in Medicare will have little impact on drug costs. The nonpartisan Congressional Budget Office (CBO) has written that **government interference in Medicare drug prices will not produce real savings** unless the government is also allowed to impose price controls and restrict patient access to medicines.
- ▶ The CBO has also found that imposing Medicaid-style rebates in Medicare Part D would reduce incentives to create new medicines, “particularly drugs for which a large share of users would be Medicare beneficiaries.” This threatens potential breakthrough discoveries to treat Parkinson’s, osteoporosis and other diseases that disproportionately affect the elderly.