

MedPAC Part D Recommendations in June Report Potentially Saves the Program \$10 Billion Over 5 Years

MedPAC Part D Proposals Mostly Unchanged in the Commission's Report:



Shift Risk to Plan Sponsors

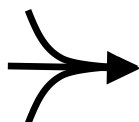
Currently, once a beneficiary exceeds \$7,500 in costs, plans are responsible for 15% of the cost to Medicare's 80%. MedPAC recommends that once the patient exceeds the limit, plans would assume 80% of the costs. This proposal is meant to incentivize plans to better manage drug spending



Coverage Gap
(Donut Hole)

Widen Coverage Gap to Increase Beneficiary Cost Sharing for Most Expensive Drugs

MedPAC recommended to not include the value of a manufacturer rebate against a beneficiary's out of pocket (OOP) expenses while in the coverage gap (donut hole). This would increase time spent in the coverage gap, increase beneficiary's cost sharing, and therefore encourage beneficiaries to switch to generics. According to estimates, 50% of beneficiaries who currently reach the catastrophic coverage benefit would not do so under this change



Increased Flexibility for Sponsor Plans

For the benefit of plan sponsors, MedPAC recommends streamlining the process for formulary changes. Additionally they will allow the creation of tiers of preferred and non preferred drugs, as well as a split fill program, which allows patients to try drugs for periods of less than a month when gauging their tolerance.



Change in Protected Classes of Drugs

Perhaps the most controversial of the proposed changes, MedPAC proposed to remove anti-depressant and immunosuppressants for transplant rejection from the protected classes of drugs - this allows the plan sponsors more flexibility when managing spending by encouraging the use of generic alternatives.



Reduce cost-sharing for low-income subsidy beneficiaries

MedPAC recommends eliminating or lowering co-pays for generic drugs for low-income subsidy beneficiaries

Sources: Melissa Andel, "MedPAC Approves Package of Part D Recommendations Designed to Shift More Risk to Plan Sponsors", *Applied Policy*, April 28, 2016; Dan Diamond, "Health Spending Growth Stays Below 5 Percent," *POLITICO Pulse*, April 8, 2016; Virgil Dickson, "MedPAC Outlines Post-acute Pay Overhaul, Backs Part D Changes", *Modern Healthcare*, April 7, 2016; Photo: Mediklik, April 8, 2016; "A Data Book" MedPAC, June 2015; Jordan Rau, *Med City News*, July 22, 2013; Noun Project, Mint Shirt, Juan Pablo Bravo.