

DATE

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Leader Pelosi,

Prior to passage of the Affordable Care Act (ACA), seniors essentially had no coverage for prescriptions filled in the Part D “donut hole”, which exists prior to reaching eligibility for catastrophic coverage. We strongly supported provisions in the ACA that addressed this flawed design by phasing out the donut hole over a ten-year period, and we are encouraged by recent efforts to accelerate the closing of the donut hole a year earlier than planned. As representatives of sizeable aging and vulnerable populations, we believe that reducing seniors’ prescription drug costs should be a top priority.

While we applaud efforts to ease near-term cost burdens on seniors, there are two major concerns related to Medicare Part D coverage that we want to highlight, which could negatively impact beneficiaries.

First, seniors stand to face an immediate \$1,500 increase in out-of-pocket costs starting January 1, 2020. Under the current Part D design, when a beneficiary reaches a specified out-of-pocket spending threshold, they exit the donut hole and enter catastrophic coverage. Due to the expiration of provisions in ACA, in 2020 there will be a dramatic increase in the beneficiary costs required to reach catastrophic coverage. As a result of this “cliff”, beneficiaries will be required to spend nearly \$7,000 annually in total drug costs before catastrophic coverage begins. This is a significant increase from the current threshold for reaching catastrophic coverage and a substantial amount of out-of-pocket spending for a senior living on a fixed income.

As older beneficiaries are thrust into an arena where they are left to pay more, it is our fear that many seniors will opt to forgo necessary care, which could lead to more serious health conditions and higher costs. This stands to have a disproportionate impact on individuals from vulnerable populations, persons of color, and those with lower incomes and poorer health.

In addition to these concerns about increased costs for seniors, the Bipartisan Budget Act drastically changed the allocation of costs for the other stakeholders in the Part D donut hole. These changes could undermine coverage and ultimately hurt the long-term sustainability of the Medicare Part D program. We must ensure that the cost-sharing burden amongst stakeholders is designed to maximize beneficiaries’ ability to access necessary medications and incentivize stakeholders to keep program costs down.

Congress should work this year to address the Medicare Part D donut hole cliff to avoid this significant and sudden increase in seniors' out-of-pocket costs in 2020, and restore the reasonable balance of cost-sharing liability within the donut hole so that the unintended consequences of the BBA don't result in increased costs for beneficiaries and Medicare.

We look forward to addressing these major concerns to improve the long-term health of Medicare Part D and ensure that the program continues to play a critical role in improving the lives of seniors.

Sincerely,

Bradley S. Schneider
Member of Congress

Robin L. Kelly
Member of Congress

Member of Congress

Member of Congress