



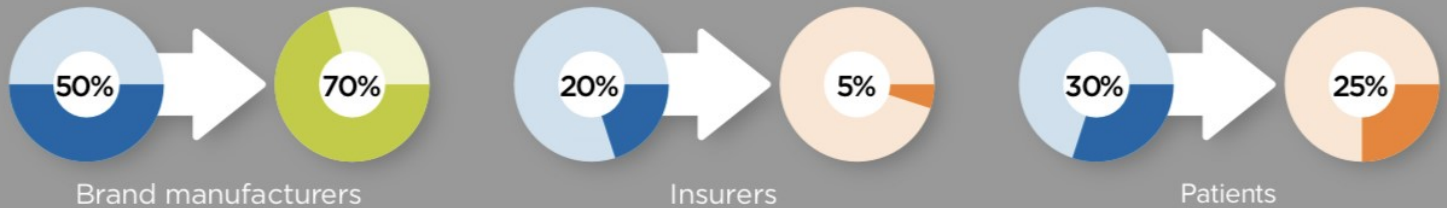
Medicare Part D FACES SERIOUS THREATS

The Medicare Part D program provides access to affordable prescription drug coverage to seniors and individuals with disabilities. Through the program's market-based structure, beneficiaries have enjoyed a range of treatment choices for more than a decade, but **the program faces serious threats.**

What is the donut-hole?

Early this year, Congress altered Medicare Part D by changing insurers' liability in the coverage gap, or "donut-hole," portion of the program. The changes included in the Bipartisan Budget Act of 2018 closed the donut-hole one year early - a positive change for 2019 - but unfortunately, Congress made other permanent changes that undermine the market-based structure that has made the Part D program successful. These permanent changes essentially create a carve out for insurance plans.

Donut-hole coverage changes in 2019



This means patients now pay 5 times more than insurers in the donut-hole!

Clearly, these changes do little to benefit patients but dramatically alter Part D's carefully designed incentives, potentially hampering new innovations from coming to market while perversely encouraging insurers to needlessly speed patients into the donut-hole as they will no longer be responsible for covering a significant portion of costs in the donut-hole.

Ultimately, patients lose.

What is the out-of-pocket cliff?

In Medicare Part D, the catastrophic threshold is the point at which a patient has incurred enough costs to enter catastrophic coverage. Once patients reach the catastrophic threshold, their cost sharing drops to five percent coinsurance. The Affordable Care Act (ACA) temporarily slowed the growth rate of the catastrophic threshold from 2014 to 2019, reducing the amount of beneficiary out-of-pocket spending required to enter into catastrophic coverage.

Those controls are set to expire in 2020, creating a looming "Medicare cliff" that could widen the coverage gap by more than \$1,200, increasing costs on already over-extended seniors. This needs to be addressed promptly, so that Part D plans can begin to negotiate for the 2020 plan year.

If the cliff is not fixed, patients lose.

Positive health outcomes for seniors are linked to their access to care. When that care is threatened by changes that favor insurers, potentially suppress research and development or increase patient costs, we all lose.

**Congress must act before the end
of the year to fix these issues!**