Press Release

Examining a Proposal to Reform Medicare Part D

ANDREW EVANS | AUGUST 15, 2018

Medicare Part D is considered by many to be one of the best designed entitlement programs. Nevertheless, federal expenditures have been rising, largely because of increased costs in the "catastrophic" phase of coverage.

A new study from Deputy Director of Health Care Policy Tara O'Neill Hayes examines a proposal that would address these rising costs by restructuring the standard Medicare Part D benefit in a way that realigns incentives. Specifically, the proposal would place greater financial risk for high-cost beneficiaries on both insurers and drug manufacturers, while also protecting beneficiaries from catastrophic financial risk through the imposition of an out-of-pocket cap. The study finds these changes are likely to lead stakeholders to alter their behavior in ways that reduce overall Part D expenditures for all stakeholders, including the government, and ensure the program's continued success..

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