



the **WAY FORWARD** *on* HEALTH CARE

LOWERING OUT-OF-POCKET DRUG COSTS FOR SENIORS

What's the problem?

The current Medicare fee-for-service program was enacted in 1965. Arguably, its greatest modernization came when President George W. Bush and Congressional Republicans passed the Medicare Part D Prescription Drug Program in 2003.

Part D has been a tremendous accomplishment:

- 1.** It is **popular**: 92 percent of seniors report that their plans are convenient to use. 88 percent report they are satisfied with their coverage choices on their individual plan.
- 2.** It is also nearly 50 percent **under budget** for taxpayers and has offered consistently low premiums for seniors since the program's inception.

Yet despite its successes, it has a significant short-coming: there is no dollar limit to what a senior can pay for their drugs in a year. This annual uncertainty is a burden on our seniors.

Here's how we'd fix it:

Across four introduced bills, it is clear there is **bipartisan, bicameral agreement — supported by the President** — to reform the structure of Part D:

- **Create an out-of-pocket cap for seniors** so once they've spent a certain amount of money, they're covered 100 percent for the rest of the year.
- **Enable seniors** who hit the cap early on in the year to divide the financial burden over the course of the plan year instead of absorbing the full cost in the first quarter, further easing financial challenges for seniors.
- **Reversing the perverse incentives** in the current design by lowering the government's financial liability and giving insurers and manufacturers a greater incentive to manage costs.

This will **lower patients' costs at the pharmacy counter** by directly cutting what they owe when they pick up their medicines and **lower the actual price of drugs** by lowering the government's financial liability and giving insurers and manufacturers a greater incentive to manage costs.



COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the **WAY FORWARD** *on* **HEALTH CARE** 

LOWERING OUT-OF-POCKET DRUG COSTS FOR SENIORS

Reforming the structure of Part D keeps **drug companies on the hook** for their fair share of costs without picking winners and losers in the industry. And it **reduces the influence of middlemen** by simplifying the program.

Together, Republicans and Democrats can build a set of incentives to **lower seniors' spending** on medicines, **keep Part D premiums stable**, and ensure continued **investment in innovative, life-saving therapies**.

But this means Democrats cannot continue to try to force through Congress their cures-killing agenda. The House spent months drafting and considering Speaker Pelosi's H.R. 3, a bill Republicans continue to oppose and has no chance of becoming law. The Congressional Budget Office found that H.R. 3 could result in up to eight fewer drugs being brought to market over the next 10 years, and 30 fewer drugs in the subsequent decade. Other studies have shown that H.R. 3 could result in up to 100 fewer drugs over the next decade and result in an 88 percent reduction in new drugs manufactured by small biopharmaceutical firms in California.

H.R. 3 will not become law. There are bipartisan policies that can – Congress should focus on those solutions.

Let's abandon partisan messaging bills and work together to deliver real relief to seniors.