

Medicare Part D Overview

Created in 1965, Medicare is the federal health insurance program for people living with disabilities or people who are 65 or older. There are four different parts of Medicare, each of which covers specific services. Parts A and B are known as "Original Medicare" and provide direct government benefits. Parts C and D provide coverage through private plans approved by Medicare.

Part A



Hospital Insurance

Part A covers inpatient hospital stays, nursing facility and hospice care, and some home health care.²

Part B



Medical Insurance

Part B covers doctor visits, outpatient care, medical supplies, preventive services and some prescription drugs.²

Federally Administered Coverage

Part C



Medicare Advantage Plans

Private health plans contract with Medicare to provide combined Part A and B benefits as well as additional services such as eye, dental, and prescription coverage.³

Part D



Prescription Drug Coverage

Created in 2003, Part D covers outpatient prescription medications. These plans are offered by insurance companies and selected by seniors annually in an open marketplace.^{2,4}

Privately Administered Coverage

Part D Saves Lives and Reduces Costs

On average, Part D has prevented **22,100** deaths each year between 2006 and 2014.⁵

Avg monthly premiums for 2016 are projected to be **~50%** less than orig. estimates

Part D costs are **\$349B** lower than the original 10 year estimates.⁷

Each year, Part D saves Medicare approx. **\$1.5B** by decreasing hospital admissions.⁸

Seniors Are Highly Satisfied with Part D



Nearly 9 in 10 seniors are satisfied with their Part D coverage.⁹



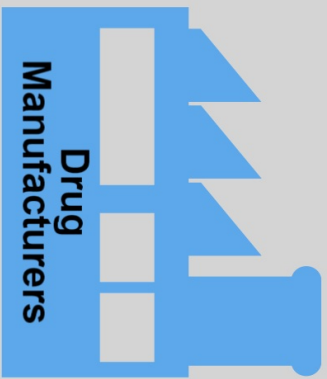
Over 90% of seniors say their plan is understandable and convenient to use.⁹



85% of seniors think their Part D plan is a good value.⁹



COUNCIL FOR AFFORDABLE
HEALTH COVERAGE



Drug Manufacturers

Insurers utilize usage data each year to negotiate costs with manufacturers and alter plans to better fit beneficiaries' needs.¹³

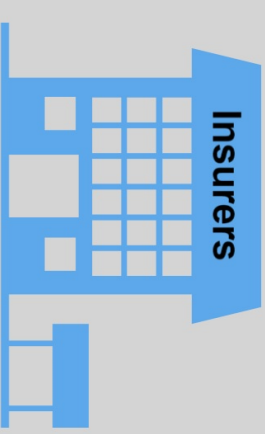
By adhering to prescribed treatments and medications, seniors stay healthier, decreasing overall Medicare spending.¹⁴



Patients

Drug manufacturers and insurers often negotiate substantial rebates to determine the lowest possible price for medications.^{10,11}

Insurers develop Part D plans that pass along savings gleaned from rebates and negotiation to seniors in the form of lower premiums, co-pays, and deductibles.¹⁰

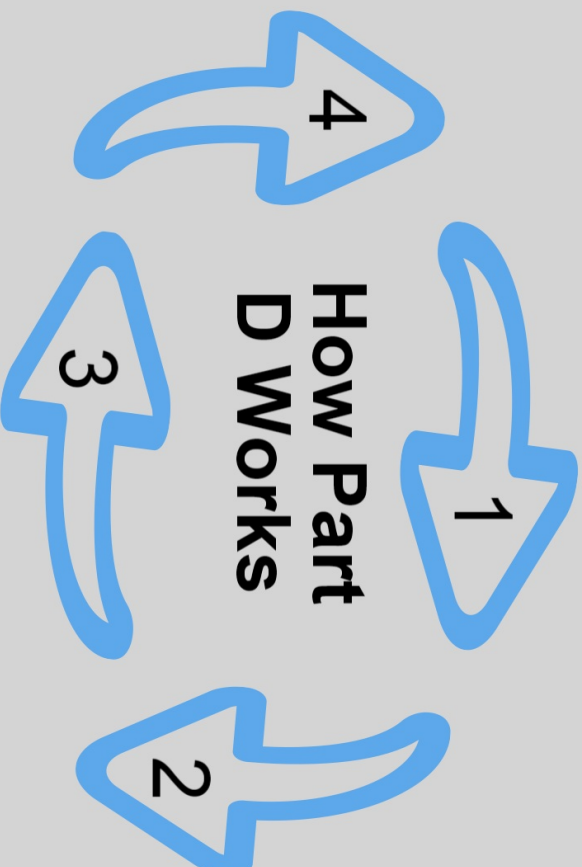


Insurers

CMS reviews the submitted plans and approves those that meet the standard benefit requirements and formulary rules.¹²

A national average bid amount and premium are calculated. Based on the plan's bid relative to the national average bid, the individual plan premiums are determined.¹¹

How Part D Works



Medicare provides additional support and extra help for low income beneficiaries.¹³

During the annual open enrollment period, seniors compare plans based on annual premiums, coverage, networks, and quality, incentivizing insurers to keep plan costs low and benefits high.¹³



Federal Government

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14. J.M. McWilliams et al., "Implementation of Medicare Part D and Nondrug Medical Spending for Elderly Adults with Limited Prior Drug Coverage," Journal of the American Medical Association, July 2011.