



## Position Statement: Medicare Part D

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As a leading global research organization with extensive expertise developing therapies to treat a variety of chronic and life-threatening diseases, Boehringer Ingelheim supports Medicare Part D policy changes that expand patient access to innovative therapies and reduce beneficiary out-of-pocket burden.

### Background:

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Medicare Part D launched in 2006 as a market-based program to provide seniors access to affordable medications. Today, more than 40 million people enjoy Part D coverage, and 88% of seniors are happy with their Part D plans.<sup>1</sup> Part D total costs are less than expected, as per capita spending decreased 2% in 2017 and is estimated to decrease nearly 9% in 2018.<sup>2</sup> With implementation of Part D, seniors' health has improved, as increased access to prescription drugs has been linked to an 8% decrease in hospital admissions for seniors.<sup>3</sup>

Though an overwhelmingly successful program, Part D dynamics have changed in recent years, as payers more aggressively seek manufacturer rebates, new specialty drugs enter the market, and more beneficiaries find themselves reaching the catastrophic phase of spending. The Centers for Medicare and Medicaid Services (CMS) recently emphasized the Part D program has not evolved as the agency intended and changes are needed to reduce beneficiaries' out-of-pocket cost burden.<sup>4</sup>

BI shares the Agency's concerns about rising out-of-pocket costs for Part D enrollees. One million Part D enrollees spent more than \$3,000 out of pocket on their prescriptions in 2015,<sup>5</sup> and the number of beneficiaries reaching the catastrophic coverage phase increased by more than 50% from 2013–2016.<sup>6</sup>

### Patient Impact:

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#### Reducing Out-of-Pocket Costs

BI supports patient-centered proposals that reduce out-of-pocket spending. Currently, payers and pharmacy benefit managers negotiate and receive significant reductions in drug prices – yet the amount a patient pays at the pharmacy counter is based on the pre-discounted original list price. To lessen Part D

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<sup>1</sup> Morning Consult. 2016. <https://www.hlc.org/news/new-national-survey-nearly-9-in-10-seniors-satisfied-with-medicare-part-d/>

<sup>2</sup> Medicare Trustees Report 2018. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2018.pdf>

<sup>3</sup> NBER. February 2014. <http://www.nber.org/papers/w19948>

<sup>4</sup> Part D Proposed Rule, CMS-4182-P. November 2017. <https://www.federalregister.gov/documents/2017/11/28/2017-25068/medicare-program-contract-year-2019-policy-and-technical-changes-to-the-medicare-advantage-medicare>

<sup>5</sup> KFF. November 2017. <https://www.kff.org/medicare/issue-brief/no-limit-medicare-part-d-enrollees-exposed-to-high-out-of-pocket-drug-costs-without-a-hard-cap-on-spending/>

<sup>6</sup> Avalere. May 2018. <http://avalere.com/expertise/life-sciences/insights/more-medicare-part-d-enrollees-are-reaching-catastrophic-coverage>



beneficiary out-of-pocket costs, BI supports CMS' efforts to reduce cost sharing by considering new policies to pass down a minimum percentage of manufacturer rebates to beneficiaries at the point of sale.

Additionally, BI supports implementation of an out-of-pocket spending cap for Part D beneficiaries. A cap on spending would provide considerable protection to the sickest patients with very minor premium increases diffused throughout all beneficiaries.<sup>7</sup>

### **Protecting Medicare Drug Coverage**

BI opposes proposals that would impose Medicaid's government price setting on the successful Medicare Part D program by forcing biopharmaceutical manufacturers to pay the government a substantial mandatory "rebate" for every medicine used by dual eligibles and other recipients of Part D's Low Income Subsidy (LIS). Imposing Medicaid rebates in Part D could lead to reduced choices, higher copays and more restrictive formularies.<sup>8</sup> In a January 2015 letter to Congress, over 380 patient and consumer groups raised concerns about imposing Medicaid-style rebates in Part D, citing potentially higher costs for beneficiaries and constrained formularies that could limit access.<sup>9</sup>

### **Ensuring Patient Access to Safe Medicines**

BI opposes any proposals to restrict access to lifesaving medicines, such as "government negotiation" of drug prices. The CBO has repeatedly stated, under multiple administrations, that government negotiation of medicines in Part D would have a negligible impact on federal spending unless HHS were to limit access to prescription medications. Restricting coverage of medicines in Part D could limit seniors' access to the latest, most innovative medicines. A restrictive, VA-like formulary would cover 16% fewer drugs and decrease patient access.<sup>10</sup> This is why 54% of veterans using the restrictive VA formulary have opted to have additional drug coverage, with 20% of those enrolled in Part D.<sup>11</sup>

BI also opposes proposals that would allow the importation of prescription drugs from other nations. The FDA does not regulate the medicines sold outside the U.S. and it is unsafe to allow importation of prescription drugs. BI aligns with the FDA in opposing this practice.

<sup>7</sup>Health Affairs. 2018. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.0006>

<sup>8</sup>Antos & King, "Tampering with Part D Will Not Solve Our Debt Crisis," *American Enterprise Institute Health Studies Working Paper*, June 2011.

<sup>9</sup>*Modern Healthcare*, Medicare Prescription-drug Rebate Debate Flares Ahead of Budget Battle, January 27, 2015.

<http://www.modernhealthcare.com/article/20150127/NEWS/301279907/debate-over-medicare-prescription-drug-rebates-sparks-ahead-of>

<sup>10</sup>Avalere. 2015. <http://avalere.com/expertise/managed-care/insights/a-recent-avalere-analysis-found-that-the-va-national-formulary-covers-fewer>

<sup>11</sup>American Journal of Health System Pharmacy. May 2013. <https://www.ncbi.nlm.nih.gov/pubmed/23592363>