Medicare Part D, the outpatient prescription drug benefit, provides seniors and individuals with disabilities access to affordable prescription drug coverage. Part D allows beneficiaries to choose from a range of private plans that best meet their needs. Even more, several studies have found on average 90% of beneficiaries are satisfied with their Part D coverage.¹

**PART D: A MEDICARE SUCCESS STORY**

**Robust Plan Competition Keeps Spending in Check**

- Part D costs are **$349 billion** (or 45%) less than initial 10-year projections.²
- Spending on Medicare Part D is just **11.8%** of total Medicare spending.³

**Competition Plus Beneficiary Choice Leads to Access & Affordability**

- In 2017, there will be more than **700** prescription drug plans available nationwide and Part D beneficiaries can choose from at least 18 plans in every region with an average of **22** per region.⁴
- Many prescription drugs in Part D carry substantial rebates negotiated by private plans and average rebates have increased in each year of the program.⁶
- Average premiums have been relatively stable, with the average monthly premium projected to be about **$34** in 2017, substantially less than the original projection.⁵
- More than **4 in 5** Part D prescriptions are generic, up from about 50% among seniors prior to the implementation of Part D.⁷
PART D: A MEDICARE SUCCESS STORY

Medicines Keep Beneficiaries Healthier & Reduce Other Spending

- In 2012, CBO announced a major change to its scoring methodology to reflect evidence that increased prescription drug use leads to offsetting reductions in Medicare spending for other medical services.\(^8\)

- Research finds reductions in mortality following the implementation of Part D. Since 2006, nearly 200,000 Medicare beneficiaries have lived at least one year longer with an average increase in longevity of 3.3 years.\(^9\)

- The implementation of Part D was associated with a $1,200 average reduction in nondrug medical spending for Medicare beneficiaries with limited prior drug coverage in each of the first two years of the program.\(^10\)

- Gaining Part D coverage improved adherence among enrollees with congestive heart failure, resulting in $2.3 billion in annual savings to Medicare, driven by reductions in Parts A and B expenditures.\(^11\)

- Medicare Part D coverage was tied to an 8% decrease in hospital admissions for seniors.\(^12\)

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1Medicare Today Survey, 2016; Medicare Payment Advisory Commission, 2013
2Congressional Budget Office; see CBO Medicare baselines
3Congressional Budget Office, March 2016 Medicare Baseline Spending Forecast
4Kaiser Family Foundation, 2016
5Centers for Medicare & Medicaid Services, 2016; Medicare Trustees Report, 2008
6Medicare Trustees, 2007-2016
7Analysis of IMS Health data, 2012; Medicare Trustees Report, 2016
8Congressional Budget Office, 2012
9Semilla et al., American Journal of Managed Care, 2015
10McWilliams et al., Journal of the American Medical Association, 2011
11Dall et al., American Journal of Managed Care, 2013
12National Bureau of Economic Research, 2014

Learn more at PhRMA.org/PartD.