

Potential reforms to Part D's low-income premium subsidy

ISSUE: We explore potential policy changes aimed at improving competition among the stand-alone Part D plans that serve beneficiaries who receive the low-income subsidy (LIS).

KEY POINTS: The LIS helps ensure access to drug coverage by subsidizing premiums up to a dollar limit known as the benchmark and automatically enrolling any beneficiaries who do not select a plan on their own. This approach has created a distinct subset of Part D plans known as benchmark plans that largely serve LIS beneficiaries. The LIS has features that limit competition among benchmark plans and increase Medicare spending. Policy changes to the auto-enrollment process and the method for setting the benchmark could promote greater competition and reduce program spending.

ACTION: Commissioners will discuss the material and whether they would like to conduct more work on this issue in the future.