
Issues in the delivery of Medicare drug benefits under Part B and Part D

ISSUE: When policymakers created Medicare Part D, they gave most attention to how the system of competing private plans would work for beneficiaries who fill prescriptions at retail pharmacies. When drugs are provided in settings or under conditions that do not fit this model, issues can arise. How have drug plans, pharmacists, and physicians handled situations where drugs can be covered under both Part B and Part D? Are Medicare beneficiaries experiencing any problems because of delays while plans determine whether drugs are covered under Part B? How are Part D benefits provided to residents of long-term care facilities?

KEY POINTS: Before 2006, Medicare covered few outpatient drugs under Part B but those medications were used to treat patients with very serious medical conditions. Since passage of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), Medicare beneficiaries can obtain coverage for most other types of needed outpatient drugs through Part D stand-alone prescription drug plans or Medicare Advantage health plans that offer drugs. In some cases, plans are unable to determine which program covers a particular drug without additional information. Plans cannot cover drugs that might be eligible for Part B coverage so they often require prior authorization for many of these overlap drugs. This increases the cost and administrative burden for physicians, pharmacists, and health plans and may delay beneficiary access to needed medication. In addition, about 5 percent of Medicare beneficiaries reside in long-term care facilities and coverage of their drugs involves unique issues.

For this presentation, we discuss policy options for handling overlap drugs. In response to questions raised at the Commission's March meeting, we also present a range of approaches Medicare could use for delivering Part D benefits to residents of long-term care facilities.

ACTION: Commissioners should discuss draft recommendations and policy options to be included in the Commission's *June Report to the Congress*.

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