

# Examining the accuracy of drug prices displayed on Medicare Plan Finder

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## BACKGROUND

Medicare Plan Finder allows beneficiaries to estimate their total annual drug costs—including premiums and out-of-pocket (OOP) expenses—and select Part D plans during Medicare’s Annual Enrollment Period (AEP) that best meet their financial and medication needs. For beneficiaries to make informed decisions when choosing a Part D plan, it is essential that drug prices displayed on Plan Finder reflect what beneficiaries are likely to pay at the pharmacy if they enroll in that plan, as inaccuracies can affect expected costs and plan selection. However, CMS has previously raised concerns about the accuracy of the drug-price information displayed on Plan Finder during the AEP when beneficiaries have the opportunity to choose a Part D plan.

## RESEARCH OBJECTIVE

During Medicare’s AEP, beneficiaries can use the Medicare Plan Finder to compare and select plans. We measure the extent to which drug prices displayed on Plan Finder during the AEP provide an accurate representation of the prices beneficiaries encounter during the benefit year.

## METHODS

We used Medicare’s Plan Finder data to compare unit prices at the 11-digit national drug code (NDC)-level during the 2024 benefit year AEP (October 2023) to two subsequent periods: the start of the benefit year (January 2024) and midyear (August 2024).<sup>1</sup> Our analysis was limited to solid oral drugs and included 796 contracts, each with up to 3,774 distinct NDCs.<sup>2</sup> For drugs with varying prices across network pharmacies, we calculated a simple average price for each contract and NDC combination. Results were weighted by contract-level enrollment and prescription volume (standardized to a 30-day supply).

<sup>1</sup> Unit prices are defined as the price per unit, such as one oral tablet, at the point of sale, before accounting for postsale rebates and discounts.

<sup>2</sup> A contract is an agreement between CMS and a private insurer to provide Part D prescription drug benefit. Insurers may offer multiple Part D plans under each contract they sign with CMS.

## PRINCIPAL FINDINGS

### Unit prices for oral medicines at the AEP for benefit year 2024 averaged about \$5

- Unit prices ranged from \$0.06 at the 10th percentile to about \$12 at the 90th percentile. For a medicine taken once daily, these unit prices would translate to costs of between \$1.80 and \$360 for a one-month supply.
- Most drugs in our study were relatively inexpensive drugs, while about 3% were brand-name or specialty drugs with a monthly price of \$600 or higher. About three-quarters (76%) of the weighted contract-NDC combinations in our study had unit prices of less than \$1, while about 3% had unit costs greater than or equal to \$20.

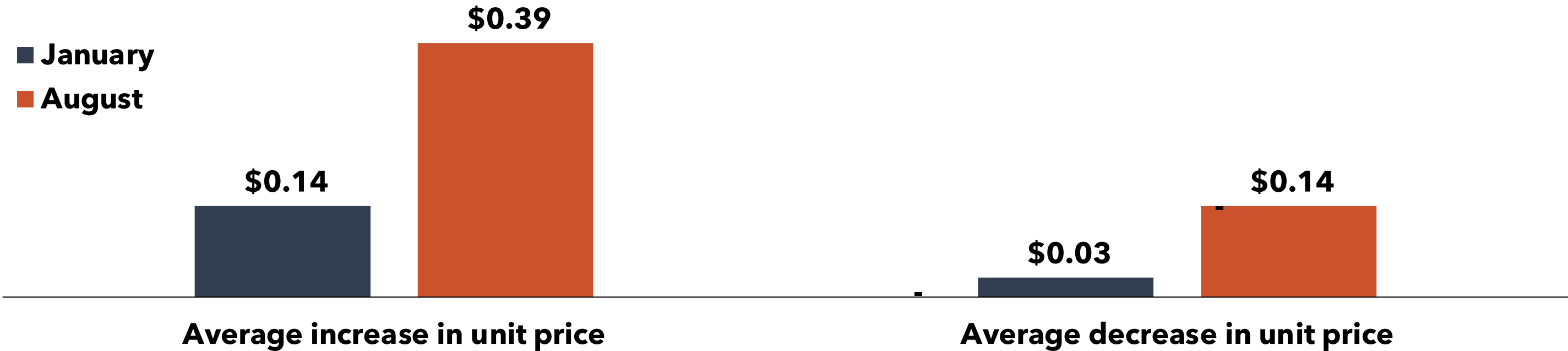
	10th percentile	Median	Mean	90th percentile
Unit price at the AEP	\$0.06	\$0.20	\$5.25	\$11.71

**Note:** AEP (Annual Enrollment Period), NDC (National Drug Code). Analysis is limited to oral drug products for Medicare benefit year 2024. Data is summarized at the contract-NDC level and results are weighted by Part D enrollment and prescription volume.

**Source:** Medicare Plan Finder data (October 2023 pricing file), Part D monthly enrollment data (July 2024), and Medicare Part D prescription drug event data (2024).

### In 2024, price changes were relatively modest in January but became larger and trended upward by August

- In January, most products (about 95%) experienced a price change, with nearly half experiencing an increase and a comparable share experiencing a decrease. Price increases averaged \$0.14 (just under 3%), while decreases averaged -\$0.03 (less than 1%).
- Most products experienced only small price changes in January (e.g., 90% of products with price increases changed by \$0.10 or less), but mean price changes fell outside the 10th and 90th percentiles, indicating a skewed distribution driven by a small number of products with large price changes
- In August, price increases were more common (73% of products) than in January (49% of products), with the average size of the increases rising to \$0.39 (about a 6% increase).



**Note:** AEP (Annual Enrollment Period), NDC (National Drug Code). Analysis is limited to oral drug products for Medicare benefit year 2024. Data is summarized at the contract-NDC level and results are weighted by Part D enrollment and prescription volume.

**Source:** Medicare Plan Finder data (October 2023, January 2024, and August 2024 pricing files), Part D monthly enrollment data (July 2024), and Medicare Part D prescription drug event data (2024).

## CONCLUSIONS

For benefit year 2024, for most drugs, the prices displayed on Plan Finder during the AEP were similar to the prices displayed at the start of the benefit year. Price increases were more common and somewhat larger later in the benefit year, which is consistent with typical midyear price increases for brand-name drugs. At the same time, mean changes falling outside of the 10<sup>th</sup> and 90<sup>th</sup> percentiles in January indicate a distribution driven by a small number of products with large increases or decreases.

## IMPLICATIONS FOR POLICY AND PRACTICE

Our analysis for the 2024 benefit year did not raise immediate concerns about the overall accuracy of Plan Finder prices during the AEP. However, we found that products typically experienced small price increases during the course of the benefit year. These price increases translate to higher OOP costs for beneficiaries who pay a percentage coinsurance and may create confusion and access issues for beneficiaries. As such, it would be important for CMS to continue monitoring Plan Finder prices for broad categories of drugs to ensure their accuracy and usefulness to beneficiaries.

## LIMITATIONS

Our analysis was limited to oral solid drugs listed on the Plan Finder for benefit year 2024. Findings were weighted by enrollment and aggregate prescription volume, which may differ from results weighted by plan-specific prescription volume. As a result, findings may not be generalizable across years and drug formulations, nor representative of individual plans.

## REFERENCES

Medicare Payment Advisory Commission. 2026. *Report to the Congress: Medicare payment policy*. Chapter 13. Washington, DC: MedPAC.

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