

## **Restructuring Medicare Part D**

**ISSUE:** In 2016, the Commission recommended major changes to the structure of Part D to address misaligned incentives as reflected in patterns of plan payments and bidding behavior. Since then, changes in law and greater spending for high-priced specialty drugs have led the Commission to begin considering new approaches for restructuring the Part D benefit.

**KEY POINTS:** We will discuss several potential changes to restructure the Part D benefit: 1) eliminating the coverage-gap discount that currently applies to enrollees who do not receive the program's low-income subsidy (LIS), which would make plan sponsors responsible for a consistent 75 percent of benefits between the deductible and out-of-pocket (OOP) threshold; 2) restructuring the catastrophic benefit to include a cap on beneficiaries' OOP spending, a new manufacturers' discount, lower Medicare reinsurance, and higher plan liability; and 3) equalizing the basic benefit for enrollees with and without the LIS.

**ACTION:** At the October 2019 meeting, we seek Commissioners' guidance about the policy options.