

Realigning incentives in Medicare Part D

ISSUE: Changes to Part D’s benefit design and trends in drug spending have resulted in misaligned incentives that undermine the competitive pressure for cost control. High prices pose a financial burden for beneficiaries who do not receive low-income subsidies and taxpayers who finance the program.

KEY POINTS: Staff will present the Chairman’s draft recommendations for restructuring Part D that are consistent with policy options discussed in the Commission’s June 2019 Report to the Congress. We will review how the restructured benefit would help improve plan incentives and the financial sustainability of the program.

ACTION: Commissioners will discuss the issues raised in the material and the Chairman’s draft recommendations.