

Share the Savings: If Insurers Don't Pay Full Price for Medicines, Seniors Shouldn't Either

Many Medicare beneficiaries struggle to afford the medicines they need, even as insurers and pharmacy benefit managers (PBMs) in the Part D program receive significant rebates from drug manufacturers that lower the prices they pay for medicines.

~50%

Amount rebates lowered the average price Part D insurers paid for medicines to treat certain diseases¹



\$58 billion

Total manufacturer rebates received by Medicare Part D insurers in 2022¹

But these savings aren't always shared with Medicare beneficiaries at the pharmacy counter.

Instead, the amount patients pay is based on the medicine's full price, not the discounted price PBMs negotiate and their health plan pays.



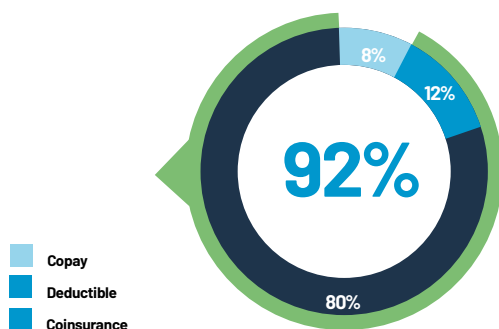
Experts have warned this broken system leaves patients and Medicare paying more for a medicine than Part D health plans ultimately pay.

"Beneficiaries and Medicare may pay more than drugs' costs to the plans."

—MedPAC, September 2022³

This practice is pervasive across the Medicare Part D program.

92% of beneficiary out-of-pocket spending on brand medicine is based on the undiscounted list price.²



Medicare beneficiaries paid four times more than their insurer for 79 of the top 100 most rebated Part D drugs.⁴



Beneficiary out of pocket costs:

\$21 billion

vs.



Insurer net spending:

\$5 billion

Solution: Sharing the savings with seniors at the pharmacy would deliver immediate relief to millions of Medicare beneficiaries.



Congress can help lower costs for seniors who need medicines.

- Require Part D insurers to share the same price they pay for medicines with seniors
- Base seniors' cost-sharing requirement on the net price insurers pay



Sharing the savings would help seniors and bring greater fairness to the Medicare program.

- Helps seniors afford the lifesaving medicines they desperately need
- Strengthens the Part D program with a modest impact on premiums



PATIENT ON ASTHMA/COPD MEDICINE WITH 25% COINSURANCE

\$420 list price for medicine

\$205 rebate to insurer

\$215 net price for insurer

Patient Out-of-Pocket Costs

Patient costs **without** share the savings

\$105

Patient costs **with** share the savings

\$54

(25% of \$100 price instead of 25% of \$60)

Medicare Part D beneficiaries should never have to pay more for their medicine than their insurer pays. Let's make sure insurers and PBMs share the savings directly with Medicare beneficiaries and help all seniors receive the care they need.

Sources:

1 MedPAC July 2024 Data Book." July 2024. https://www.medpac.gov/wp-content/uploads/2024/07/July2024_MedPAC_DataBook_Sec10_SEC.pdf

2 PhRMA. "Trends in Out-of-Pocket Spending for Brand Medicines in Medicare Part D." May 2021. <https://www.phrma.org/medicare/trends-in-out-of-pocket-spending-for-brand-medicines-in-medicare-part-d>

3 MedPAC. "Analysis of Part D data on drug rebates and discounts." September 2022. <https://www.medpac.gov/wp-content/uploads/2021/10/DIR-Slides-MedPAC-29-Sept-2022.pdf>

4 GAO. Medicare Part D: CMS Should Monitor Effects of Rebates on Plan Formularies and Beneficiary Spending. September 2023.

