



March 15, 2022

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader Schumer, Minority Leader McCarthy and Minority Leader McConnell:

The undersigned patient advocacy organizations urge you to take action to address the high out-of-pocket costs in the Medicare Part D program, a significant barrier for seniors and individuals with a disability who cannot afford their prescription medications. Capping the unlimited financial liability for those enrolled in Medicare Part D has strong bipartisan support in Congress and among the public.

Beneficiaries with Medicare Part D program have seen significant increases in their out-of-pocket costs over the last decade. Between 2010 and 2019, the number of beneficiaries who had a single prescription associated with out-of-pocket costs high enough to reach the Part D benefit's "catastrophic phase"

soared from 33,000 to 483,000.¹ Although extensive research demonstrates the favorable impact of Medicare Part D on access to prescription medications, a combination of factors--increased drug list prices, the Part D benefit design, plan placement of certain drugs on specialty tiers subject to coinsurance, and negotiated discounts that are not accompanied by beneficiary rebates--have created insurmountable barriers for millions of Medicare beneficiaries trying to access needed treatments.

Without Congressional action, older adults and individuals with a disability will continue to face higher costs each year. The number of Medicare beneficiaries facing high out-of-pocket (OOP) costs for prescription drugs is increasing. 2019 saw the largest ever increase (33%) in the number of beneficiaries without the Low-Income Subsidy reaching the catastrophic phase. As a result, the number of beneficiaries reaching the catastrophic phase grew to 4.3 million beneficiaries.² This increase in the number of beneficiaries facing catastrophic costs has occurred even though the OOP spend required to reach the catastrophic phase grew substantially over the last decade (\$4,700 in 2012 versus \$7,050 in 2022).^{3,4}

Millions of Medicare beneficiaries cannot afford their medication due to high cost-sharing requirements, and millions more will not be able to afford their medicines in the future unless Congress acts now to modernize the Part D benefit design. We respectfully request adoption of the following recommendations to help the sickest and most vulnerable Part D patients better afford their prescribed medications.

Cap out-of-pocket costs for prescription medications by instituting an annual limit for Medicare beneficiaries. Medicare beneficiaries are the only group of insured people in the U.S. not protected by a cap on annual out-of-pocket costs, forcing many to make difficult trade-offs or to forgo treatment altogether. Patients report affordability concerns when monthly OOP costs exceed \$200,⁵ which extrapolates to \$2,400 annually. Therefore, we encourage Congress to set an annual OOP cap of \$2,000 or lower to provide meaningful relief for beneficiaries.

Allow all Medicare beneficiaries to spread Part D out-of-pocket costs more evenly throughout the benefit year without an arbitrary threshold to qualify. The structure of Medicare Part D prescription drug plans front loads OOP medication costs early in the benefit year. Many patients cannot afford large out-of-pocket expenses all at once but could afford the total expenditure if spread out over time. Modifying the structure of Medicare plans so that OOP costs for prescription medications are spread more evenly over the course of the year – in combination with an OOP cap – will improve access and help patients remain on the treatments they need.

¹ Medicare Payment Advisory Commission. Report to the Congress. March 2021. Available at: https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/mar21_medpac_report_to_the_congress_sec.pdf.

² Ibid.

³ Kaiser Family Foundation. *The Medicare Part D Prescription Drug Benefit*. Oct 2017. <https://files.kff.org/attachment/Fact-Sheet-The-Medicare-Part-D-Prescription-Drug-Benefit>

⁴ Centers for Medicare and Medicaid Services. *Announcement of Calendar Year (CY) 2022 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. Table V-2*. 15 Jan 2021. <https://www.cms.gov/files/document/2022-announcement.pdf>

⁵ PAN Foundation. Snapshot of 2020 Healthcare Costs. Accessed 20 Aug 2021. Jan 2021. https://www.panfoundation.org/app/uploads/2021/01/PAN-Foundation_MC_January-2021-Survey.pdf

The ability to smooth OOP expenses should be available to all beneficiaries at any time during the benefit year, regardless of a beneficiary's level of OOP spending. Further, Congress should instruct CMS to create baseline patient eligibility protections, including a payment grace period and hardship exceptions. We also encourage Congress to establish smoothing as the default position rather than requiring Medicare beneficiaries to opt-in or otherwise enroll.

Congress must act now to address the unsustainable OOP burden faced by Medicare Part D beneficiaries. **We call on you to enact these Part D reforms this year.**

We appreciate your leadership in seeking solutions to increase access to and affordability of health care for more Americans. If you would like further information or have questions, please contact Amy Niles, Executive Vice President at aniles@panfoundation.org.

Sincerely,

Alliance for Aging Research
American Cancer Society Cancer Action Network
American Lung Association
Arthritis Foundation
Epilepsy Foundation
Leukemia and Lymphoma Society
Lupus Foundation of America
Multiple Sclerosis Association of America
National Council on Aging
National Health Council
National Organization of Rare Disorders
Parkinson's Foundation
Patient Access Network (PAN) Foundation
The Michael J. Fox Foundation