



MEDICARE  
TODAY

# Medicare Part D

## Providing Access to Affordable Medicines

The Part D program covers seniors' prescription medications. It's a uniquely successful program that keeps drug costs down and provides seniors a range of choices by relying on private market competition. Since its creation, Medicare Part D has been a wildly successful and popular program.

Medicare Today research has found:

**Nearly 9 in 10 seniors** are satisfied with their Part D coverage

**84% of seniors** believe their plan is a good value

**93% of seniors** reported that their plan is convenient to use

**86% of seniors** reported their plan works well and without hassle

**83% of seniors** reported it was important to them to have a variety of plans to compare and choose from<sup>1</sup>

### AN OUT-OF-POCKET CLIFF IS COMING SOON



**Medicare Part D Has Various Phases:** Patients are expected to pay the full cost of their prescriptions until they reach a certain level of spending. After that, they enter a series of Part D coverage phases: (1) The Initial Coverage Period, (2) The Coverage Gap, and (3) Catastrophic Coverage. Entrance into the first two phases is determined by total drug costs. Qualification for Catastrophic Coverage is based on total out-of-pocket costs for that calendar year. Throughout the benefit, a combination of patients, their insurance plans, the government and drug manufacturers each pay a designated share of drug costs.



**What is the Catastrophic Threshold?** Part D beneficiaries must incur a certain amount of out-of-pocket costs before reaching the Catastrophic Coverage phase. This level of out-of-pocket spending is known as the Catastrophic Threshold. After this threshold is reached, patients only pay a small coinsurance amount or copayment for covered drugs during the rest of that calendar year.



**What is the Out-of-Pocket Cliff?** The Affordable Care Act, known as Obamacare, slowed the growth of the Catastrophic Threshold level in Medicare Part D, thereby lowering the amount of money patients had to pay out-of-pocket to attain Catastrophic Coverage. This is set to change dramatically in 2020. Part D beneficiaries will see a substantial increase in the amount of out-of-pocket spending needed to reach Catastrophic Coverage. This is known as the Out-of-Pocket Cliff.



**What Happens When Seniors Reach the Cliff?** Unless Congress acts soon to fix this problem, the Catastrophic Threshold – the amount beneficiaries must pay out of pocket to qualify for Catastrophic Coverage -- will rise by \$1,200 between 2019 and 2020. Considering most seniors live on fixed incomes, this change could be financially painful for many beneficiaries.



**What Can You Do to Stop the Cliff?** Only Congress can fix this looming problem and prevent a harmful jump in out-of-pocket costs for Part D beneficiaries with significant prescription drug needs. Congress must prevent the creation of the Out-of-Pocket Cliff and lower the Catastrophic Coverage Threshold.

**TELL CONGRESS TO FIX THE OUT-OF-POCKET CLIFF SO SENIORS  
DON'T LOSE ACCESS TO THE CARE THEY NEED.**

<sup>1</sup> Morning Consult Survey for Medicare Today, "Nearly Nine in 10 Seniors Satisfied with Medicare Part d"