



The Daily Dish

Capping Seniors' Drug Costs

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Eakinomics: Capping Seniors' Drug Costs

The COVID-19 pandemic has consumed the world, including the policy world. Congress has passed the [CARES Act](#) and included in it a variety of [unrelated health policy provisions](#). This signals pretty clearly that legislation to address “surprise billing” and prescription drug costs is no longer on the radar screen for 2020.

The prescription drug needs of the populace obviously have not disappeared, nor has the desirability of limiting patients from extreme financial consequences of their prescriptions. With Congress out of the picture, is there anything the administration can do?

Well, it could pursue its destructive ideas for [price-fixing in Medicare Part B](#). Let's hope it does not. There is, however, a possible alternative. In 2018, there were [60 million](#) people with Medicare, 43 million of which have a Medicare Part D prescription drug plan. Most of these (roughly) 58 percent have a stand-alone prescription drug plan (PDP), but the significant remainder (42 percent or 18 million) get their coverage in Medicare Advantage prescription drug plans (MA-PDs), which also provide other Medicare-covered benefits.

MA-PDs must have an out-of-pocket maximum for the inpatient and outpatient medical services used by their enrollees. In contrast, there is no such maximum for prescription drug costs; seniors pay 5 percent of their drug costs no matter how large the bill gets.

MA-PDs, however, do have the option of providing supplemental benefits. The administration could allow MA-PDs to put a hard cap on drug expenses as just such a supplemental benefit. The idea is explored at length in a recent Milliman [analysis](#) and it is promising enough that the administration should consider this small, incremental reform.