



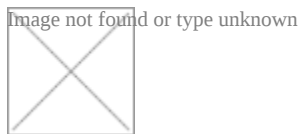
Weekly Checkup

Research Shows Part D is Effective at Reducing Admissions, Costs

CONOR RYAN | MARCH 6, 2014

In a recent study funded by the National Institute on Aging, researchers found that Medicare Part D coverage is associated with fewer hospital admissions and lower associated costs.^[1] Part D—a Medicare program that provides subsidized prescription drug coverage to seniors—began in 2005 to respond to the growing importance of prescription drugs in preventative care. Since its inception, the program has consistently cost less than Congressional Budget Office projections, while achieving significant increases in drug coverage among seniors. The research from the National Institute of Aging (distributed as a working paper by the National Bureau of Economic Research) shows that coverage through Part D is associated with an 8 percent decrease in admissions, a 12 percent decrease in hospital charges, and a 7 percent decrease in Medicare expenditures. The chart below shows these results, broken down by specific disease categories.

This is the latest among a growing body of research demonstrating the success of the Part D program. Despite this evidence, the Center for Medicaid and Medicare Services recently proposed changes to the program that could eliminate cost-effective networks and protected drug classes. This proposed rule could jeopardize the progress made by Part D in expanding preventive care through accessible prescription drugs.



^[1] Kaestner, Robert et al, “Effects of Prescription Drug Insurance on Hospitalization and Mortality: Evidence from Medicare Part D,” NBER Working Paper Series, February 2014