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Who wins and who loses in Trump's proposed Medicare drug plan

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WASHINGTON — Some Medicare beneficiaries would face higher prescription drug costs under President Donald Trump's budget even as the sickest patients save thousands of dollars, a complex trade-off that may make it harder to sell Congress on the plan in an election year.

In budget documents, the administration said its proposals strike a balance between improving the popular "Part D" prescription benefit for the 42 million seniors enrolled, while correcting design flaws that increase program costs for taxpayers. Health and Human Services Secretary Alex Azar is expected to testify on the proposal later this week in Congress.

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Independent experts said the administration's plan will help beneficiaries with the highest prescription drug costs, those whose individual bills reach a total of more than \$8,418 apiece.

In 2015, about 1 million Medicare beneficiaries had costs that high, which qualified them for Medicare’s “catastrophic” coverage. Above the threshold for catastrophic coverage, patients only pay 5 percent of the cost of their medications. That can still amount to thousands of dollars for very expensive drugs, and under the budget proposal, seniors who reach catastrophic coverage would no longer face copayments.

But there could be more losers than winners.

About 4.5 million seniors in the group just behind those with the highest drug bills could end up spending more of their own money. That’s because the budget proposes a change in how Medicare accounts for manufacturer discounts received by patients whose total bills range between \$3,750 and \$8,418. They could wind up paying about \$1,000 more.

A senior Senate Democrat said the Trump plan missed the mark.

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“Instead of picking winners and losers and leaving big pharma unscathed, the president should follow through on his promise to lower high drug prices by getting Republicans in Congress to work with Democrats on behalf of Americans who are getting clobbered at the pharmacy counter,” Sen. Ron Wyden, D-Ore., said in a statement. Wyden is the ranking Democrat on the Finance Committee, which oversees Medicare.

“The package reduces costs for some but increases costs for others, and the effect on premiums is not clear,” said Tricia Neuman, a Medicare expert with the nonpartisan Kaiser Family Foundation. Also unclear is how the Trump plan interacts with changes to the Medicare prescription plan enacted by Congress just last week.

Medicare’s prescription drug benefit is delivered through private insurance plans. Here’s more detail on the trade-offs for beneficiaries:

— While the budget eliminates cost sharing for Medicare beneficiaries who reach the program’s “catastrophic” coverage threshold, a second group just behind the sickest patients would lose ground financially.

— Currently Medicare counts manufacturer discounts received by patients in this second group to calculate total spending that determines when they qualify for catastrophic coverage. That practice would stop, meaning beneficiaries would have to spend more of their own money to reach the threshold for catastrophic coverage.

— Overall, fewer beneficiaries would qualify for catastrophic coverage because of the change in how Medicare counts manufacturer discounts.

“It’s complicated,” said Joe Baker of the Medicare Rights Center. “The winners in this proposal are people with very high drug spending. The people who are the losers here are the people who are stuck in the middle.”

In other Medicare drug changes, the budget calls for requiring insurers to share manufacturer rebates with patients, and it expands coverage for medications to treat substance abuse.