

The following chart reflects WHG’s analysis of the provisions included in three proposals to restructure the Medicare Part D benefit. These proposals are:

- The Medicare Payment Advisory Commission (MedPAC)’s June 2019 Report to Congress¹ Chapter on Reforming the Medicare Part D Benefit Structure;
- The 2018 Policy Proposal from the American Action Forum² on Reforming Medicare Part D; and,
- The Draft Bill Text for the House Energy and Commerce (E&C) and Ways & Means (W&M)’s³ Medicare Part D Proposal.

Proposal Name	MedPAC	American Action Forum	E&C and W&M Draft Bill
OOP Max	<ul style="list-style-type: none"> • The proposal recommends a hard, overall OOP cap on beneficiary cost sharing, a coinsurance rate lower than 5 percent, or selecting a dollar copay amount. • The proposal also discusses the potential benefits of lowering the OOP threshold from its current amount. 	<ul style="list-style-type: none"> • The proposal would establish a true cap on OOP expenditures after the maximum OOP threshold. 	<ul style="list-style-type: none"> • The proposal would eliminate out-of-pocket cost-sharing above the annual OOP threshold.
Eliminating the Coverage Gap	<ul style="list-style-type: none"> • The proposal does not eliminate the coverage gap. 	<ul style="list-style-type: none"> • The proposal would eliminate the coverage gap entirely and have beneficiaries move directly from the initial coverage phase into catastrophic coverage. 	<ul style="list-style-type: none"> • The proposal would not eliminate the coverage gap. • Comment was sought on the prospect of “eliminating the distinction between the initial coverage phase and the coverage gap.”
Rebates in Catastrophic Phase	<ul style="list-style-type: none"> • The proposal would eliminate discounts from manufacturers in the coverage gap, and would instead require manufacturers to provide discounts in the catastrophic phase of the benefit. The manufacturer discount would also be applied to LIS beneficiary spending. 	<ul style="list-style-type: none"> • Manufacturers would be required to pay rebates in the catastrophic phase on brand-name and biosimilar products, and would also apply such rebates to LIS beneficiaries. 	<ul style="list-style-type: none"> • The proposal would not currently require manufacturers to pay rebates in the catastrophic phase. • Comment was sought on liability for plans, beneficiaries, and manufacturers in the coverage gap today and how this should change under a reformed catastrophic phase.
Lowering Medicare Catastrophic Phase Liability	<ul style="list-style-type: none"> • The proposal would reduce Medicare’s reinsurance liability from 80 percent to 20 	<ul style="list-style-type: none"> • The proposal would reduce Medicare’s reinsurance liability from 80 percent to 20 percent. 	<ul style="list-style-type: none"> • The proposal would gradually reduce the federal liability in the catastrophic phase from 70 percent in 2020, to 60 percent in

¹ See chapter 2 here: http://www.medpac.gov/docs/default-source/reports/jun19_ch2_medpac_reporttocongress_sec.pdf?sfvrsn=0

² See the proposal here: <https://www.americanactionforum.org/research/redesigning-medicare-part-d-realign-incentives-1/>

³ See the draft bill text here: https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/ptD-drug-reinsur_01_xml.pdf

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	<p>percent, less than 20 percent, or would eliminate its liability altogether.</p> <ul style="list-style-type: none"> • It also would increase Medicare’s capitated payments to plans. • Risk corridors would remain intact. • Plan liability would increase above the current 15 percent to ensure plans have greater incentive to manage spending. 	<ul style="list-style-type: none"> • Plans would pay 71 percent, while manufacturers would pay nine percent. 	<p>2021, 40 percent in 2022 and finally 20 percent in 2023.</p>
<p>Cost Sharing Changes</p>	<ul style="list-style-type: none"> • The proposal would impose 25 percent cost sharing on all beneficiaries and 75 percent plan liability across all drug and biological products between the deductible and OOP threshold. • The 75 percent liability for plans would be equal across all beneficiaries, as the proposal recommends removing the coverage gap discount for non-LIS enrollees. 	<ul style="list-style-type: none"> • The proposal does not address cost sharing changes. 	<ul style="list-style-type: none"> • The proposal does not address cost sharing changes. • Comment was sought on potential changes for low-to-moderate income beneficiaries as well as OOP costs below the catastrophic phase.