

First rigorous analysis defines impact of Medicare Part D

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The most thorough study to date of the impact of the Medicare Prescription Drug Benefit (Part D) found that this benefit led to a 13.1 percent decrease in out-of-pocket expenses for patients and a 5.9 percent increase in prescription use.

Researchers from the University of Chicago Medical Center, Harvard University and Virginia Commonwealth University used data from more than 117,000 patients to assess the impact of the new prescription benefit plan. They compare out-of-pocket costs and the number of pills purchased by those who were eligible for Part D with comparable patients who were not. They also compared Part D enrollees to patients who were eligible for, but did not enroll in, Part D.

The article, released early online at the Web site of the Annals of Internal Medicine (www.annals.org) will appear in the Feb. 5, 2008, print edition of the journal.

"Despite extensive debate, it was not clear to what extent Part D would save people money or allow them to obtain drugs they might not otherwise be able to afford," said study author G. Caleb Alexander, assistant professor of medicine at the University of Chicago Medical Center. "We found that it had a modest but significant effect on both savings and drug use."

In January 2006, the federal government began to implement the Medicare Modernization Act. Part D, the largest change to Medicare

since the program began, was created to improve access to prescription medicines.

Prior to and soon after implementation, researchers tried to estimate the impact of Part D. These early attempts had to rely on limited data.

For this study, the researchers were able to capture data from tens of thousands of customers who filled at least one prescription in both the 2005 and the 2006 calendar years at any retail or mail-order member of the Chicago-based Walgreens pharmacy chain.

They compared the purchases of 117,648 patients aged 66-79, who were covered by Part D, with "near elderly" control subjects aged 60-63, who were not yet eligible for the benefit. The data were adjusted for individual characteristics, socio-economics based on the subjects' residential zip codes, and secular trends in drug consumption.

They found that the program saved people who enrolled before the May 15, 2006, deadline about \$6 a month and gave them, on average, an extra three to four days worth of one medicine per month. After the enrollment deadline, average savings among all eligible seniors in the study increased to about \$9 a month and 14 extra days of medicine per month.

Although their sample may not be nationally representative of all beneficiaries, "our report represents one of the first analyses of the impact of Part D," said co-author Wesley Yin, PhD, an assistant professor in the Harris School of Public Policy at the University of Chicago and a Robert Wood Johnson Foundation Scholar at Harvard. "It reflects the experiences of millions of Americans accounting for approximately 15 percent the market share in the United States."

Furthermore, this study differentiated between the period when subjects

could enroll without penalty and enrollment in Part D plans was increasing, and the subsequent period when enrollment was stable. Analysis from this stable period, the authors said, better represents the steady-state impact of Part D on utilization and expenditures.

The authors also found that patients who enrolled early in the Part D program had higher rates of utilization and out-of-pocket costs prior to the Part D period and stood to benefit most from enrollment.

They conclude that Medicare Part D has, indeed, led to savings and increases in prescription drug use by older people. "More research is needed to see whether these effects have any influence on people's health," Alexander said.

Source: University of Chicago

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