

Study addresses impact of Medicare Part D on medical spending

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After enrolling in Medicare Part D, seniors who previously had limited or no drug coverage spent more on prescriptions and less on other medical care services such as hospitalizations and visits to the doctor's office, according to a University of Pittsburgh Graduate School of Public Health study. Published in the July 2 issue of the *New England Journal of Medicine*, the study also found that seniors who had relatively good drug benefits prior to enrolling in Medicare Part D spent somewhat more on prescriptions and, at the same time, increased their spending on other medical care services.

"We found that Part D led to increases in overall pharmacy spending among all beneficiaries," said the study's lead author, Yuting Zhang, Ph.D., assistant professor of health economics at the University of Pittsburgh Graduate School of Public Health. "These increases were offset by decreases in spending on other medical care services in those with little or no drug coverage before they enrolled in Medicare Part D, which was one-third of the beneficiary population studied. The majority of Part D enrollees in our study population—those with relatively good prior prescription coverage--spent more on prescriptions as well as other medical services."

The purpose of Medicare Part D, which took effect in January 2006, is to subsidize the cost of prescription drugs for Medicare beneficiaries, more than 30 percent of whom had limited or no coverage for prescription drugs prior to its implementation.

Dr. Zhang and her colleagues compared prescription drug use and other medical spending among three groups of senior citizens two years before and after Part D was implemented. The groups included beneficiaries with no prior drug coverage, poor prior drug coverage (\$600 maximum per year) and relatively good prior drug coverage (\$1,400 maximum per year, comparable to Part D). They found that total monthly prescription drug spending increased by 74 percent among the no-coverage group; by 27 percent among the poor-coverage group; and by 11 percent among the good-coverage group. The study also found that the use of both lipid-lowering and anti-diabetic medications rose in the groups with limited or no [drug coverage](#).

When it came to spending on other medical care services excluding drugs, the no-coverage group and poor-coverage group decreased their spending by \$33 and \$46 per month respectively, while the good-coverage group increased their spending by \$30 per month.

"The offset in spending by seniors with limited or no prior drug benefits could be due to improved adherence to medication, especially for those with chronic conditions. Improved access to prescription drugs provided by Part D may enable this population to better control symptoms and cut down on visits to the physician's office or emergency room," said Dr. Zhang. On the other hand, the lack of a similar spending offset in the good-coverage group could indicate an overuse of some medications and services by this population, she noted.

Source: University of Pittsburgh

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