Reexamining the impact of Medicare Part D on health and savings

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For years, the Medicare prescription drug benefit Part D has been credited with positively impacting national trends in health outcomes and medical services. But a recent study led by Northeastern associate

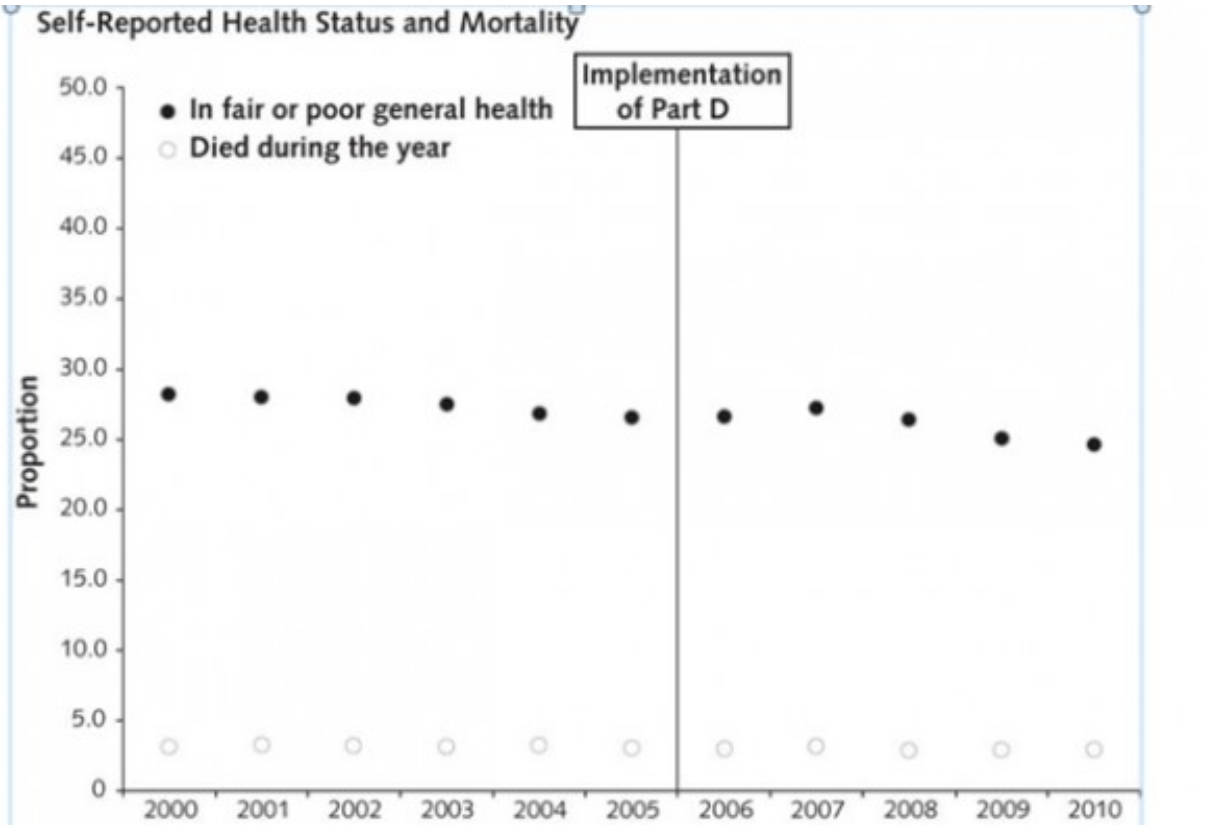
professor Becky Briesacher challenges that assumption and suggests that the U.S. Congressional Budget Office's adopted a new costing method based on assumed cost-savings may be "premature."

Since its implementation in 2006, Part D has substantially increased access to prescription drugs for the nearly 50 million Medicare subscribers. That increased access, though, has not led to a clear decrease in emergency room visits, hospital stays, inpatient costs, or mortality, according to the research by Briesacher and her team, which included colleagues from Harvard Medical School.

"We are concluding that Medicare Part D did not save the (Medicare) program any money overall," said Briesacher, a health services researcher in the School of Pharmacy with nationally-recognized expertise in drug policy and medication use in older adults. "You have to be realistic about the fact that giving people access to medication is important, but it's not going to substantially save money in other parts of the health care system or keep a significant number of people out of the hospital."

The team presented its results in a paper published Monday in *Annals of Internal Medicine*.

About one year after Medicare Part D was launched, early studies were conducted among Medicare beneficiaries who either had no prescription drug coverage or poor coverage prior to Part D. Those early studies found these specific subgroups saw statistically significant decreases in nondrug medical spending and hospitalizations.



But, as Briesacher explains, these selected subgroups do not represent the experiences of Medicare subscribers at large, many of whom already had some type of drug coverage prior to Part D.

Briesacher and her team widened the scope of the analysis and looked at 11 years worth of data from the Medicare Current Beneficiary survey, which is an annual face-to-face panel survey of about 12,000 Medicare subscribers.

They found no significant change to subscribers reporting they were in poor to fair health five years after Part D was implemented. In 2006 that

figure was 26.6 percent, while in 2010 it was 24.6 percent, which is statistically insignificant and which Briesacher contributes to pre-existing historical trends.

Also, the emergency department trips and inpatient services stayed the same at about 13 percent for the entire study period.

The previously accepted early studies of Part D led the Congressional Budget Office, tasked with determining the cost of legislation, to adopt an algorithm that works off the belief that increases in prescription fills across the Medicare population results in overall cost-offsets.

According to the paper, the CBO methodology estimates Medicare spending on medical services is now routinely reduced by 0.2 percent for each 1 percent increase in drug prescriptions filled.

The budget impact of the flawed methodology is not trivial, according to the study. The researchers point to provisions in the Affordable Care Act to decrease Part D cost-sharing that are based on the Congressional Budget Office's prediction that Medicare's nondrug spending will be reduced by $35 billion through cost savings in medical services, primarily decreases in hospitalization.

"We'd like the Congressional Budget Office to re-examine the policy," Briesacher said. "It's about properly scoring the legislation so it doesn't assume these cost-offsets that we can't find."

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