Mending the Medicare Prescription Drug Benefit

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Mending Medicare’s Drug Benefit

To address complexity and selection incentives

- Standardize benefits designs to between 7 and 9 plans; allow 1 wild card plan per sponsor
- Reorient competition from competition for enrollees to competition for contracts
- Assign every new Medicare enrollee to a default plan
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To improve purchasing
- Return prices paid on behalf of dual eligible to prices that approximate pre-part D prices
- For unique drugs, monitor transaction prices and develop system of temporary administered prices, possibly based on binding arbitration

To make risk bearing more efficient
- Alter rule governing actuarially equivalent plans to allow higher deductibles and coverage in donut hole
- Redefine standard benefit to include generic coverage in donut hole
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- Move drugs covered under Part B to Part D
  - Allow for continuation of some existing cost sharing arrangements for Part B drugs