

# MEDICARE PART D RESEARCH FACTS

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Cornell University  
College of Human Ecology  
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## CUR<sub>x</sub>ED

Cornell University Resource Education  
for Medicare Part D

### PART D FACT

Part D increased the overall use of medications by 158 million prescriptions in 2006.

## LOOKING AHEAD: 2010 STANDARD BENEFIT DESIGN

The cost thresholds for the Part D defined standard benefit are determined annually by CMS and are now available for the 2010 plan year. The Medicare Modernization Act of 2003 directs CMS to index the beneficiary increase in cost-sharing to the average per capita percentage increase in total Part D drug expenses.

Annual updates to these parameters helps to ensure that the government's share of Part D costs remain constant over time. Additionally, the value of the drug benefit to the beneficiary increases along with the increases in drug costs, as the defined benefit continues to cover a constant share of expenses each year.

The chart at the end of this article summarizes the threshold costs for the defined standard benefit in 2010 and provides a comparison to the inception year of the program, 2006, as well as to previous plan year, 2009.

These changes reflect an increase of 4.66%, with rounding, from 2009 to 2010. Similar adjustments have been made to the deductible and maximum co-payments for certain LIS eligible enrollees

The annual percentage increase in the consumer price index is used to calculate the maximum co-payment for full benefit dual eligible enrollees.

This increase, 2.65%, does not impact the cost-share for generic or preferred multi-source medications of \$1.10, but does increase the cost-share of non-preferred medications from \$3.20 to \$3.30 in 2010.

Also effective in 2010, plans will be required to use the amount paid to the Pharmacy to determine beneficiary cost-share and in reporting drug costs to CMS. Plans that contract with a Pharmacy Benefit manager (PBM) will no longer be allowed to use the costs paid to the PBM for reporting.

Risk corridors and payment reconciliation for 2010 remain the same for 2010 as they are for 2009. Risk adjustment thresholds of 5% and 10% of the target amount will correspond to payment adjustments of 50% and 80%, respectively, in the first and second corridors.

<i>Part D Benefit Parameters</i>	2006	2009	2010
Deductible	\$250	\$295	<b>\$310</b>
Initial Coverage Limit	\$2250	\$2,700	<b>\$2,830</b>
Out of Pocket Threshold	\$3600	\$4,350	<b>\$4,550</b>
Minimum Catastrophic Cost-Share			
Generic/Preferred	\$2.00	\$2.40	<b>\$2.50</b>
All other drugs	\$5.00	\$6.00	<b>\$6.30</b>

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