



Capping Drug Costs for Seniors Act of 2021

Capping Out-of-Pocket Spending for Seniors and Individuals with Disabilities & Modernizing Part D

Currently, the Medicare program does not have an out-of-pocket cap, meaning that seniors and individuals with disabilities lack the financial certainty to know how much their total annual drug spending could be. The *Capping Drug Costs for Seniors Act of 2021* creates an out-of-pocket spending maximum of **\$2,000** for the millions of Medicare beneficiaries who are enrolled in the Medicare Part D prescription drug program. It is an important first step toward making medicine more affordable.

In 2018, 3.9 million, or 8.3 percent, of Part D enrollees reached Part D's out-of-pocket threshold. Medicare beneficiaries pay \$6,350¹ before the catastrophic coverage begins, but even then, under current law beneficiaries still can face significant cost-sharing.

In 2019, over 483,000 enrollees (11 percent of high-cost enrollees) filled a prescription for which a single claim was sufficient to meet the out-of-pocket threshold, up from just 33,000 in 2010. The increase in the number of beneficiaries with such claims has accelerated in recent years, rising by more than 100,000 since 2017.²

Specifically, the *Capping Drug Costs for Seniors Act of 2021* does the following:

- 1. Creates a \$2,000 out-of-pocket limit on prescription drugs under Medicare Part D**
 - This means that beneficiaries who have more than \$2,000 in prescription drug spending will face no additional cost-sharing over that amount – an approximately a \$4,000 savings for most individuals.
- 2. Requires health plans to pay more in the catastrophic coverage phase and reduces government reinsurance subsidies.**
 - Decreases government reinsurance from 80 percent to 20 percent and increase plan and increases plan responsibility from 20 percent to 50 percent, thereby increasing incentives for plans to better manage drug spending.
 - Reinsurance for the catastrophic spending grew by over 500 percent from \$8.0 billion in 2007 to nearly \$40.9 billion in 2018 – and is now the single-largest component of total Part D spending.
- 3. Expands the current Medicare coverage gap discount program into a benefit-wide responsibility, thereby increasing incentives for plans to better manage drug spending.**
 - Under current law, manufacturers pay 70 percent of the costs for beneficiaries in the coverage gap. This bill requires drug manufacturers to be responsible for 30 percent of costs in the catastrophic coverage phase, to ensure that drug companies help pay more of the costs for expensive drugs in catastrophic coverage.
 - Additionally, manufacturers would be required to pay 10 percent costs in the initial coverage phase. These program enhancements would be implemented beginning in plan year 2022.

¹ [Medicare Part D Beneficiaries Who Reach the Catastrophic Coverage Limit Can Expect to Pay More Out-of-Pocket for Their Prescription Drugs Next Year](#)

² [The Medicare prescription drug program \(Part D\): Status report](#)