



Medicare Part D Modest in Its Aid

Plan's Savings for Seniors Average a Meager 6 Percent

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Nov. 1, 2007 —

It was touted as a landmark effort to lower drug costs for seniors, but the government prescription program known as Medicare Part D has not had the sweeping impact some had hoped it would, according to a new study.

"The rhetoric surrounding Medicare Part D's potential impact on seniors' medication use and savings on drug costs doesn't match the reality," said study co-author Frank Lichtenberg, a business professor at Columbia University. "The increase in drug use and decrease in cost to the elderly was relatively minor."

In the study, published today in Health Affairs journal, researchers found that Medicare Part D did increase the number of prescriptions used by the elderly and reduced their out-of-pocket drug spending -- but not by as much as some might think.

Researchers found that Medicare Part D reduced the average amount that seniors pay per day for their medications by about 18 percent. At the same time, seniors increased the number of prescriptions they were taking -- by about 13 percent.

When that was taken into account, the total savings in prescription cost to patients was only about 6 percent.

Medicare Part D took effect in January 2006 as part of the Medicare Prescription Drug, Improvement, and Modernization Act. The Centers for Medicare and Medicaid Services claims that "the MMA legislation provides seniors and people with disabilities with the first comprehensive prescription drug benefit ever offered under the Medicare program, the most significant improvement in health care in nearly 40 years."

"Our findings do not necessarily mean that the Medicare part D program is economically inefficient, because there are potential long-term health care savings when people can afford to take necessary medications," Lichtenberg said. "However, we need to think carefully about the economic implications of this program, which the federal government will ultimately have to raise taxes to pay for."

The Congressional Budget Office estimates that Medicare Part D costs totaled \$32 billion in 2006.

Medicare spokesman Jeff Nelligan defended the program.

"The fact is," he said, "Part D reduced the number of Medicare beneficiaries who didn't have drug coverage from 33 percent to 8 percent, or by nearly 11 million individuals.

"We believe that if our beneficiaries can afford to pay for their medications as prescribed, they will live better, healthier lives, which will ultimately result in reduced costs in the hospital and physician portions of Medicare."

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