Spending Challenges for Prescription Drugs: Part B and Part D Reform

Stacie B. Dusetzina, PhD
Associate Professor of Health Policy
Ingram Associate Professor of Cancer Research
Prescription Drugs and Spending Trends

Total Medicare Drug Spending in 2016 = $128.6 billion
Total Medicare Spending in 2016 = $678.7 billion

Recent Proposals for Part B

• International Pricing Index

• Step-Therapy for Medicare Advantage

• Relocate Drugs from Part B to Part D
Recent Proposals for Part D

• Reclassify rebates as kickbacks / pass-through rebates at the point-of-sale

• Remove protected class status for drugs (dropped from final rule)

• Adding an out-of-pocket spending cap on Part D*
Chart illustrates flows for patient-administered, outpatient drugs. Please note that this chart is illustrative. It is not intended to be a complete representation of every type of financial, product flow, or contractual relationship in the marketplace.

If Rebates are Large, Patients Could Benefit

What Might Work?

• Reference Pricing

• Price Setting that Aligns with Value

• Shift Incentives in Part D for Negotiating

• Regulation?
Questions?

@DusetzinaS
s.dusetzina@Vanderbilt.edu