

Improving competition among Part D's benchmark plans

ISSUE: We take a closer look at the Part D prescription drug plans that serve beneficiaries who receive the low-income subsidy (LIS).

KEY POINTS: The LIS helps ensure access to drug coverage by subsidizing premiums up to a dollar limit known as the benchmark and automatically enrolling any beneficiaries who do not select a plan on their own. This approach has created a distinct subset of PDPs known as benchmark plans that largely serve LIS beneficiaries. The LIS has features that limit competition among benchmark plans and increase Medicare spending. The LIS could be modified to improve competition, but these changes could reduce the number of benchmark plans and increase the number of beneficiaries who need to switch plans to avoid paying a premium.

ACTION: Commissioners will discuss the material and whether they would like to conduct more work on this issue in the future.