

Pass the PACE Part D Choice Act Ensure Affordable Prescription Drug Coverage for Medicare Beneficiaries

Issue

Medicare beneficiaries in the Program of All-Inclusive Care for the Elderly (PACE) who are not eligible for Medicaid face Part D premium costs that are unaffordable for many who would benefit from PACE services. Currently, these beneficiaries must enroll in their PACE organizations' Part D prescription drug plans at a substantially higher monthly cost than other options. In 2023 the annual cost of prescription drug coverage for a Medicare beneficiary in PACE is over \$11,000ⁱ – 21 times higher than the approximately \$500 average premium for stand-alone Part D plans.ⁱⁱ The significant cost difference renders PACE, which offers Medicare beneficiaries an alternative to nursing home placement, beyond the reach of many Medicare beneficiaries.

Recommended Action

Pass the PACE Part D Choice Act, which would provide Medicare-only beneficiaries enrolled in PACE the choice to obtain affordable prescription drug coverage. The PACE Part D Choice Act achieves this by enabling Medicare beneficiaries enrolled in PACE to obtain their Part D coverage from either the PACE organization or from a marketplace Part D plan, whichever is more affordable.

Benefits of Action

PACE offers Medicare beneficiaries needing long-term services and supports and wanting to continue living in their homes the highest quality of care available to them. Passing the PACE Part D Plan Choice Act will enable many more Medicare beneficiaries to afford access to PACE, providing them and their families with the care and support they need for a higher quality of life.

The assistant secretary for Planning and Evaluation at the U.S. Department of Health and Human Services recently

reported PACE to be a consistent “high performer.”ⁱⁱⁱ According to the analysis, PACE participants are notably less likely to visit the emergency room, be admitted to the hospital, or require nursing home placement. Another study by Mathematica Policy Research determined that PACE costs are comparable to the costs of other Medicare options, while delivering better quality of care for an extremely frail, complex population.^{iv} PACE enrollees also were found to experience lower mortality rates than comparable individuals in nursing facilities or receiving home- and community-based waiver services.

More than three-fourths (77 percent) of adults aged 40 and over prefer to receive any necessary long-term care services in their home, according to a poll by the Associated Press and NORC Center for Public Affairs Research.^v Access to community-based alternatives to nursing homes, including PACE, will be critical to meet the needs of Medicare beneficiaries in the coming years. According to MedPAC, approximately 10,000 baby boomers turn 65 each day and become eligible for Medicare, leading to a 50 percent increase in beneficiaries that will result in more than 80 million in 2030.^{vi} Many of these older adults have modest incomes; half of all Medicare beneficiaries had annual incomes below \$29,650 in 2019.^{vii}

While individual care needs will vary, people aged 65 and over have a 68 percent probability, on average, of experiencing cognitive impairment or requiring assistance with at least two activities of daily living (ADLs).^{viii} Affordable access to PACE is vital for Medicare beneficiaries as these older Americans with cognitive and functional impairments seek community-based, long-term care options. Enabling Part D plan choice for Medicare beneficiaries seeking to enroll in PACE would remove a substantial cost barrier to their ability to receive community-based care as an alternative to nursing home placement.

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Background

Today, PACE serves nearly 64,000 older Americans living with complex, chronic medical conditions who need long-term services and supports. Of these, the vast majority are Medicaid-eligible, either dual-eligible or Medicaid-only (99 percent). Less than 1 percent have Medicare-only coverage.

Enactment of the Medicare Prescription Drug, Improvement, and Modernization Act (P.L. 108-173) in 2003 changed how PACE organizations are paid to provide prescription drug coverage to their participants. Prior to the implementation of Medicare Part D, prescription drugs were not covered by Medicare. PACE enrollee drug costs were paid by Medicaid or as part of the PACE private pay premium.

Upon implementation of Part D, the Centers for Medicare & Medicaid Services (CMS) required PACE organizations to establish their own Part D plans and for these plans to be the only option available to Medicare beneficiaries enrolled in PACE.

PACE Part D plan premiums, the monthly amounts paid by a Medicare beneficiary for coverage, are high relative to alternatives in the Medicare Part D plan marketplace. The

higher cost of PACE Part D plan premiums is due to the following:

- ◆ the small, high-acuity and frail elderly population served by PACE organizations;
- ◆ the absence of copays or deductibles in PACE Part D plans; as a result, contributions to the cost of the Part D plan that typically would be made through these is instead built into the monthly premium; and
- ◆ the unavailability to PACE Part D plans of drug manufacturer or Medicare subsidies received by all other Part D plans; as a result, PACE Part D plans must offset the lack of these funds by charging a higher monthly premium.

By offering Medicare beneficiaries the option of enrolling in a marketplace Part D plan, the PACE Part D Plan Choice Act would provide a significantly lower-cost alternative to the Part D plans of PACE organizations. On average, Medicare beneficiaries would save over \$10,000 a year, making PACE an affordable option for many who currently cannot afford to enroll in the program.

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Endnotes

i Research by NPA.

ii Cubansk, J., Damico, A. (2022). Medicare Part D: A First Look at Medicare Drug Plans in 2023, p. 1. Retrieved from [kff.org](https://www.kff.org)

iii Feng, Z., Wang, J., Gadaska, Knowles, A., et al. (2021). Comparing Outcomes for Dual-Eligible Beneficiaries in Integrated Care: Final Report. RTI Institute; Office of Behavioral Health, Disability, and Aging Policy, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, September. Retrieved from aspe.hhs.gov.

iv Ghosh, A., Schmitz, R., Brown, R. (2015). Effect of PACE on Costs, Nursing Home Admissions, and Mortality: 2006-2011. Mathematica Policy Research, p. 15. Retrieved from aspe.hhs.gov.

v Swanson, E., Benz, J., Titus, J., et al. (2015). Long-Term Care in America: Expectations and Preferences for Care and Caregiving. The Associated Press-NORC Center for Public Affairs Research, May. Retrieved from [longtermcarepoll.org](https://www.longtermcarepoll.org).

vi MedPAC. (2015). Report to the Congress: Medicare and the Health Care Delivery System. June, p. 37. Retrieved from [medpac.gov](https://www.medpac.gov).

vii Koma, W., Neuman, T., Jacobson, G., Smith, K. (2020). Medicare Beneficiaries' Financial Security Before the Coronavirus Pandemic. KFF. Retrieved from [kff.org](https://www.kff.org).

viii Gibson, M.J. (2003). Beyond 50.03: A Report to the Nation on Independent Living and Disability: Executive Summary. AARP Public Policy Institute. April. Retrieved from [aarp.org](https://www.aarp.org).

Case Study



PACE Part D Choice Case Study – Virginia

Comparing 2023 Average PACE Prescription Drug Plan Costs to 2023 Medicare Part D Stand-Alone Prescription Drug Plans for a Medicare-Only Beneficiary in Fee-for-Service Medicare Taking 10 Prescription Drugs

The annual PACE plan costs are at the top of the chart. Other costs are sorted by the lowest annual total participant out-of-pocket for all plans available in the ZIP code.

2023 Plan Name	Monthly Premium	Annual In-Network Deductible	Annual Estimated Cost-Sharing Responsibility at Preferred Pharmacy	Total Annual Patient Out-of-Pocket (Premium + Deductible + Cost-Sharing)	All Drugs on Formulary?	Star Rating (Out of 5, with 5 Being Best)
PACE Part D Plan National Average	\$927.92	\$-	\$-	\$11,135.04	Y	N/A
Aetna SilverScript Plus PDP	\$70.40	\$-	\$-	\$844.80	Y	3.5
Aetna SilverScript Plus PDP	\$31.00	\$505.00	\$488.64	\$1,365.64	Y	3.0
Anthem MediBlue Rx Plus PDP	\$48.40	\$-	\$864.96	\$1,445.76	Y	3.5
Wellcare Value Script PDP	\$9.60	\$505.00	\$861.36	\$1,481.56	Y	3.0
Wellcare Medicare Rx Value Plus PDP	\$71.30	\$-	\$729.36	\$1,584.96	Y	3.0
Aetna SilverScript Choice PDP	\$34.70	\$505.00	\$765.24	\$1,686.64	Y	3.5
Humana Premier Rx PDP	\$79.20	\$300.00	\$488.64	\$1,739.04	Y	3.0
United Healthcare AARP MedicareRx Saver Plus PDP	\$30.90	\$505.00	\$917.88	\$1,793.68	Y	3.0
United Healthcare AARP MedicareRx Walgreens PDP	\$28.12	\$350.00	\$1,152.72	\$1,840.16	Y	3.0
Mutual of Omaha Rx Essential PDP	\$19.50	\$505.00	\$1,305.84	\$2,044.84	Y	2.0
Anthem MediBlue Rx Standard PDP	\$61.20	\$505.00	\$840.60	\$2,080.00	Y	3.5
Cigna Extra Rx PDP	\$60.30	\$100.00	\$1,259.40	\$2,083.00	Y	3.0
Mutual of Omaha Rx Premier PDP	\$74.90	\$505.00	\$759.00	\$2,162.80	Y	2.0
Wellcare Classic PDP	\$32.40	\$505.00	\$1,281.24	\$2,175.04	Y	3.0
Mutual of Omaha Rx Plus PDP	\$91.10	\$505.00	\$1,009.92	\$2,608.12	Y	2.0

The chart makes the following assumptions:

- » participant lives in ZIP code 22314;
- » 30-day supply of each drug at the dosages and frequencies listed below; and
- » drugs would be purchased from CVS Store #10867.

PACE Part D Choice Case Study – Virginia

Drug List

- » Simvastatin 20 mg, 1 x day
- » Sertraline HCL 100 mg, 1 x day
- » Lisinopril 10 mg, 1 x day
- » Carbidopa/Levodopa 25-100 mg, 3 x day
- » Furosemide 40 mg, 1 x day
- » Escitalopram Oxalate 10 mg, 1 x day
- » Levetiracetam 500 mg, 2 x day
- » Finasteride 5 mg, 1 x day
- » Meclizine HCL 25 mg, 1 tablet as needed, with a maximum of 30 tablets per 30 days
- » Gabapentin 300 mg, 3 x day