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Subject: Medicare prescription drug premiums projected to remain low

HHS Intergovernmental and External Affairs Notification

July 31, 2014

From: Paul Dioguardi
Director, Office of Intergovernmental and External Affairs
U.S. Department of Health and Human Services

RE: Medicare prescription drug premiums projected to remain low

On the heels of the 49th anniversary of the signing of Medicare and Medicaid into law, the Centers for Medicare & Medicaid Services (CMS) projected today that the average premium for a basic Medicare Part D prescription drug plan in 2015 will increase by about \$1, to an estimated \$32 per month, continuing its historically low growth rate.

This news comes after the announcements this week of continued unprecedented low levels of growth in Medicare spending and continued savings by seniors and people with disabilities on out of pocket drug costs. According to the recent Medicare Trustees report, the life of the Trust Fund has been extended to 2030, up from its projection of 2017 in 2009. The report also shows that Part B premiums are expected to stay the same rather than increase for the second year in a row. Additionally, an HHS [report](#) found that per capita Medicare spending growth has averaged 2 percent over 2009 – 2012, and nearly 0 percent in 2013, one-third of the growth rate over the 2000-2008 period. The Administration also recently [announced](#) that more than 8.2 million people with Medicare have saved over \$11.5 billion since 2010 on prescription drugs as a result of the Affordable Care Act, an average of \$1,407 per beneficiary. The Affordable Care Act closes the donut hole over time.

For the last four years – for plan years 2011, 2012, 2013, and 2014 – the average premium for a Medicare Part D basic plan has been \$30 or \$31. This is better than critics of the Affordable Care Act predicted in 2009 when they claimed that closing the donut hole would cause premiums to skyrocket. Today's projection for the average premium for 2015 is based on bids submitted by drug and health plans for basic drug coverage for the 2015 benefit year, and calculated by the Centers for Medicare & Medicaid Services Office of the Actuary.

The upcoming Medicare annual open enrollment period – which begins October 15 and ends December 7 – allows for people with Medicare to choose their plans for next year by comparing their current coverage and quality ratings to other plan offerings. New benefit choices are effective January 1, 2015.

The Part D Base Beneficiary Premium, the Part D National Average Monthly Bid Amount, the Part D Regional Low-Income Premium Subsidy Amounts, the De Minimis Amount, and the Medicare Advantage Regional Benchmarks, are available [here](#) just make sure to select "2015."

You can learn more about the Medicare Part D prescription drug benefit [here](#).

Questions or Concerns? Contact HHSIEA@hhs.gov

