

MAY 29, 2019

MEMORANDUM

TO: ART WOOD, MIKE HERBERT, JIM ROMANO

FR: NATHAN THOMSON

**RE: WAYS AND MEANS COMMITTEE RELEASES DRAFT LEGISLATION ON
MEDICARE PART D**

As Congress left for recess ahead of the Memorial Day weekend, senior House Members released draft legislation aimed at reforming the Medicare Part D program. Ways and Means Chairman **Richard Neal** (D-MA) and Energy and Commerce Chairman **Frank Pallone** (D-NJ) announced the solicitation for comments on the legislation which aims to reduce costs. It does so in two important ways:

1. The draft legislation reduces the government's share of catastrophic coverage from 80% to 20% by 2023.
 - a. **SEC 2. (a)(2)(5)**
2. It changes the cost-sharing out of pocket threshold from equal or great to simply equal. This would cap out-of-pocket cost to the catastrophic threshold.
 - a. **SEC 2. (b)(1)(iii)**

These changes would increase financial obligations on health plans. This draft legislation mingled with last week's protection of 6 protected classes continues to put pressure on health plans.

The Ways and Means committee is seeking comments on this legislation by June 6th. Emails should be addressed to partdimprovements@mail.house.gov

Opportunities: If passed as written, this legislation would shift a significant amount of financial burden onto health plans. In theory this could allow PSI to help a greater number of individuals as their need would be less per-person.

Challenges: Donors may use this as an opportunity to reduce funding because it would take fewer resources to help the same amount of people that are already being served.

Government Relations will continue to monitor.