New Milliman Study: Hepatitis C Drugs Could Increase Medicare Part D Spending by $2.9 to $5.8 Billion in 2015

New high priced hepatitis C drugs will increase federal spending in Medicare Part D by a projected $2.9 to $5.8 billion next year, according to a new report by the actuarial firm Milliman released today by the Pharmaceutical Care Management Association (PCMA).

Washington D.C. (PRWEB) July 29, 2014 -- New high priced hepatitis C drugs will increase federal spending in Medicare Part D by a projected $2.9 to $5.8 billion next year, according to a new report by the actuarial firm Milliman released today by the Pharmaceutical Care Management Association (PCMA). Milliman projects that average Part D premiums could increase by as much as 8.6 percent in 2015 as a result of high-priced hepatitis C drugs, including Sovaldi and Olysio.

The study finds that the majority of new Federal spending will come from increased federal reinsurance subsidies. Medicare payments for Part D catastrophic coverage have grown considerably faster than other components of Part D spending. According to the Medicare Payment Advisory Commission, between 2007 and 2012, payments have increased at an average annual rate of 14 percent while nearly doubling from $8 billion to $15.6 billion.

Milliman bases its cost projections on the assumption that 15 percent to 30 percent of the Medicare Part D population estimated to be infected with hepatitis C will receive an $84,000 course of treatment in 2015.

“While most payers cover about 75 percent of an enrollee's prescription drug costs, Medicare Part D covers 95 percent at high spending levels,” said PCMA President and CEO Mark Merritt. “The study shows taxpayers will bear the lion’s share of the increased drug costs for Medicare Part D beneficiaries taking hepatitis C drugs.”

Click here to read the new report.

Major findings from the report include:

- New hepatitis C drugs, including Sovaldi and Olysio, will increase 2015 federal spending on Medicare Part D by $2.9 to $5.8 billion for beneficiaries enrolled in Medicare Prescription Drug Plans (PDPs), an increase of $100 to $200 per beneficiary per year.

- Average monthly premiums for Medicare PDPs are projected to increase 4.3 percent to 8.6 percent next year as a result of new hepatitis C drugs, an increase of $17 to $33 per beneficiary per year.

Milliman’s analysis measured the impact of these new drugs on the Medicare Part D program; the study did not include the effect of the drug therapy on other medical costs.
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