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AARP Supports CMS' Medicare Part B Demonstration Project

WASHINGTON, DC — AARP supports The Centers for Medicare & Medicaid Services' (CMS) demonstration project that modifies how Medicare pays for certain prescription drugs administered by physicians and other clinicians. The goal of the five-year project is to determine whether alternative payment approaches will lead to better value and higher quality care for patients.

"Last year Medicare Part B spent \$22 billion on prescription drugs, double the amount spent in 2007," said **Nancy LeaMond, Chief Advocacy & Engagement Officer at AARP**. "This spending escalation is simply unsustainable. We cannot continue to ask taxpayers and Medicare beneficiaries to pay for exorbitantly priced prescription drugs without any consideration of whether their money is being well-spent."

Currently, Medicare Part B pays providers based on a drug's average sales price plus an additional 6%. The proposal will change this add-on payment to 2.5% plus a flat fee of \$16.80. CMS also plans to implement value-based purchasing—or paying for drugs based on how well they work—for a limited number of prescription drugs. CMS hopes that these changes will improve how Medicare Part B pays for prescription drugs, as well as support physicians and other clinicians in delivering higher quality care.

"This project is a thoughtful, measured approach to modernizing the way that Medicare pays for what are often incredibly expensive drugs," said LeaMond. "Many of the changes that CMS is considering in this demonstration project are already being used in the private sector."

CMS's proposal includes multiple opportunities for public input, adds a new exceptions process that will allow providers and Medicare beneficiaries to obtain medically-necessary drugs, and will keep beneficiary cost-sharing responsibilities the same with the option of reducing or waiving them entirely. The demonstration will last for five years and does not reflect a permanent change to the Medicare program. Also, the proposed model will not prevent doctors from prescribing the drugs that they believe their patients need.

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About AARP

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million that helps people turn their goals and dreams into 'Real Possibilities' by changing the way America defines aging. With staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and promote the issues that matter most to families such as healthcare security, financial security and personal fulfillment. AARP also advocates for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name. As a trusted source for news and information, AARP produces the world's largest circulation magazine, AARP The Magazine and AARP Bulletin. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. To learn more, visit www.aarp.org or follow @aarp and our CEO @JoAnn_Jenkins on Twitter.

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