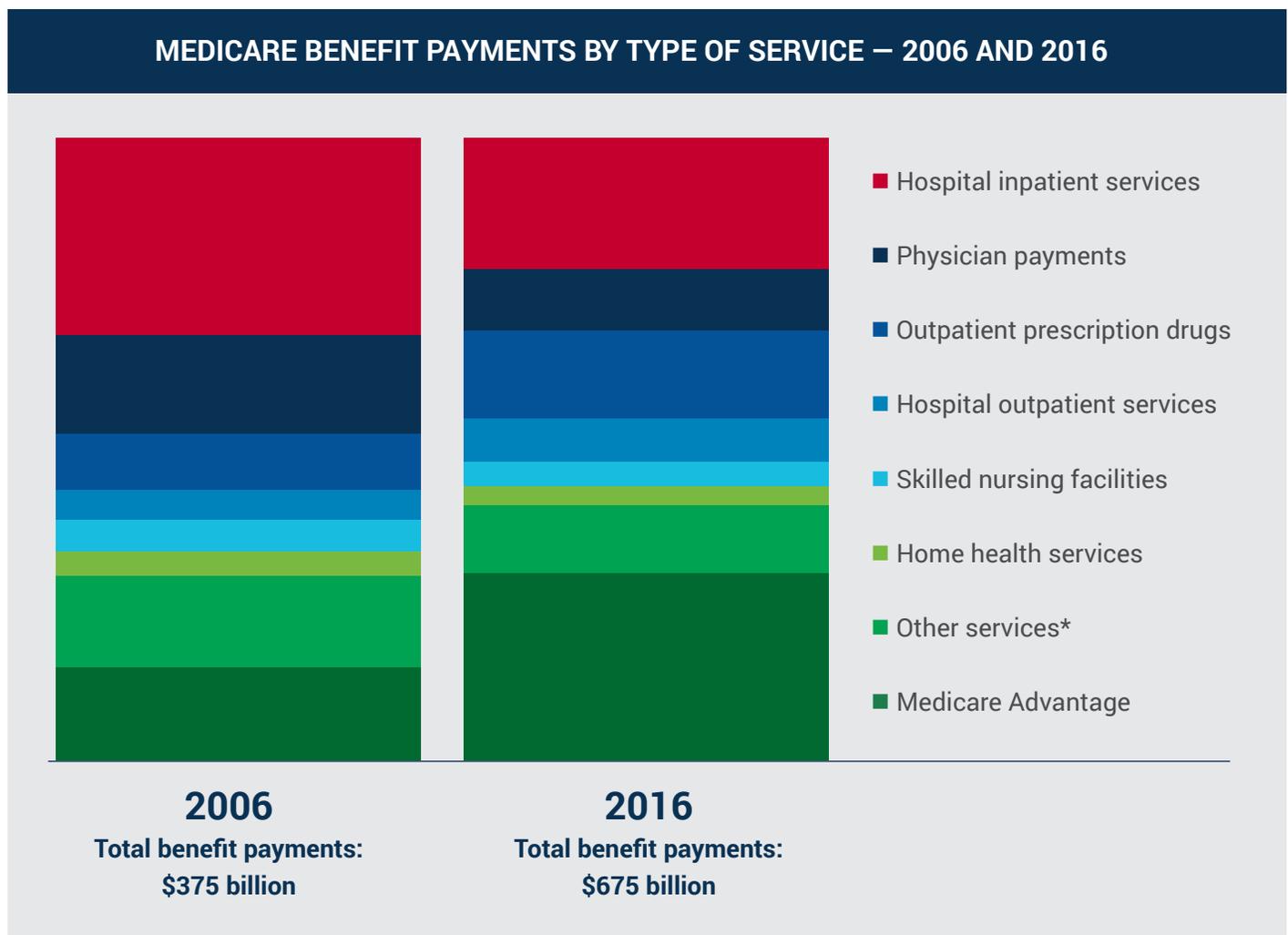


Since Medicare Part D was first implemented in 2006, the benefits to Medicare beneficiaries have been evident. The American Journal of Managed Care found that almost 200,000 Medicare beneficiaries have lived at least one year longer and life expectancy for them has increased by 3.3 years, thanks to better health and slower disease progression. These improvements in health have resulted in fewer hospitalizations and reduced nondrug medical spending, leading to a reduction in overall health care spending.

In August 2017, the Centers for Medicare & Medicaid Services (CMS) announced that Medicare Part D prescription drug plan premiums are projected to drop. CMS estimates the average monthly Part D premium in 2018 will be \$33.50, about a dollar less than this year's average. These savings to taxpayers are achieved through privately negotiated discounts that have resulted in Part D costs being half of what was projected for the program.

The chart below demonstrates the differences in Medicare costs since 2006 and partly reflects the impact of Part D benefit on the composition of Medicare spending, including a reduced portion of each dollar on hospitalizations.



NOTE: *Consists of Medicare benefit spending on hospice, durable medical equipment, Part B drugs, outpatient dialysis, ambulance, lab services, and other Part B services. SOURCE: Congressional Budget Office, June 2017 Medicare Baseline.