

Medigap Reform Issue Brief

Issue

Medigap policies are private supplemental insurance plans intended to fill the financial and occasionally the benefit gaps not covered by original Medicare. Proposals to increase the cost-sharing burden for beneficiaries with Medigap coverage will likely result in beneficiaries forgoing necessary medical treatment putting them at risk for dangerous adverse events.

Medigap is highly regulated, and beneficiaries typically may only choose from standardized plans lettered A-N, with only the price of a particular letter varying from state to state. Approximately 17 percent of Medicare beneficiaries, or 7 million seniors, have Medigap coverage. Because Medigap is structured as a static premium system that reduces the cost-sharing of Medicare beneficiaries, critics of the program often contend that Medigap coverage leads seniors to irrationally consume medical services, proposing that an increase in cost sharing would realize savings for Medicare through a reduction in unnecessary utilization. However, these assertions do not fully consider the negative health outcomes and disproportionate financial burden that increasing cost-sharing would have on plasma protein patients who require regular, often weekly, infusions as part of their lifelong treatment regimens.

PPTA Position

In finding efficiencies and opportunities for healthcare system savings, PPTA urges Congress to refrain from increasing the cost-sharing burden for patients suffering from chronic diseases and consider the following:

- Plasma protein therapies are predominantly indicated to treat rare and chronic diseases;
- Given the chronic nature of the diseases treated by plasma protein therapies, increased cost-sharing can acutely affect plasma protein patients who rely on regular infusions for their life-long treatment;
- Medigap reform that increases cost-sharing for plasma protein patients may undermine patient health by increasing their likelihood of forgoing necessary treatment resulting in increased hospitalizations and greater costs to the overall healthcare system;
- Refraining from increasing cost-sharing for patients suffering from chronic diseases will help to ensure that patients have regular access to their life-sustaining treatments.

In light of the risks to patient health, and the potential to significantly burden chronically ill patients, PPTA urges Congress to reject any Medigap reform that does not exempt chronically ill patients from cost-sharing expansions.