

Medicare Part B May See Premium Decrease in 2023

As a Medicare recipient, you would have likely noticed the surge in your Part B premiums for this year. That jump in premium was linked to a decision by the Federal Drug Administration approving for use a controversial and expensive Alzheimer's disease medication: Aduhelm.

Now that the Centers for Medicare and Medicaid Services has decided to only cover the drug in certain instances, the agency anticipates reducing the monthly Medicare Part B premium for the 2023 policy year. If it goes this route, it would dial back one of the largest premium increases in Medicare Part B history.

When setting rates for 2022, the CMS assumed that Medicare would be bearing the brunt of the \$56,000 a year price tag for Aduhelm and that many Medicare beneficiaries would be accessing the pricey medication.

As a result of that assumption in addition to other factors, such as rising health care prices and utilization and Congressional action, the CMS increased the standard Medicare Part B monthly premium for most seniors to \$170.10 a month up a whopping 14.5% from \$148.50 in 2021.

But since the CMS made its decision, two events have changed that calculus:

1. Biogen, the maker of Aduhelm, in December 2021 announced that it would halve the price of the drug to \$28,000 per year. After that decision, in January, the secretary of the Department of Health and Human Services instructed the CMS to reassess its recommendation for the 2022 Medicare Part B premium.
2. Under CMS rules, finalized in April 2022, Medicare will only cover Aduhelm for beneficiaries who are in clinical trials overseen by the CMS, the FDA or the National Institutes of Health. Participants in CMS-approved studies will be able to access a multidisciplinary team to support their disease management and decision-making with care coordination.

The CMS said it had made its coverage decision because there was still not enough clinical evidence to prove that the drug is an effective treatment and can improve Alzheimer's patients' conditions.

The agency considered three options regarding how to return the excess savings to beneficiaries, which the CMS Office of the Actuary evaluated:

- A mid-year administrative redetermination,
- A direct refund to beneficiaries, or
- Putting the savings toward the following year's premium.

The actuary found that the CMS does not have the authority to send refunds to beneficiaries. The process also would be very complex and require reprogramming certain systems. Beneficiary communication and customer service volume would be strained.

It opted for the third option after the actuary determined a mid-year administrative premium redetermination to not be operationally feasible, and also concluded that the CMS does not have sufficient authority to send premium refunds directly to beneficiaries unless the latter made an excess payment to their premium.

What's in store

In its report, the CMS Office of the Actuary noted that if all factors remained the same and Aduhelm had not been factored in, the standard Part B premium for 2022 would have been \$160.30. That would have constituted an increase of 8% from the 2021 level or a jump of \$11.80 (compared to the \$21.60 monthly increase that beneficiaries were hit with for 2022).

Medicare beneficiaries could be in store for a slight decrease in their 2023 premium or a slight increase. The crucial factor here will be how inflation is affecting the health care sector.

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