



Fast Facts from **EBRI**

Contact: John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

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Medicare Prescription Drug Benefit: Facts and Figures

WASHINGTON—Congress enacted the Medicare Prescription Drug Improvement and Modernization Act in 2003, which added voluntary prescription drug coverage (Part D) to Medicare for the first time. How many were enrolled last year in the newest Medicare program? What was the average benefit? What are the 2007 cost-sharing provisions?

A newly updated publication from the nonpartisan Employee Benefit Research Institute (EBRI) provides answers to those and other questions. The publication, “Facts from EBRI: The Basics of Medicare,” is based on the 2007 report of the Medicare Trustees and is available at <http://www.ebri.org/pdf/publications/facts/0507fact-medicare.pdf>

The EBRI update also provides extensive background information about Medicare, the federal health care insurance program for the elderly and disabled. The update shows the following for the new prescription drug program, which took effect Jan. 1, 2006:

Enrollment/Benefits in 2006

- Number of enrollees: 27.9 million.
- Average amount reimbursed per enrollee: \$1,690.

Prescription Drug Benefit Financing in 2006

Medicare Part D (the prescription drug benefit) is financed by beneficiary premium payments, transfers from the general fund of the Treasury, and transfers from state governments. Premiums ultimately are to account for 25.5 percent of the total costs of Part D. Here is a breakdown for 2006:

- Total income for Part D: \$48.2 billion.
- Income from federal government general revenue: \$39.2 billion.
- Premium payments: \$3.5 billion.
- Transfers from states: \$5.5 billion.
- Estimated unfunded Part D obligations, from program inception through 2081: \$10.8 trillion.

Prescription Drug Cost-Sharing Provisions in 2007

- Base beneficiary premium: \$27.35.
- Annual deductible: \$265.
- Initial benefit limit: \$2,400.*
- Catastrophic threshold limit: \$3,850.

*Most individuals have no coverage between \$2,400 and \$3,850.

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