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Summary

Our overall objective is to produce credible evidence regarding whether providing prescription drug insurance to the elderly through Medicare Part D has reduced inpatient hospitalization rates and spending and improved beneficiaries' health. To accomplish this objective we will use a novel method with considerable external and internal validity. Our method exploits data from the Medicare Current Beneficiary Survey and Health and Retirement Study to identify elderly more or less likely to gain prescription coverage through Part D. Then, using these "treatment" and "comparison" groups, we use the Medicare Provider Analysis and Review (MEDPAR) data to obtain estimates of the effect of prescription drug insurance obtained through Part D on use of, and spending on, inpatient services and mortality. We will use a sample consisting of a large portion (e.g., 70%) of all Medicare beneficiaries that will result in a study with unparalleled external validity. Estimates produced by our research will help fill a void in knowledge that is necessary to evaluate the full costs and benefits of Medicare Part D. The specific aim is to estimate associations between gaining Medicare Part D prescription drug insurance and: 1) overall rates of hospitalization and rates of hospitalization that do and do not originate in the Emergency Department; 2) hospitalization rates for specific conditions that are most plausibly linked to outpatient prescription drug use such as ambulatory care sensitive conditions; 3) annual inpatient charges (spending) and annual inpatient charges for specific types of inpatient admissions such as those for ambulatory care sensitive conditions; 4) length of stay, use of services (e.g., number of procedures) and charges associated with a hospitalization, or a hospitalization for a specific condition such as an ambulatory care sensitive condition; and 5) beneficiary mortality as measured by overall mortality and mortality following hospital admission.