

Publications

Tax-Free Subsidies For Employer-Sponsored Retiree Prescription Drug Plans (New Medicare Part D § 1860D-22)

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The “Medicare Prescription Drug, Improvement and Modernization Act of 2003,” Pub. L. 108-173 (December 8, 2003), (Act), which has been widely publicized for adding a prescription drug benefit to Medicare (Medicare Part D), also creates a tax-free subsidy for employers (or multiemployer plans) who provide certain retiree prescription drug benefits. Below, we briefly describe key features of the Medicare Part D prescription drug benefit, provide details concerning the tax-free subsidy, and identify plan design alternatives available to employers who wish to provide retiree prescription drug coverage.

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