



CMA Weekly Alert – August 31, 2006

PRESCRIPTION DRUG DISCOUNT CARDS MAY BE USEFUL DURING THE DONUT HOLE

Recently, the Center for Medicare Advocacy has become aware that some insurers are marketing their drug discount cards as a means to provide beneficiaries with additional prescription drug coverage during the “donut-hole” gap in coverage.

Discount Cards and other pharmacy discounts may indeed be useful, particularly to someone who enters the donut hole late in the year, and others who will not get out of the donut-hole before the end of the year because their drug costs are too low to meet the required out-of-pocket payment threshold. Beneficiaries will need to do the math to see if these cards are useful in their individual case.

If a beneficiary uses a Discount Card or other pharmacy discount *at a network pharmacy*, the price they pay for their medication should count toward their True Out-of-Pocket expenses (TrOOP), which determines how quickly they will exit the donut hole. The beneficiary is responsible for submitting the receipt for such payments to their plan.

An example of the use of Discount Cards in the donut hole is available on page three of the CMS Tip Sheet, recently analyzed by the Center for Medicare Advocacy, “How the Coverage Gap Works for People with Medicare Prescription Drug Plans”, which is available online at <http://www.cms.hhs.gov/partnerships/downloads/PartneTipSheetExplCovGap080206.pdf>.

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