



CMA Weekly Alert – November 9, 2006

PART D BY THE NUMBERS

Medicare Part D is filled with numbers – mostly dollar amounts that relate to various aspects of the benefit itself or that define income or resource amounts relevant to qualifying for the low income subsidy, or “Extra Help.”

Many of the numbers relevant to Part D are indexed to either the consumer price index or the price of prescription drugs and so they change every year. This Weekly Alert reports the numbers for Part D’s Standard benefit for 2007, in a chart that compares them to those for 2006. It includes text that discusses issues related to the donut hole, including what expenses do and do not count toward getting out of the donut hole.

A future Alert will discuss 2007 eligibility for, and benefits under, the “Extra Help” that pays certain Part D costs for low income beneficiaries. We will publish that Alert when the Centers for Medicare and Medicaid Services publishes the 2007 indexed amounts of resources a beneficiary may keep and still qualify for extra help.

MEDICARE PART D “STANDARD BENEFIT”

2006 & 2007 COMPARISON: STANDARD COSTS AND OUT OF POCKET (OOP) THRESHOLDS

Standard Benefit: 2006	Standard Benefit: 2007
You pay the first \$250 (Deductible)	You pay the first \$265 (Deductible)
You pay 25% of the next \$2,000 (25% of \$2,000 = \$500) (Initial Benefit Period)	You pay 25% of the next \$2,135 (25% of \$2,135 = \$533.75) (Initial Benefit Period)
Donut hole “threshold” = \$2,250 What you <u>and</u> the plan have spent (\$250 + \$2,000 = \$2,250)	Donut hole “threshold” = \$2,400 What you <u>and</u> the plan have spent (\$265 + \$2,135 = \$2,400)
You pay 100% of the next \$2,850 (The “donut hole”)	You pay 100% of the next \$3,051.25 (The “donut hole”)
“Catastrophic Coverage” Begins after <u>you</u> have spent \$3,600 : Your out-of-pocket spending requirement (\$250 + \$500 + \$2850 = \$3,600) OR, put another way: Total spending (you <u>and</u> the plan) to trigger Catastrophic Coverage = \$5,100 (\$250 + \$2,000 + \$2,850 = \$5,100)	“Catastrophic Coverage” Begins after <u>you</u> have spent \$3,850 : Your out-of-pocket spending requirement (\$265 + \$533.75 + \$3051.25 = \$3,850) OR, put another way: Total spending (you <u>and</u> the plan) to trigger Catastrophic Coverage = \$5,451.25 (\$265 + \$2,135 + \$3051.25 = \$5,451.25)
Minimum cost-sharing in Catastrophic Coverage period: \$2 (generic); \$5 (brand)	Minimum cost-sharing in Catastrophic Coverage period: \$2.15 (generic); \$5.35 (brand)

GETTING OUT OF THE DONUT HOLE

To get past the Donut Hole and into Catastrophic Coverage you need to meet your out-of-pocket (OOP) spending requirement, which is \$3,600 in 2006 and \$3,850 in 2007.

Only Certain Costs Count Toward the Out-Of-Pocket Spending Requirement

Costs that you can apply include:

- Costs that you spent on formulary drugs (or non-formulary drugs that have been granted an exception by the plan)
- Costs paid by your family, a charity or a state pharmacy assistance program (SPAP);
- Costs paid by you or family members to a pharmaceutical company's Prescription Assistance Program (PAP) but not the costs paid by the company itself toward the drug.

Costs you cannot apply include:

- Costs paid for non-formulary drugs.
- Cost of drugs purchased outside the United States.
- Costs paid for by other insurance.
- Premiums you paid for your Part D plan.

Using a Network Pharmacy During the Donut Hole

Your Part D plan is responsible for tracking your OOP spending while you are in the donut hole to determine when you become eligible for Catastrophic Coverage. Your plan should send you a monthly Explanation of Benefits (EOB) to show how much you and the plan have each paid during the month. The EOB will also show how much more you need to spend to reach Catastrophic Coverage.

Note: To ensure that you get credit for your costs during the Donut Hole, and to take advantage of lower drug prices negotiated by your plan, be sure to show your Part D plan membership card at the pharmacy and be sure to use your plan's network pharmacies.

Important Information About Drug Discount Cards

Drug discount cards can be useful to reduce your expenses during the Donut Hole (see our [Weekly Alert](#) of August 31 for more details). But remember, only the portion that you pay out of pocket – not the amount paid by the discount card – will be applied toward your OOP spending requirement. Again, you must show your Part D plan membership card at the pharmacy and you must use a network pharmacy to get proper credit.

*For more information, contact Jocelyne Watrous (jwatrous@medicareadvocacy.org)
in the Center for Medicare Advocacy's Connecticut office at (860) 456-7790,
or attorney Patricia Nemore (pnemore@medicareadvocacy.org)
in the Center for Medicare Advocacy's Washington, DC office at (202) 216-0028.*