

Learn the Facts About Medicare's Coverage Gap ("Doughnut Hole")

The Medicare prescription drug benefit's gap in coverage, sometimes referred to as the "doughnut hole", concerns many Medicare beneficiaries. However, it is important to know the facts and understand what they mean to your coverage. Here are some answers to the most frequently asked questions about the coverage gap.

- **What is the coverage gap?**

If you are enrolled in Medicare's "Standard Plan" your coverage is the following:

YOU PAY

\$ 250	First \$250 in spending (deductible):	You pay it all.
\$ 500	For the next \$2,000:	Plan pays 75% (\$1,500) & you pay 25% (\$500)
\$2,850 + _____ \$3,600	For the next \$2,850 to \$3,600(coverage gap): \$3,600 and Up:	You pay it all. You pay 5% and plan pays the rest.

Not all plans are the "standard plan." For example, some plans provide coverage in the gap.

- **What counts toward the \$3,600 limit?**

Deductibles and co-pays in the initial coverage period; payments for drugs in the gap, whether purchased from your plan or elsewhere within the United States; payments for your drugs in the gap made by a family member, friend, a charitable group or a state pharmacy assistance program. All beneficiaries should always use their Medicare card, whether you are in the gap or not, in order to allow CMS to track your spending.

- **What does NOT count toward the \$3,600 limit?**

Your premiums; payments for drugs not covered by your plan; payments made by your plan or by an employer, union, federal agency or other group insurer; any drugs bought from Canada or other foreign countries; free or low-cost drugs received from a drug manufacturer's patient assistance program or as free samples from a physician.

- **How many people are falling into the coverage gap?**

Estimates range from 3.4 to 7 million Medicare beneficiaries will be responsible for expenditures in the coverage gap under Part D.

- **How much are those who have a coverage gap having to spend on their prescription drugs, in total, for the year?**

Some 34 percent of Medicare beneficiaries are spending \$750 or below once they enter the gap, and they have total out-of-pocket spending for the year of less than \$1,500. Another 24 percent are spending less than \$1750 once they enter the gap, and they have \$2,500 in total out-of-pocket spending for the year. That means over 70 percent of those with a gap don't ever reach \$3,600 in total out-of-pocket spending for the year.

- **If I am in the gap, are there programs to assist me with the out-of-pocket costs?**

Yes, many of those who fall into the coverage gap qualify for the low-income subsidy (LIS) or have coverage from a state pharmacy assistance program (SPAP).

LIS: If your annual income is below \$14,700 for an individual (\$19,800 for a married couple) you may qualify for the low-income subsidy (LIS). LIS provides assistance with the costs for the drugs in the coverage gap or in some cases eliminates the gap. To find out if you qualify for a low-income subsidy: call 1-800-772-1213 or 1-800-MEDICARE (1-800-633-4227).

SPAP: There are 30 states that have state prescription assistance programs, some of which help their residents cover the gap. For example, Nevada has a prescription-drug assistance program that covers the gap. It helps qualified state residents age 62 or older with incomes of \$23,175 (\$30,168 for a household). To find out if your state has a state prescription assistance program and if it helps cover the gap, call your State Department on Aging, generally found in the blue pages of your local telephone book. Or if you have access to a computer, log onto www.ncsl.org/programs/health/drugaid.

- **What if I don't qualify for these - are there other ways to avoid being affected by the coverage gap?**

Yes. According to the Medicare agency, four of the 10 national drug-only plans cover the gap. If you anticipate having high prescription drug costs, it may make sense for you to choose to enroll in one of these plans. The Patient Advocate Foundation has clinical case managers able to help you determine what is best for your individual circumstances. (call 1-800-532-5274).

If you have already enrolled in a plan and want to switch to a plan that better suits your needs, you can switch plans during the next open enrollment period, which is Nov. 15 to Dec. 31, 2006.

- **If I think I may fall into the coverage gap, would it be better for me not to participate at all?**

Some coverage is better than no coverage. Recent studies of those who fall into the coverage gap show that prior to the establishment of the Part D program, 54 percent had no drug

coverage at all and the remainder typically had coverage less generous than the Part D "Standard Plan." Based on the average level of spending, those with spending in the gap who had no previous prescription drug coverage still save about \$2,000 after accounting for premium costs.

In addition, those who do find themselves in that coverage gap still save money on the price of their prescription drugs because they pay the plan's negotiated, discounted prices. Plan competition has driven down prices 13% to 23% below the price that a cash-paying customer would pay, according to the Centers for Medicare & Medicaid Services.

For any additional questions or concerns regarding the coverage gap be sure to contact a Medicare counselor at 1-800-MEDICARE (1-800-633-4227).