

Medicare Drug Coverage: Standard Beneficiary Cost Sharing (2010)

	Beneficiary Spending (TrOOP)	Plan Spending	TOTAL
Annual Deductible	\$310	\$0	\$310
Initial Coverage Period*	25% of drug costs up to \$630	75% of drug costs up to \$1,890	\$2,520**
Coverage Gap (Doughnut Hole)*	100% of drug costs up to \$3,610	\$0	\$3,610
TOTAL	\$4,550	\$1,890	Beneficiary + Plan: \$6,440
Catastrophic Benefit (After \$4,550 in TrOOP)	Greater of 5% of drug price <u>or</u> \$2.50/\$6.30 co-pay	Balance of drug cost	

*After meeting the Annual Deductible in a standard plan, a beneficiary enters the Initial Coverage Period. During the Initial Coverage Period, the beneficiary pays 25 percent of prescription drug costs, up to \$630 out-of-pocket; the plan pays 75 percent of these drug costs, up to \$1,890. Only “true” out-of-pocket (TrOOP) expenditures – contributions from friends, relatives, and certain charitable foundations and state pharmacy assistance program payments – count towards a beneficiary’s TrOOP. Any amount paid by other insurance may not count towards TrOOP. Likewise, any payments for prescription drugs not on the plan’s formulary will not count.

**Beneficiaries enter the coverage gap when total drug costs reach \$2,830 (Annual Deductible + Initial Coverage Period).

Please note:

- HAP’s Web site has information about Part D cost sharing for beneficiaries receiving the low-income subsidy (LIS).
- Beneficiaries also may pay a monthly premium, which is approximately \$32, but varies by region and by plan.
- Beneficiaries reach the catastrophic benefit once they have spent \$4,550 out-of-pocket (in 2010) with approximate total drug spending at \$6,440 in prescription drug costs.
- Total out-of-pocket spending does not include the monthly premium.
- Because most plans do not follow the standard cost-sharing structure, calculating TrOOP may vary by plan.

Source: Table IV-7 of <http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2010.pdf>