

Medicare Drug Coverage: Beneficiary Cost-Sharing (2009)

	Beneficiary Spending (TrOOP)	Plan Spending	TOTAL
Annual Deductible	\$295	\$0	\$295
Initial Coverage Period*	25% of drug costs up to \$601.25	75% of drug costs up to \$1,803.75	\$2,405**
Coverage Gap (Doughnut Hole)*	100% of drug costs up to \$3,453.75	\$0	\$3,453.75
TOTAL	\$4,350	\$1,803.75	Beneficiary + Plan: \$6,153.75
Catastrophic Benefit (After \$4,350 in TrOOP)	Greater of 5% of drug price <u>or</u> \$2.40/\$6.00 co-pay	Balance of drug cost	

* During the Initial Coverage Period in a standard plan, the beneficiary pays 25% (and the plan pays 75%) of prescription drug costs between \$295 and \$2,700. The plan pays up to \$1,803.75 of these drug costs, and the beneficiary pays up to \$601.25 out-of-pocket. Only beneficiary's "true" out-of-pocket (TrOOP) expenditures- contributions from friends, relatives, and certain charitable foundations and state pharmacy assistance program payments- count towards 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 \$2,700 (Annual Deductible + Initial Coverage Period).

Please note:

- HAP's website has information about Part D cost-sharing for beneficiaries receiving the low-income subsidy.
- Beneficiaries also may pay a monthly premium, which is approximately \$28, but varies by region and by plan.
- Beneficiaries reach the catastrophic benefit once they have spent \$4,350 out-of-pocket (in 2009) with approximate total drug spending at \$6,153.75 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/Announcement2009.pdf>