

Helping Medicare Patients

# Navigate the Donut Hole



## THE CHALLENGE FOR MEDICARE PATIENTS<sup>1</sup>

Many Medicare patients face a challenge in paying for their drugs and related medications. Over the course of a calendar year, their share of out-of-pocket (OOP) costs for medications can vary from as low as 5% to as much as 100%.

For patients with fixed incomes and limited savings, this variation can make budgeting difficult. By helping your patients understand Medicare Part D prescription drug benefit design, you can help ensure that they are prepared for variations in monthly expenses.

## KEY COMPONENTS OF THE 2018 MEDICARE STANDARD BENEFIT DESIGN<sup>1</sup>

Total Plan + Patient Drug Spend: \$3750			
<b>Deductible Stage:</b> \$405 	<b>Initial Coverage Stage:</b> \$3345 	<b>Coverage Gap Stage:</b> 	<b>Catastrophic Coverage Stage:</b> 
<b>PATIENT PAYS:</b>	<b>PATIENT PAYS:</b>	<b>PATIENT PAYS:</b>	<b>PATIENT PAYS:</b>
<b>\$405</b>	<b>\$836</b>	<b>\$3759<sup>a</sup></b>	<b>(~5%)</b>
True Out-of-Pocket (OOP) Expenses: \$5000 <sup>a</sup>			EXIT Coverage Gap
(\$0 to \$405)—Patient pays the full drug cost (100%) until reaching their initial deductible of \$405. <sup>1</sup>	(\$406 to \$3750)—Starts when the patient has met the \$405 deductible and ends when the patient's total drug spend, including initial deductible, reaches \$3750. During initial coverage, the patient pays 25% and the plan pays 75% of covered drug costs. <sup>1</sup> <ul style="list-style-type: none"> <li>Total OOP costs for patients during initial coverage is approximately \$836</li> </ul>	(\$3751 to \$8418)—The patient enters the coverage gap (donut hole) when the total drug spend reaches \$3750, and exits the coverage gap when the OOP limit reaches \$5000, which will equal approximately \$8418 in total drug spend. During the coverage gap <sup>1</sup> : <ul style="list-style-type: none"> <li><b>Brand name/specialty drugs</b>—Patient pays 35%, plan pays 15%, and manufacturer provides supplement of 50%</li> <li><b>Generic drugs</b>—Patient pays 44%, plan pays 56%</li> </ul>	(\$8418 and up)—The patient enters catastrophic coverage when the OOP limit reaches \$5000. During this stage, the patient pays either 5% of the drug cost or an \$8.35 copay for brand name drugs and \$3.35 for generics (whichever is greater). <sup>1</sup>

<sup>a</sup>Inclusive of manufacturer discount on brand name drugs when applicable.

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## GETTING OUT OF THE DONUT HOLE—WHAT COSTS COUNT?

Patients move out of the donut hole once total OOP costs for each year total \$5000.<sup>1</sup>

OOP costs that count toward the \$5000 <sup>1,2</sup>	
Yearly <b>\$405</b> deductible	
25% paid during initial coverage for coinsurance and copayments	
35% copay for covered brand name medications and 44% copay on generic medications during the coverage gap	
50% mandated discount provided by manufacturers for branded drugs	
OOP costs that don't count toward the \$5000 <sup>2</sup>	
Drug plan premiums	
Patients' costs for drugs that aren't covered	

## BRAND NAME DRUG COST SHARING WILL DECREASE FOR MEDICARE PATIENTS OVER THE NEXT 3 YEARS<sup>3</sup>



12% of Medicare beneficiaries entered the donut hole in 2016<sup>1,4</sup>

Additional information on the Medicare program and costs in the coverage gap are available at [www.cms.gov](http://www.cms.gov) and [www.medicare.gov](http://www.medicare.gov).

**References** 1. The Henry J. Kaiser Family Foundation. The Medicare Part D Prescription Drug Benefit. <http://kff.org/medicare/fact-sheet/the-medicare-prescription-drug-benefit-fact-sheet>. Accessed January 12, 2018. 2. Centers for Medicare & Medicaid Services. Medicare & You 2018. <https://www.medicare.gov/pubs/pdf/10050-Medicare-and-You.pdf>. Accessed January 12, 2018. 3. Centers for Medicare & Medicaid Services. Information pharmacists can use on: closing the coverage gap. January 2012. [http://www.ncpanet.org/pdf/medicare-materials/pharmacists\\_coveragegap.pdf](http://www.ncpanet.org/pdf/medicare-materials/pharmacists_coveragegap.pdf). Accessed January 12, 2018. 4. Centers for Medicare & Medicaid Services. State-by-state information on discounts in the Medicare Part D donut hole through December 2016. <https://downloads.cms.gov/files/Part%20D%20Donut%20Hole%20Savings%20by%20State%20YTD%202016.pdf>. January 12, 2018.