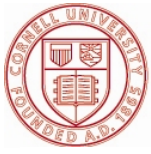


MEDICARE PART D RESEARCH FACTS

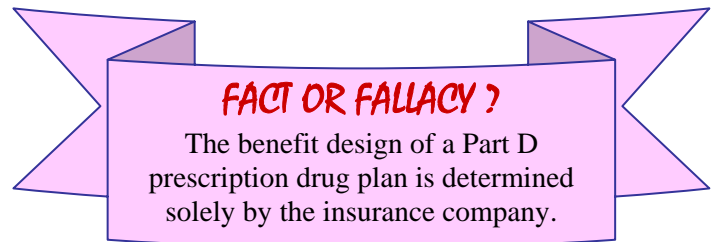
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Cornell University
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2009 STANDARD PLAN BENEFIT DESIGN

Changes in the threshold levels that define coverage limits of the standard Medicare Part D plan benefit design are determined on an annual basis by CMS. They are announced early in the year so that insurers can calculate their costs and design benefit offerings in preparation for the following year.

This year, the deadline for plans to submit bids to CMS for 2009 was June 2. The bidding process not only includes a submission of the plan premium for review by CMS, but also the details of the benefit plan.

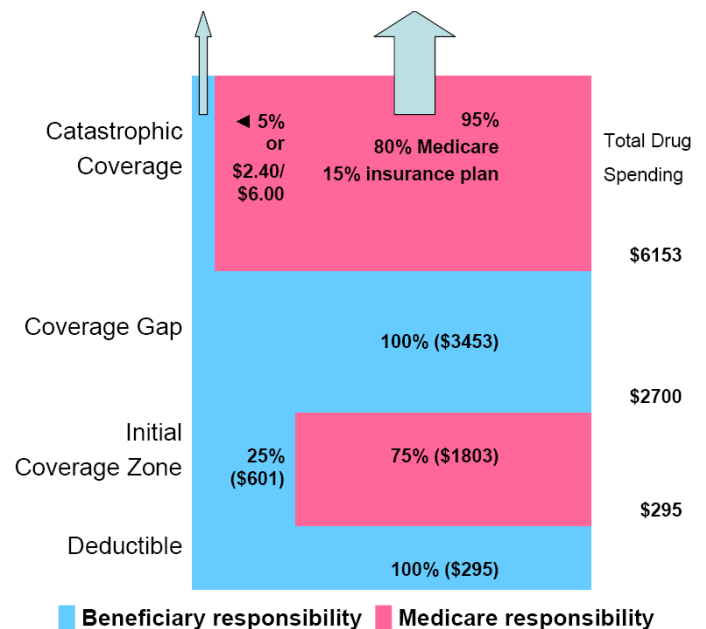
While the information specific to the Part D 2009 prescription drug plans is not yet publicly available, the cost thresholds of a standard plan benefit design have been known for quite some time. Beginning in mid-October, CMS will post on the medicare.gov website the new plan offerings for the coming year and the plan finder tool will show new pricing information.

In 2009, the initial deductible will be \$295, up from \$275 in 2008 (a 7.3% increase) and up 18% from the \$250 when the legislation was first enacted. The initial coverage zone will provide 75% coverage up to \$2700 in total drug costs.

The out-of-pocket threshold, which defines the start of catastrophic coverage, will be \$4350 in

2009. This is a 7.4% increase from the \$4050 out-of-pocket threshold of 2008. The out-of-pocket-threshold is the total spending in drug costs by a beneficiary during the deductible, initial coverage zone, and coverage gap (or donut hole).

Catastrophic coverage of generic and brand name medications will be \$2.40 and \$6.00, respectively. A visual representation of the 2009 standard plan benefit design is shown below.



2009 Standard Plan Features

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