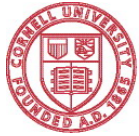


# MEDICARE PART D RESEARCH FACTS

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Cornell University  
College of Human Ecology  
Cornell Cooperative Extension

## CUR<sub>x</sub>ED

Cornell University Resource Education  
for Medicare Part D

### PART D FACT

About 5 million beneficiaries appear to have multiple forms of prescription drug coverage and may not need it.

## BRIDGING THE GAP

Besides the potential for high out of pocket costs, Medicare Part D plan design incorporates a significant level of complexity to beneficiary cost sharing. An initial deductible is followed by an initial coverage zone which is associated with highly variable costs to the beneficiary, depending on how the plan structures its co-payments or co-insurance. After reaching a total drug cost threshold, the beneficiary encounters a second deductible, commonly known as the donut hole. A second threshold, determined by total out of pocket costs, defines catastrophic coverage and is associated with further differences in cost sharing.

Failure to understand such a complex benefit structure may limit a beneficiary's ability to anticipate or manage medication costs, comply with drug therapy, and budget household expenses.

After the first full year of the program, beneficiaries of a Medicare Advantage program were surveyed about their knowledge of their Part D benefit. With consideration for the costs of their medications, they were asked about cost coping strategies, adherence to medication regimens, and the occurrence of any financial burdens.

The study results suggest that only 40% of beneficiaries were aware that their plan design included a coverage gap. Knowledge of the coverage gap was increased among individuals with greater expenditures and as they approached the cost threshold for reaching the gap.

Approximately 36% of the study participants reported engaging in at least one behavior as a

response to medication costs. Strategies to decrease the cost of medications, which may or may not compromise therapeutic outcomes, were undertaken by 26% of the respondents. Fifteen percent reported decreased adherence with a medication regimen, such as reducing dosage, skipping pills, or not filling a prescription. Financial burdens, such as borrowing money to pay for medications or going without another necessity, were reported by 7% of the participants.

As might be expected, those with higher drug costs also were more likely to engage in a cost response behavior, as were beneficiaries with lower incomes. However, those who were unaware of a coverage gap in their plan were less likely to engage in a cost control response.

Beneficiaries who are aware of the coverage gap and are more knowledgeable about the cost sharing liabilities of their drug plan are more likely to change to lower cost medications without compromising their medical outcomes. They are also less likely to report financial burdens, compared to less knowledgeable beneficiaries. This underscores the need to engage beneficiaries in meaningful discussions and educational initiatives to inform them about the actual costs of their medication coverage as well as the clinical benefits of medication treatment options in order to increase the value of the Part D program.



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[www.CURxED.human.Cornell.edu/](http://www.CURxED.human.Cornell.edu/)

email: [CURxED@Cornell.edu](mailto:CURxED@Cornell.edu)

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