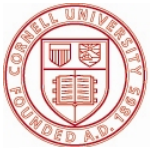


MEDICARE PART D RESEARCH FACTS

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Cornell University
College of Human Ecology

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**Cornell University Resource Education
for Medicare Part D**

FACT OR FALLACY ?

All Medicare Part D Drug Insurance plans provide uniform coverage of all medications throughout the year.

GAP ATTACK

The coverage gap, or donut hole, represents a second deductible in the Part D standard benefit plan design. While this may be considered an essential mechanism to provide coverage to all beneficiaries at a manageable cost, it may have a negative effect on individuals reaching the defined threshold.

Such a plan design is considered advantageous by some, as it provides an incentive for thoughtful and appropriate cost-effect drug therapy decisions. However, it may also contribute to economic hardship and health burden for many.

In 2006, the threshold limit for the reaching the coverage gap was set at \$2250 in total drug costs. In 2008 it is \$2510 and will be \$2700 in 2009.

Individuals impacted by the coverage gap adopt various strategies to make medications more affordable. Cost lowering strategies include using less of a medication, discontinuing a medication, or not filling a prescription. Such methods involve decreasing medication usage and may be detrimental to health.

Alternatively, beneficiaries may switch to a different medication, buy medication outside of the United States, take someone else's medication, obtain samples, or seek a charitable

assistance program. These cost lowering strategies do not necessarily affect health outcomes, but might represent a significant inconvenience.

Beneficiaries of a drug benefit program with a coverage gap are three times more likely to use a medication cost lowering strategy than people without such a gap in their coverage. Additionally, they report altering their lifestyle to pay for prescriptions more often. They were more likely to forgo enjoyable activities, do without other medical care, go without necessities, have difficulty paying other bills, or borrow money.

Beneficiaries most likely to adopt a cost savings strategy include younger people with limited drug coverage, those with a lower household income, those with a higher level of education, and those in poorer health. A person who employs one cost lowering strategy to manage medication expenses is likely to use multiple approaches.



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