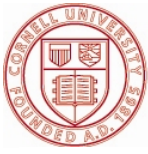


MEDICARE PART D RESEARCH FACTS

Volume 2 Number 6



Cornell University
College of Human Ecology

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Cornell University Resource Education
for Medicare Part D

FACT OR FALLACY ?

Skipping doses of medication will have little impact on the individual patient but will benefit insurance plans.

PASS THE DONUT HOLES, PLEASE

Patients do not adhere to prescribed medical treatment regimens for a number of reasons. Prevalent and persistent, non-adherence to medications represents a conundrum to healthcare providers that is associated with a higher rate of emergency room visits and non-elective hospitalizations.

Cost related medication non-adherence is a common occurrence and concern remains as to whether or not the donut hole of Part D plans helps to drive this phenomenon.

The design of the Part D standard benefit is such that there can be a greater financial burden to those with moderate to high annual drug expenses. Beneficiaries with lesser expenses do not reach the donut hole over the course of the year while those with greater drug expenditures realize the benefit of catastrophic coverage.

In 2006, it was reported that only 6% of Part D participants were affected by the donut hole. Of the remaining beneficiaries, 61% were eligible for the low income subsidy and therefore unaffected by the coverage gap. The remaining 33% did not reach the minimum amount required to reach this second deductible.

A closer look is warranted. Of the beneficiaries that entered the gap, many did so during the last few days of the year. During this first year of Part D, enrollment was extended until May 1st, shortening the duration of the benefit year for many. Additionally,

medication changes caused by formulary differences during the first year slowed the rate of cost accumulation for countless individuals.

Stand alone prescription drug plans have little to gain by encouraging medication utilization. Increased prescription use increases plan costs but provides no long term benefit to the plan in terms of reduced hospitalizations. Additional costs associated with additional care caused by non-adherence are shifted to other parts of Medicare, not the Part D plan.

Medicare Advantage plans, however, do have an incentive to encourage medication adherence. The plan is responsible for all of the other costs of care for the beneficiary.

The primary goal of Medicare Part D, reducing prescription expenses for seniors, has been achieved, although some would argue that it has not gone far enough. Questions remain, however, about the impact of the program on medication adherence and beneficiary health outcomes.



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This material is based upon work supported by a grant from the Dean of the College of Human Ecology and Smith Lever funds from the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.