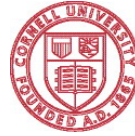


# CASE STUDIES IN PART D

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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

### TROOP COSTS

#### THE CASE

Rosa is a Social Worker at an Independent Living Facility. She oversees a very active group of residents, most of whom have Medicare Part D prescription drug insurance plans. They are all pretty self-sufficient and are able to attend to their own financial affairs. However, many of the residents frequently bring their Part D difficulties to Rosa for help.

In the fall, Rosa runs the plan finder for her residents to help them compare Part D plans. Throughout the year, she looks through the mailings that they get to help them sort out the promotions from the important papers. Rosa also reviews and helps her residents to understand a monthly statement, called the "Explanation of Benefits," which is sent to all enrollees from the Part D plans.

One of the biggest points of confusion for her residents is understanding how much money their prescriptions will cost each time they go to the Pharmacy and whether or not that cost will count towards reaching the threshold for catastrophic coverage.

Throughout the course of the year, plans track the costs which beneficiaries incur and the associated accumulation of True Out-of-Pocket, or TrOOP, costs. The monthly statements may refer to TrOOP using various terminologies, most commonly "Your Costs" or "Your Spending."

If a beneficiary switches to a new Part D plan during the course of the year, the accumulated TrOOP costs will follow to the new plan. In this way, beneficiaries cannot circumvent reaching the coverage gap by changing plans to reset TrOOP costs back to zero. At the end of each plan year, the accumulation of TrOOP costs is reset to zero to begin the new plan year.

Part D plans are required by CMS regulations to calculate and report TrOOP costs. An accurate accounting is important, as it will determine when a beneficiary reaches catastrophic coverage, which provides the maximum amount of benefit. Rosa would like to have a concise listing of the types of costs that are counted towards TrOOP and those which do not.

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#### WHAT WOULD YOU DO?

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#### Part D Trivia Question

Insulin Syringes are:

- A. Not covered at all by Medicare
- B. Not covered under Part D
- C. Covered under Part D only when used for the administration of insulin
- D. Covered under Part D even if used for the injection of other medications

## THE STUDY

True Out-of-Pocket costs are expenses which a beneficiary incurs in the course of paying for prescriptions. TrOOP includes the total amount of the deductible plus the beneficiary share of any co-payments or co-insurance. The costs of non-formulary medications may not be counted towards TrOOP, nor does the monthly premium count towards TrOOP. Additionally, there are many drugs, or types of medication expenses, which may or may not count towards TrOOP expenses. These are highlighted below.

Payments which **DO** count towards TrOOP costs include:

- The amounts that you (or family members or friends, on your behalf) pay for formulary medications to meet your deductible
- Co-insurance and Co-payment amounts spent on medications
- Amounts that you pay for medications at network Pharmacies that have a cheaper price than your plan's price while in the deductible or coverage gap periods as long as you notify your plan
- Amounts paid by a qualified State Pharmaceutical Assistance Program
- Amounts paid for you by a certified charity
- The amount that you pay when receiving assistance from a private Patient Assistance Program for medications that are on the plan formulary
- Any amount that you pay at an in-network Pharmacy that also receives a federal subsidy
- Spending from health savings accounts, flexible spending accounts, or medical savings accounts
- Unadvertised waivers or reductions of cost-sharing amounts extended to individual beneficiaries by a Pharmacy as a courtesy due to an inability to pay

Payments which **DO NOT** count towards TrOOP costs include:

- Monthly premiums
- Medications that are not on the Part D plan formulary (i.e. are not covered by the plan)
- Medications that are excluded from Part D coverage by law, including:
  - prescription vitamins and minerals (except fluoride, niacin, and pre-natal vitamins)
  - over-the-counter medications
  - benzodiazepines and barbituates
  - medications used for the treatment of anorexia, weight loss, weight gain, fertility, cosmetic purposes, hair growth, relief of symptoms of a cold, and erectile dysfunction
- Assistance provided by other government programs, including Medicaid, VA, TriCare, AIDS Drug Assistance Program
- The amount paid by a Patient Assistance Program on your behalf
- The amount paid by another insurance plan in addition to the Part D plan coverage, such as an employer or retiree plan
- Amounts spent at Pharmacies that are out of the plan's network

### Part D Trivia Answer

Medical supplies associated with the delivery of insulin are covered under Part D legislation. Insulin syringes are therefore **covered under Part D legislation when used for the administration of insulin** but are not covered when used for the injection of other drugs, even if it is a Part D covered medication.

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

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